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SD-GOLD

**SHANDONG GOLD MINING CO., LTD.**

**山東黃金礦業股份有限公司**

*(a joint stock company incorporated in the People's Republic of  
China with limited liability)*

**(Stock Code: 1787)**



**恒興黃金**  
HENGXING GOLD

**Hengxing Gold Holding Company Limited**

**恒興黃金控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2303)**

## **JOINT ANNOUNCEMENT**

### **(1) PROPOSAL TO TAKE PRIVATE OF HENGXING GOLD HOLDING COMPANY LIMITED BY SHANDONG GOLD MINING CO., LTD. BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW**

**AND**

### **(2) PROPOSED WITHDRAWAL OF LISTING OF THE SHARES OF HENGXING GOLD HOLDING COMPANY LIMITED**

## **DESPATCH OF SCHEME DOCUMENT**

**AND**

## **CLOSURE OF REGISTER OF MEMBERS OF HENGXING GOLD HOLDING COMPANY LIMITED**

**Financial Adviser to SDGM**



**Financial Adviser to HXG**



**Independent Financial Adviser to the HXG Independent Board Committee**



## **INTRODUCTION**

Reference is made to (i) the announcement jointly issued by Hengxing Gold Holding Company Limited (“**HXG**”) and Shandong Gold Mining Co., Ltd. (“**SDGM**”) dated 30 September 2020 in relation to, among other matters, the pre-conditional proposal to take private of HXG by SDGM by way of a scheme of arrangement under section 86 of the Companies Law and the proposed withdrawal of listing of the shares of HXG; (ii) the announcements jointly issued by HXG and SDGM dated 3 November 2020, 13 November 2020, 18 November 2020 and 27 November 2020 in relation to, among other matters, the extension of time for despatch of scheme document and update on fulfillment of pre-conditions and/or conditions; and (iii) the scheme document jointly issued by HXG and SDGM dated 22 December 2020 in relation to, among other matters, the Proposal and the Scheme (the “**Scheme Document**”). Capitalised terms used herein shall have the same meanings as those defined in the Scheme Document unless otherwise specified.

## **DESPATCH OF THE SCHEME DOCUMENT**

The Scheme Document, together with the notices of the Court Meeting and the HXG EGM to be held on Wednesday, 13 January 2021 and the related forms of proxy, will be despatched to the HXG Shareholders on Tuesday, 22 December 2020.

The Scheme Document contains, among others, (1) an expected timetable relating to the Proposal; (2) a letter from the HXG Board regarding the Proposal and the Scheme; (3) a letter from the HXG Independent Board Committee, containing its recommendation to the Disinterested Shareholders regarding the Proposal and the Scheme; (4) a letter from Octal Capital, the HXG Independent Financial Adviser, containing its advice to the HXG Independent Board Committee regarding the Proposal and the Scheme; (5) an Explanatory Statement regarding the Scheme; and (6) a notice of the Court Meeting and a notice of the HXG EGM.

## **RECOMMENDATIONS OF THE HXG INDEPENDENT BOARD COMMITTEE AND THE HXG INDEPENDENT FINANCIAL ADVISER**

The HXG Independent Board Committee, comprising the non-executive director of HXG, namely Mr. Albert Fook Lau HO, and all independent non-executive directors of HXG, namely Ms. WONG, Yan Ki Angel, Dr. Tim SUN and Dr. PAN Guocheng, has been established by the HXG Board to make a recommendation to the Disinterested Shareholders (i) as to whether the terms of the Proposal and the Scheme are fair and reasonable; and (ii) as to whether to vote in favour of the resolutions for the approval of the Scheme at the Court Meeting and the resolutions necessary to implement the Proposal at the HXG EGM, taking into account the advice of the HXG Independent Financial Adviser.

Octal Capital has been appointed as the HXG Independent Financial Adviser by HXG pursuant to Rule 2.1 of the Takeovers Code to advise the HXG Independent Board Committee in respect of the Proposal and the Scheme.

