

Hengxing Gold Holding Company Limited

Investment Management System

1 General Provisions

1.1 To further standardize the outward investment behavior, procedures and examination and approval authority of Hengxing Gold Holding Company Limited (hereinafter referred to as "**the Company**") and its holding subsidiaries (hereinafter referred to as "**subsidiaries**" and together with the Company hereinafter referred to as "**the Group**"), this System is formulated in accordance with the Articles of Association of the Company, the Listing Rules of the Stock Exchange of Hong Kong Limited, and the Comprehensive Risk Management Measures, etc., and in combination with the actual situation of the Company.

1.2 The term "investment" as used in this System refers to the Group's investment in other units or individuals in China or overseas through purchase, cooperation, joint venture, merger, equity participation and other ways by means of cash, securities, physical assets, intangible assets and other disposable resources to obtain profits, including but not limited to the following investments (for investment in financial products of financial institutions using the Group's idle funds, see the Fund Management System of the Group):

- (1) Acquire or sell assets;
- (2) Grant, accept, transfer, exercise or terminate an option to purchase or sell assets or subscribe for various forms of valuable or invaluable securities;
- (3) Enter into or terminate financial lease which has a financial impact on the Group's balance sheet and/or profit and loss account;
- (4) Make compensation guarantee or assurance or provide financial assistance to the companies outside the Group;
- (5) Enter into any arrangement or agreement involving the establishment of a joint venture entity (whether in partnership, company or any form);
- (6) Invest in stock or fund;
- (7) Invest in bonds, entrusted loans and other debts;
- (8) Invest in financial derivatives (including but not limited to options, futures, swaps, etc.) and investment products of financial derivatives;
- (9) Other investment activities for the purpose of obtaining future earnings;
- (10) Other investment behaviors recognized by the board of directors of the Company.

1.3 The overall objectives of investment management include: establish an effective control mechanism to promote the benefits and control risks of the Company and its subsidiaries during the operation of organizational resources, assets, investments, etc., standardize the operation, guarantee the safety and profitability of fund operation, improve the return on investment, prevent and resolve

investment risks, ensure the steady development of investment business and the safety and integrity of the Group's assets, preserve or increase the value, and realize the sustainable development of the Group.

1.4 The basic principles that investment management should follow include rational allocation of enterprise resources, promotion of optimal combination of factors, and creation of good economic benefits.

1.5 This System applies to all outward investment activities of the Company and its subsidiaries. Without the approval of the Group, no department or subsidiary is allowed to carry out outward investment activities in any form without authorization.

2 Principles of Outward Investment

2.1 It must abide by the relevant laws and regulations in China and the Hong Kong Special Administrative Region, as well as the rules or guidance of the Stock Exchange of Hong Kong Limited;

2.2 It must conform to the relevant laws and regulations of outward investment destinations;

2.3 It must conform to the Company's development strategy, planning, main business and priority business development requirements;

2.4 Create good economic benefits and promote the sustainable development of the Company.

3 Organizational Management Forms and Approval Authority of Investment Management

- 3.1 The shareholders' meeting and the board of directors of the Group are the decision-making and authorization bodies for the Group's investment and shall make decisions on the outward investment of the Group and its subsidiaries.
- 3.2 Investment projects must be fully demonstrated, scientifically evaluated, standardized in decision-making, prevented from investment risks, and strive for a reasonable level of investment returns.
- 3.3 Before making decisions on major outward investment projects, it is necessary to conduct feasibility studies on the projects to be invested, and analyze the return on investment, internal rate of return, payback period and investment risks and conduct other kinds of analysis that are helpful for making investment decisions. The investment feasibility analysis report shall be provided to institutions or individuals with the right to approve investment as a reference for making outward investment decisions.
- 3.4 The relevant departments of the Company shall be responsible for the preliminary review of investment projects and report them to the chairman of the board of directors, the board of directors or the shareholders' meeting for decision-making according to the approval authority for investment decisions.

3.5 The board of directors shall be responsible for approving the following investment matters. Outward investment matters approved by the board of directors shall be approved by a majority vote of all directors:

- (a) The total assets involved in the transaction accounts for more than 10% of the Company's total audited assets in the latest period. If the total assets involved in the transaction has both carrying amount and assessed value, the higher shall be taken as the calculation data;
- (b) The relevant operating income of the transaction object (such as equity) in the latest fiscal year accounts for more than 10% of the audited operating income of the Company in the latest fiscal year, and the absolute amount exceeds 10 million yuan;
- (c) The relevant net profits of the transaction object (such as equity) in the latest fiscal year account for more than 10% of the audited net profits of the Company in the latest fiscal year, and the absolute amount exceeds 1 million yuan;
- (d) The transaction amount (including debts and expenses) accounts for more than 10% of the audited net assets of the Company in the latest period, and the absolute amount exceeds 10 million yuan.

3.6 Other investment matters refer to all investment behaviors that must be examined and approved by the shareholders' meeting in accordance with the rules or guidance of the Stock Exchange of Hong Kong Limited and the Articles of Association of the Company.

