

# Hengxing Gold Holding Company Limited

## Disclosure Policy of the Company

### 1. Purpose

1.1 For the purpose that Hengxing Gold Holding Company Limited ("**the Company**" or "**Hengxing Gold**", together with its subsidiaries referred as "**the Group**") wholeheartedly complies with the Listing Rules of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and its related corporate governance standards and recommendations, strives to and ensures that the Company complies with its continuous disclosure obligations under the listing rules of the Stock Exchange of Hong Kong Limited, provides timely, accurate, complete information to investors fairly, and properly publishes information about the Group to the market, so as to ensure that the Company's shares are traded in an efficient, competitive and informed market and enhance investors' confidence in the integrity of the Company and its securities, this policy is hereby formulated.

### 2. Duty of Confidentiality

2.1 The Group and all its employees are required to deal with information that is considered as confidential by the Group and is generally not disclosed to the public (the "**Confidential Information**") in the following manners:

- 2.1.1 Under a confidentiality agreement, the Group and all its employees are bound by confidentiality provisions, have a legal basis to ensure that relevant confidential information is protected and are obligated to not disclose any confidential information to any third party;
- 2.1.2 If confidential information needs to be disclosed to third parties or other employees for effective commercial purposes, the Group and its employees will make every effort to take appropriate preventive measures (including but not limited to obtaining a confidentiality agreement or other commitments) to ensure that the relevant information is only used for the specified purposes and will not be disclosed and ensure that the relevant information is returned or destroyed after achieving the purpose.
- 2.2 For any information related to the Group and its holding subsidiaries that is generally not disclosed to the public and may have a significant impact on the price or value of the Company's securities, the Group needs to determine whether to disclose such information according to the principle of continuous disclosure as stated in Article 3 of this Disclosure Policy.

### **3. Principle of Continuous Disclosure**

- 3.1 In addition to regular and specific disclosure requirements, the Group shall also comply with the continuous disclosure requirements under the Listing Rules of

the Stock Exchange of Hong Kong Limited, including but not limited to the continuous disclosure responsibilities arising from any commercial transaction or development, relevant stock price fluctuations, insider information, notifiable transactions, related transactions and advances/financial aid and guarantees made to affiliated companies, etc.

3.2 If the relevant information falls under any exemption contained in the Listing Rules of the Stock Exchange of Hong Kong Limited, the Company may choose not to disclose the relevant information.

#### **4. Stock Price Fluctuation**

- 4.1 The Group shall promptly respond to any inquiry from the Stock Exchange regarding unusual fluctuations in the price or trading volume of the Group's securities.
- 4.2 The price and trading volume of Hengxing Gold shares shall be closely monitored by the related member of an investor. In case of unusual fluctuations in the share price or trading volume, the related member of the investor will notify the executive director of such fluctuations. The executive director will then discuss with the president and the board of directors whether there is any matter that may affect the fluctuation of the share price and trading volume and consider whether it is necessary to make an announcement.

#### **5. Insider Information**

- 5.1 The Group has been aware of its disclosure obligations under the Listing Rules and the Securities and Futures Ordinance and its legal obligation to disclose insider information to the public as soon as reasonably practicable.
- 5.2 The concept of insider information includes three main elements, namely,
- 5.2.1 Information or data about a corporation must be **specific**;

5.2.2 Such information or data **must not be generally known to the market sectors** that conducts (or is likely to conduct) the corporation's securities transactions; and

5.2.3 If such information or data is generally known to them, **it is likely to have a significant impact on the price of the corporation's securities.**

5.3 For this reason, the Group must strictly abide by the disclosure obligation when deal with relevant matters, and according to the requirements of applicable laws and regulations, shall publish accurate, complete and widely release the insider information/matters of the Group to the market as soon as reasonably practicable, so as to avoid the continuous disclosure obligation of a false market in securities (if the Stock Exchange believes that its securities have or may have a false market).

5.4 The determination of whether there is "insider" information/matter and whether it needs to be disclosed or kept strictly confidential depends on the current market conditions and the potential impact of the information/matter on the Group's finance, operations and overall business decisions, and such determination is legal and business decision.

5.4.1 Each business department/management level must follow the Company's internal approval procedures. Any potential transaction or business development that would create disclosure obligation must be approved by the president and executive director in advance. The executive director shall be

authorized to seek professional advice from outside, especially the Company's external auditors and compliance lawyers when necessary.

5.4.2 The president and the executive director shall be responsible for providing comprehensive and timely information to the board of directors so that the board members can make informed decisions on whether the relevant transaction or business development may constitute insider information and whether it should be published immediately.

5.5 Except that such information/matter is subject to the safe harbor provisions stipulated in the Securities and Futures Ordinance, if the board of directors determines that the information/matter is expected to constitute insider information under the Listing Rules or Securities and Futures Ordinance, it shall be published as soon as reasonably practicable.

5.6 If the board of directors of the Group has yet to make a decision on the relevant information/matters or the negotiation has not been completed, the board members and management level shall ensure that the relevant information is strictly confidential before disclosure/announcement. It's necessary to implement procedures to keep the information confidential, allowing only those who "need to know" confidential information to know the relevant data; relevant persons must keep all relevant information strictly confidential.

5.7 If it is found that the necessary degree of confidentiality cannot be maintained or the secrets may have been leaked, an announcement shall be issued as soon as

practicable.

## **6. Notifiable Transactions**

6.1 The executive director of the Group shall track the disclosure threshold level of the Group according to the scale test under the Listing Rules so as to make an announcement as soon as practicable when it is required to generate notifiable transactions.