In the letter from the HXG Independent Financial Adviser set out in the Scheme Document, Octal Capital states that it considers the terms of the Proposal and the Scheme to be fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, it advises the HXG Independent Board Committee to recommend (a) the Disinterested Shareholders to

vote in favour of the resolution to approve the Scheme at the Court Meeting; and (b) the HXG Shareholders to vote in favour of the special resolution to approve the implementation of the Scheme at the HXG EGM.

The HXG Independent Board Committee, having considered the terms of the Proposal and the Scheme and having taken into account the advice of the HXG Independent Financial Adviser, in particular, the factors, reasons and recommendations as set out in the letter from the HXG Independent Financial Adviser, considers that the terms of the Proposal and the Scheme to be fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the HXG Independent Board Committee recommends (a) the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and (b) the HXG Shareholders to vote in favour of the special resolution at the HXG EGM to approve and give effect to (i) the reduction of the issued share capital of HXG by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of HXG immediately thereafter to the amount prior to the cancellation of the Scheme Shares by issuing to SDGM or its wholly owned subsidiary (as the case may be) such number of new HXG Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in HXG's books of accounts as a result of the Scheme to pay up in full at par value such number of new HXG Shares, credited as fully paid, for issuance to SDGM or its wholly owned subsidiary (as the case may be).

HXG Shareholders are urged to read carefully the recommendations of the HXG Independent Board Committee and the advice of the HXG Independent Financial Adviser in relation to the Proposal and the Scheme as set out in the letters from the HXG Independent Board Committee and the HXG Independent Financial Adviser as contained in the Scheme Document.

## **COURT MEETING AND THE HXG EGM**

The Court Meeting and the HXG EGM are scheduled to be held at 10:00 a.m. and 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, on Wednesday, 13 January 2021 at 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

In accordance with the direction of the Court, the Court Meeting will be held for the purpose of considering and, if thought fit, approving the Scheme (with or without modification(s)).

The HXG EGM will be held immediately after the conclusion or adjournment of the Court Meeting for the purpose of considering and, if thought fit, passing a special resolution to approve and give effect to (i) the reduction of the issued share capital of HXG by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of HXG immediately thereafter to the amount prior to the cancellation of the Scheme Shares by issuing to SDGM or its wholly-owned subsidiary (as the case may be) such number of new HXG Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in HXG's books of accounts as a result of the Scheme to pay up in full at par value such number of new HXG Shares, credited as fully paid, for issuance to SDGM or its wholly owned subsidiary (as the case may be).

Notices of the Court Meeting and the HXG EGM are set out in the Scheme Document.

An announcement will be jointly made by HXG and SDGM in relation to the results of the Court Meeting and the HXG EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable.

### **CLOSURE OF REGISTER OF MEMBERS OF HXG**

For the purposes of determining the entitlement of HXG Shareholders to attend and vote at the Court Meeting and at the HXG EGM, the register of members of HXG will be closed during the period from Friday, 8 January 2021 to Wednesday, 13 January 2021 (both days inclusive) (or such other dates as may be notified by HXG by way of announcement(s)). Such book closure period is not for determining entitlements under the Scheme. In order to qualify to attend and vote at the Court Meeting and the HXG EGM, the relevant HXG Shareholders should ensure that the relevant forms of transfer of their HXG Shares accompanied by the relevant share certificates are lodged with the Hong Kong branch share registrar of HXG, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. (Hong Kong time) on Thursday, 7 January 2021.

### **CONDITIONS TO THE PROPOSAL AND THE SCHEME**

The respective shareholders and potential investors of HXG and SDGM should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.

All of the Conditions would have to be fulfilled or waived, as applicable, on or before the Scheme Long Stop Date, failing which the Proposal and the Scheme shall lapse.