3.7 Except for the outward investment matters subject to the approval of the shareholders' meeting in Article 3.6 of this System and the investment matters subject to the approval of the board of directors in Article 3.5 of this System, all other investment matters shall be examined and approved by the chairman of the board of directors.

3.8 Any investment matter shall be deliberated according to relevant decision-making rules. If disclosure is required according to relevant regulatory requirements, information disclosure shall be conducted in a timely manner. Any investment involving related transactions shall be carried out in accordance with regulatory standards.

4 Follow-up Daily Management of Outward Investment

4.1 After the investment, the management of the Group shall closely track and monitor the investment projects, regularly evaluate the investment performance, and organize the post-investment evaluation, investment withdrawal and related investment management and equity management. When there are major changes in the actual situation of investment projects and investment decision-making, the board of directors shall be promptly informed.

4.2 The finance department of the Group shall be responsible for the financial management of outward investment and its benefit evaluation, raising funds, handling capital contribution procedures and conducting pre-agreed fund supervision.

4.3 The Group shall conduct audits of outward investment projects from time to time through internal audits or special audits by employing external professional organizations to ensure effective control over the entire process of outward investment.

4.4 Other functional departments of the Group or specialized working organizations designated by subsidiaries shall participate in, assist and support the investment of the Group according to their functions.

5 Other Provisions on Investment Management

5.1 If the chairman, president or other authorized representative of the Group fails to follow prescribed procedures and exceeds his authority to enter into an outward investment agreement, or has verbally decided on outward investment matters and has already implemented them, causing losses to the Group, the Group will give a warning if the circumstance is relatively minor; if the circumstance is relatively serious, the Group may lay off or dismiss the person concerned and have the right to pursue legal proceedings against such person and claim compensation for the actual losses caused to the Group.

5.2 The Group shall follow the following basic principles when make investment decisions:

- (a) Comply with the Group's overall development strategy, highlight the main business, and be conducive to improving the core competitiveness of enterprise;

- (b) The scale of investment shall be commensurate with the enterprise's asset management scale, asset and liability level and actual financing capacity;
- (c) The expected investment income of the project shall not be lower than the average level of the same industry in the same period in that country;
- (d) The implementation conditions for investment projects have been implemented or can be implemented;
- (e) Match with the Group's manpower, material resources, financial resources and other conditions or through hard work, such conditions can be matched;
- (f) Project risks are within the controllable scope managed by the Group;
- (g) For the Group's outward investment by means of physical assets or intangible assets, the invested assets must be evaluated and confirmed in accordance with relevant national regulations, and the value of the Group's investment assets shall be determined based on the evaluated and confirmed value.

5.3 The Group shall make the following decisions based on the deliberations in the meeting: (1) continuous follow-up and supplement of investigations; (2) termination of the project; (3) feasibility of the project, and arrangements making for the next step such as contract drafting.

5.4 Investment withdrawal management

The Group shall consider withdrawing from the investment when the following events occur during the project investment process:

- (a) Changes have taken place in the national macro situation or relevant laws and regulations, and investment projects have seriously deviated from policies and regulations;
- (b) The Group's development goals, industry orientation or core business have changed, and investment projects have seriously deviated from the Group's new goals and industry orientation;
- (c) The Group needs to withdraw from investment projects for asset consolidation and reorganization;
- (d) The term of operation of investment projects (enterprises) expires;
- (e) Significant adverse changes have taken place in the investment projects, and the Group cannot control the investment projects;
- (f) The total amount of investment in investment projects or other major crises exceeds the limits that the Group can bear;
- (g) Including but not limited to the time when the above events that seriously damage the interests of the Group occur.

5.5 The withdrawal methods of investment projects mainly include:

- (a) Equity transfer: Transfer the projects held by the Group or all or part of the equity of the project company to other investors;
- (b) Buy-back: Transfer the projects held by the Group or the equity of the project company to the original shareholders of the project company;
- (c) Sale of shares: Achieve investment withdrawal through listing on domestic and overseas public securities markets;

(d) Sale, closure, bankruptcy and liquidation;

(e) Withdraw from investment in other ways.

5.6 The recovery and transfer of investment projects shall conform to the regulatory norms and the provisions of the Articles of Association of the Company.

6 Major Events Reporting and Information Disclosure

6.1 For the investment projects of the Group, information disclosure obligations shall be performed in strict accordance with regulatory standards, Articles of Association, and Disclosure Policy of the Company and relevant regulations.

6.2 Before the investment project is not disclosed, all the insiders shall bear the obligation of confidentiality. All insiders are not allowed to use the information they know to carry out insider trading and not allowed to disclose or suggest others to carry out insider trading.

7 Supplementary Provisions

7.1 The board of directors of the Group shall be responsible for the interpretation of this System, and this System shall be formally implemented after discussion and approval by the board of directors on January 3, 2020.

7.2 Matters not covered in this System 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 Ltd. and other relevant regulatory agencies shall prevail.

- 7.3 When necessary, appropriate updates and amendments shall be made for this System according to the changes in Hong Kong's regulatory requirements (such as listing rules).
- 7.4 The board of directors shall conduct an annual evaluation of this System and put forward suggestions for improvement.

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January 3, 2020