6.2 The finance department shall pay attention to the importance of keeping the information of potential acquisitions/sales of assets/investments confidential. In case of information leakage in the development process, it shall immediately notify the executive director and consider whether to take countermeasures (including making the insider information public) and remedial measures as soon as possible.

## **7. Related Transactions**

7.1 When monitoring the disclosure of related/ interested party transactions, it's necessary to follow the guidelines and responsibilities under the Listing Rules of the Stock Exchange.

7.2 The executive director of the Group shall track the Group's disclosure standards

in accordance with the scale test and annual cap under the Listing Rules so as to make an announcement as soon as practicable.

## **8. Advances/Financial Aid and Guarantees made to Affiliated Companies**

8.1 The Group shall make corresponding announcements in accordance with the requirements of the Listing Rules when the following circumstances occur:

8.1.1 Pay advances to other entities (except affiliated companies); or

8.1.2 The total amount of financial aid provided to affiliated companies and guarantees made to financing obtained by affiliated companies exceeds 8% of the total assets of the Group. If the amount of advances has increased by 3% or above since the last announcement, it shall be announced as soon as reasonably practicable. If disclosure continues, the Group shall publish relevant information in the next interim or annual report.

8.1.3 When monitoring whether any advance/financial aid and guarantees made to affiliated companies meet the above-mentioned thresholds under the Listing Rules, regular reviews shall be conducted on advances/financial aid and guarantees made to affiliated companies, including: (1) the executive director conducts monthly reviews on the outstanding advances/financial aid and guarantees made to affiliated companies related to the total assets of the Group; and (2) conducts an interim review on the impact of any transaction involving

advances/financial aid and guarantees made to affiliated companies in relation to the total assets of the Group.

- 8.2 In accordance with the Listing Rules, the Group must publish the details of the relevant loans granted to an entity, including the details of outstanding debts, the nature of the event or transaction that generated the relevant payments, the identity of the debtor group, interest rates, repayment terms and collateral, etc..

## **9. Management Unit and Responsibility**

- 9.1 This Policy shall be managed by some core personnel within the Group. However, employees at all levels play a certain role in ensuring that the Group complies with its continuous disclosure obligations.

- 9.2 The responsibilities under this Policy are divided as follows:

9.2.1 Board of directors - The board of directors has adopted this Policy and shall be responsible for signing any attached amendment proposed by the president or other members of senior management. The board of directors shall review and sign all announcements of the Stock Exchange;

9.2.2 Senior management - For the Company's continuous disclosure obligations, all members of the senior management shall be responsible personnel of the Company and shall report any significant price sensitive information within their departments to the board of directors and the company secretary;

- 9.2.3 Company secretary - Be responsible for the overall management of all communication modes of all stock exchanges;
  - 9.2.4 Other employees of the Group - The Company requires other employees of the Group to report any significant price sensitive information to the head of their departments (or in their absence).
- 9.3 The scope of responsibility includes:
- 9.3.1 Ensure that the Company abides by its continuous disclosure obligations;
  - 9.3.2 All communications with the Stock Exchange;
  - 9.3.3 Draft and review the announcement and consult board members and/or external consultants;
  - 9.3.4 Keep all stock exchanges and other announcements of the Company;
  - 9.3.5 Examine and monitor the effectiveness of this Policy, including employees' understanding about and compliance with the continuous disclosure obligations; and
  - 9.3.6 Regularly review this Policy to keep pace with changes in legislation or the development of best code of practices, and communicate any update or amendment to the Company's employees.

## **10. Announcement Procedures**

- 10.1 The following procedures shall apply to all announcements to the public:

10.1.1 Confirm and notify significant price sensitive information - once an employee learns about significant price sensitive information that has not yet been disclosed by the Company before, he/she shall notify the following persons of such information in real time and as soon as possible:

- (1) If such employee is a director, senior executive and responsible person - notify the executive president and the company secretary, or
- (2) If such employee is any other employee - notify the responsible person of the department, and the responsible person shall immediately notify the executive president and the company secretary.

10.1.2 Review significant price sensitive information - upon receipt of any significant price sensitive information, the executive president and the company secretary will review the information (if necessary, consult with the senior executive and/or external consultants) to determine whether the information should be disclosed;

10.1.3 Prepare announcement - If information needs to be disclosed, senior management will prepare a draft announcement with the assistance of the company secretary/compliance consultant.

10.1.4 Obtain approval - The Company's draft announcement must be signed and approved by the board of directors or any person nominated by the board of directors;

10.1.5 Submit announcement - The company secretary shall submit an electronic announcement to the Stock Exchange; and

10.1.6 Publish an announcement on the Company's website - Relevant announcement shall be published on the Company's website after the Stock Exchange of Hong Kong Limited confirms that the announcement has been published to the relevant markets.

## **11. Supplementary Provisions**

11.1 The senior management of the Group shall be responsible for the interpretation of this Policy, and this Policy shall be formally implemented after discussion and approval by the board of directors on December [ ], 2019.

11.2 Matters not covered in this Policy shall be implemented according to the laws, regulations, rules and provisions as amended from time to time of Securities and Futures Commission, Stock Exchange of Hong Kong Limited and other relevant regulatory agencies; in case of any conflict, laws, regulations, rules and provisions as amended from time to time of Securities and Futures Commission, Stock Exchange of Hong Kong Limited and other relevant regulatory agencies shall prevail.

11.3 When necessary, appropriate updates and amendments shall be made for this Policy according to the changes in Hong Kong's regulatory requirements (such

as listing rules).

Hengxing Gold Holding Company Limited

This Policy was deliberated and adopted by the board of directors of the Company on January  
3, 2020.

January 3, 2020