When and only if the Conditions are fulfilled or waived (as applicable), HXG shall deliver to the Cayman Islands Registrar of Companies for registration pursuant to section 86(3) of the Companies Law a copy of the order of the Court sanctioning the Scheme, whereupon the Scheme will become effective and binding on HXG and all the Scheme Shareholders. Assuming that the Conditions are fulfilled or validly waived (as applicable), it is expected that the Scheme will become effective on or around Thursday, 28 January 2021 (Cayman Islands time). An announcement will be made in relation to the results of the Court Meeting and the HXG EGM; and if all the resolutions are passed at those meetings, further announcements will be made in relation to (i) the results of the court hearing of the petitions to sanction the Scheme and to confirm the Capital Reduction, (ii) the Scheme Record Date, (iii) the Scheme Effective Date, and (iv) the date of withdrawal of the listing of HXG Shares on the Stock Exchange.

## EXPECTED TIMETABLE

The dates and deadlines specified in the following timetable take into account the procedures of the Court for the Scheme. They are indicative only and are subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.

Despatch of the Scheme Document..... Tuesday, 22 December 2020

Latest time for lodging transfers of HXG Shares  
in order to become entitled to vote  
at the Court Meeting and the HXG EGM ..... 4:30 p.m. on  
Thursday, 7 January 2021

Register of members of HXG closed for determining  
the entitlement of relevant HXG Shareholders  
to attend and vote at the Court Meeting and  
the entitlement of the HXG Shareholders to attend  
and vote at the HXG EGM (*Note 1*)..... Friday, 8 January 2021 to  
Wednesday, 13 January 2021  
(both dates inclusive)

Latest time for lodging the **pink** form of proxy  
in respect of the Court Meeting (*Note 2*)..... 10:00 a.m. on  
Monday, 11 January 2021

Latest time for lodging the **white** form of proxy  
in respect of the HXG EGM (*Note 2*) ..... 10:30 a.m. on  
Monday, 11 January 2021

Meeting Record Date ..... Wednesday, 13 January 2021

Court Meeting (*Notes 3 and 4*) ..... 10:00 a.m. on  
Wednesday, 13 January 2021

HXG EGM (*Notes 3 and 4*) ..... 10:30 a.m. on  
Wednesday, 13 January 2021  
(or immediately after the conclusion  
or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting  
and the HXG EGM posted on the website of  
the Stock Exchange and the website of HXG ..... no later than 7:00 p.m. on  
Wednesday, 13 January 2021

Expected last day for trading in HXG Shares  
on the Stock Exchange ..... Friday, 22 January 2021

Latest time for lodging transfers of HXG Shares in order to qualify for entitlements under the Scheme.....	4:30 p.m. on Wednesday, 27 January 2021
Court hearing of the petitions to sanction the Scheme and to confirm the Capital Reduction .....	Wednesday, 27 January 2021 (Cayman Islands time)
Register of members of HXG closed for determining entitlements to qualify under the Scheme ( <i>Note 5</i> ).....	from Thursday, 28 January 2021 onwards
Announcement of the result of the Court hearing, the expected Scheme Effective Date and the expected date of withdrawal of listing of the HXG Shares on the Stock Exchange.....	no later than 8:30 a.m. on Thursday, 28 January 2021
Scheme Record Date .....	Thursday, 28 January 2021
Expected Scheme Effective Date ( <i>Note 6</i> ).....	Thursday, 28 January 2021 (Cayman Islands time)
Announcement of the Scheme Effective Date and the withdrawal of listing of the HXG Shares on the Stock Exchange .....	no later than 8:30 a.m. on Friday, 29 January 2021
Expected withdrawal of listing of the HXG Shares on the Stock Exchange becomes effective ( <i>Note 7</i> ) .....	4:00 p.m. on Monday, 1 February 2021
Despatch of share certificates in respect of new SDGM H Shares to be allotted and issued to the Scheme Shareholders ( <i>Note 8</i> ).....	Thursday, 4 February 2021
First day of dealings of the new SDGM H Shares issued to holders of the Scheme Shares on the Stock Exchange .....	9:00 a.m. on Friday, 5 February 2021

*Notes:*

1. The register of members of HXG will be closed during such period for the purposes of determining the entitlement of HXG Shareholders to attend and vote at the Court Meeting and the entitlement of the HXG Shareholders to attend and vote at the HXG EGM. This book closure period is not for determining entitlements under the Scheme.
2. Forms of proxy should be lodged with HXG's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than the respective times and dates stated above. Alternatively, in the case of the **pink** form of proxy for use at the Court Meeting, they may be handed to the chairman of the Court

Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it, and in the case of the **white** form of proxy for use at the HXG EGM, they may be handed to the chairman of the HXG EGM at the HXG EGM who shall have absolute discretion as to whether or not to accept it. Completion and return of the relevant form of proxy for the Court Meeting or the HXG EGM will not preclude a HXG Shareholder from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.

3. The Court Meeting and the HXG EGM will be held at 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting set out in the Scheme Document and the notice of the HXG EGM set out in the Scheme Document for details.
4. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or post-super typhoon extreme conditions in force at or after 8:00 a.m. on Wednesday, 13 January 2021 and/or the Hong Kong Observatory has announced at or before 8:00 a.m. on Wednesday, 13 January 2021 that any of the above mentioned warnings is to be issued within the next two hours, the Court Meeting and the HXG EGM shall automatically be postponed to the next Business Day on which no “black” rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted and no post-super typhoon extreme conditions are in force between the hours from 8:00 a.m. to 10:00 a.m. and in such case the Court Meeting and the HXG EGM shall be held at 10:00 a.m. and 10:30 a.m., respectively, on that Business Day at 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Court Meeting and the HXG EGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force. Eligible HXG Shareholders should make their own decision as to whether to attend the Court Meeting and the HXG EGM under bad weather conditions bearing in mind their own situation and, if they should choose to do so, they are advised to exercise care and caution.
5. The register of members of HXG will be closed during such period for the purpose of determining which HXG Shareholders are qualified for the entitlements under the Scheme.
6. The Scheme will become effective upon all the Conditions having been fulfilled or waived (as applicable).
7. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the HXG Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Monday, 1 February 2021.
8. Share certificates for the new SDGM H Shares to be allotted and issued to the Scheme Shareholders under the Scheme will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of HXG as at the Scheme Record Date as soon as possible and in any event within seven (7) Business Days (as defined in the Takeovers Code) after the Scheme Effective Date. None of SDGM, HXG, CICC, SCB, HXG’s branch share registrar in Hong Kong and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

*All references to times and dates are references to Hong Kong times and dates, except as otherwise specified.*

**WARNING: The respective shareholders and potential investors of HXG and SDGM should exercise caution when dealing in the HXG Shares, the SDGM Shares or any options or other rights in respect of them. The implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.**

By order of the SDGM Board  
**Shandong Gold Mining Co., Ltd.**  
**Li Guohong**  
Chairman

By order of the HXG Board  
**Hengxing Gold Holding Company Limited**  
**Ke Xiping**  
Chairman

Hong Kong, 22 December 2020

*As at the date of this joint announcement, the executive directors of SDGM are Mr. Wang Peiyue, Mr. Li Tao and Mr. Tang Qi; the non-executive directors of SDGM are Mr. Li Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive directors of SDGM are Mr. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing.*

*The directors of SDGM jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the HXG Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of HXG) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the executive directors of HXG are Mr. Ke Xiping, Mr. Chen, David Yu and Mr. Ke Jiaqi, the non-executive director of HXG is Mr. Albert Fook Lau Ho and the independent non-executive directors of HXG are Ms. Wong, Yan Ki Angel, Dr. Tim Sun and Dr. Pan Guocheng.*

*The directors of HXG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the SDGM Group and the SDGM Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of SDGM) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*In the event of any inconsistency, the English text of this joint announcement shall prevail over the Chinese text.*