

# Hengxing Gold Holding Company Limited

## Company Disclosure Policy

### 1. Purpose

1.1 Hengxing Gold Holding Company Limited (the “Company” or “Hengxing Gold” together with its subsidiaries, the “Group”) is committed to complying with the Listing Rules of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and its related corporate governance principles and guidance. This Disclosure Policy is therefore adopted to ensure that the Company shall strive for the compliance of the continuous disclosure obligations under the Listing Rules to provide timely, accurate and complete information to the investors fairly and disclose information about the Group to the market properly so that the Company’s securities are to be traded in an efficient, competitive and informed market and the investors’ confidence in the integrity of the Company and its securities can be enhanced.

### 2. Duty of Confidentiality

2.1. The Group and all staffs are required to deal with information that the Group considers as confidential and that is not generally disclosed to the public (“**Confidential Information**”) in the following manners:

2.1.1. Under a specific confidentiality agreement, the Group and all its staffs are bound by confidentiality provisions to protect the confidentiality of all relevant Confidential Information and legally obliged not to disclose any Confidential Information to any third party;

2.1.2. If Confidential Information needs to be disclosed to any third party or to other staffs for effective commercial purposes, the Group and its staffs shall make every effort to take appropriate preventive measures (including but not limited to obtaining a confidentiality agreement or other undertakings) to ensure that the relevant information is only used for the specified purposes and will not be disclosed and it shall ensure that the relevant information is returned or destroyed after the purpose is fulfilled.

2.2. For any information related to the Group and its controlled subsidiaries that is not generally disclosed to the public and may have a significant impact on the price or value of the Company's securities, the Group shall determine

whether it is obliged to disclose such information in accordance with the principles of continuing disclosure as stated in Section 3 of this Disclosure Policy.

### **3. Principles of Continuing Disclosure**

- 3.1. In addition to those regular and specific disclosure requirements, the Group shall also comply with the continuing disclosure obligations under the Listing Rules, including but not limited to the continuing disclosure obligations arising from any commercial transaction or its development, share price fluctuations, inside information, notifiable transactions, connected transactions and advances/financial assistance and guarantees to affiliated companies etc.
- 3.2. If the relevant information falls under any exemptions under the Listing Rules, the Company may elect not to disclose it.

### **4. Share Price Fluctuation**

- 4.1. The Group shall promptly respond to any inquiry from the Stock Exchange regarding any unusual fluctuations in the price or trading volume of the Group's securities.
- 4.2. The price and trading volume of the shares of Hengxing Gold shall be closely monitored by the personnel(s) of Investor Relations Department. In case of any unusual fluctuation in the share price or trading volume, the personnel(s) of the Investor Relations Department shall notify the Executive Directors of such fluctuations. The Executive Directors shall then discuss with the President and the Board of Directors to assess 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. Inside Information**

- 5.1. The Group has been aware of its disclosure obligations under the Listing Rules and the Securities and Futures Ordinance as well as its legal obligations to disclose inside information to the public as soon as reasonably practicable once known.
- 5.2. The concept of insider information comprises three main elements, namely,

- 5.2.1. information or data about the particular corporation must be specific;
  - 5.2.2. Such information or data must not be generally known to the market sector that deals (or is likely to deal) with the securities of that corporation; and
  - 5.2.3. If such information or data is generally known to them, it is likely to have a material effect on the price of those securities.
- 5.3. For this reason, the Group must strictly abide by disclosure obligations when dealing with its affairs, and shall make accurate, complete and broad disseminated disclosure of inside information/matter of the Group to the market as soon as reasonably practicable in accordance with applicable laws and regulatory requirements to avoid a false market in its securities (where in the view of the Stock Exchange that there is likely to be a false market in its securities).
- 5.4. The determination of whether "inside" information/matter exists and whether it needs to be disclosed or kept strictly confidential shall depend on the prevailing market conditions and the potential impact of the information/matter on the Group's finance, operations and overall business on the Group and such determination is a legal and business decision.
- 5.4.1. Each business units/management must follow the Company's internal approval procedures. Any potential transaction or business development that will trigger any disclosure obligation must be approved by the President and Executive Directors in advance. The Executive Directors shall be authorized to seek external professional advice, in particular from the Company's external auditors and compliance advisers when necessary.
  - 5.4.2. The President and the Executive Directors 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 inside information and whether an announcement should be made immediately.
- 5.5. Except for information/matter that falls into the categories of safe harbours that allows non-disclosure of inside information as per stipulated in the Securities and Futures Ordinance, if the Board of Directors determines that the information/matter is expected to constitute inside information under the

Listing Rules or Securities and Futures Ordinance, it shall be disclosed 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 the management shall ensure that the relevant information is kept strictly confidential before disclosure. To keep the information confidential, it is necessary to implement proper procedures so that the confidential information is restricted to only those persons who has a "need to know"; 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 secrets may have been leaked, an announcement shall be procured as soon as practicable.

## **6. Notifiable Transactions**

- 6.1. The Executive Directors of the Group shall keep track of the thresholds of the disclosure criteria in accordance with the size tests under the Listing Rules so as to make an announcement as soon as practicable should a notifiable transaction arise.
- 6.2. The Finance Department shall pay attention to the importance of keeping information of potential acquisition/disposal of assets/investments confidential. In case of any information leakage during the course of development, it shall immediately notify the Executive Directors so as to consider whether countermeasures (including disclosure of inside information) and remedial actions should be taken at the earliest opportunity.

## **7. Connected/Related Parties' Transactions**

- 7.1. When monitoring the disclosure of connected/related parties' transactions, it is necessary to follow the guidelines and obligations under the Listing Rules as required by the Stock Exchange.
- 7.2. The Executive Directors of the Group shall keep track of the Group's disclosure standards in accordance with the size tests and annual cap under the Listing Rules so as to make an announcement as soon as practicable.

## **8. Advances/Financial Assistance and Guarantees 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. make advances to other entities (except affiliated companies); or
  - 8.1.2. The total amount of financial assistance provided to affiliated companies and guarantees given for financing facilities obtained by affiliated companies exceeds 8% of the total assets of the Group. If the amount of advances increases by 3% or above since the last announcement, it shall be announced as soon as reasonably practicable. If situation giving rise to disclosure continues, the Group shall publish relevant information in the next interim or annual report.
  - 8.1.3. When monitoring whether any advances/financial assistance and guarantees to affiliated companies meet the above-mentioned thresholds under the Listing Rules, regular reviews shall be conducted on advances/financial assistance and guarantees to affiliated companies, including:
    - (1) monthly reviews by the Executive Director on the status of the outstanding advances/financial assistance and guarantees to affiliated companies with reference to the total assets of the Group; and
    - (2) ad hoc reviews on the impact of any transaction involving advances/financial assistance and guarantees to affiliated companies in relation to the total assets of the Group.
- 8.2. 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 obligates the relevant payments, the identity of the debtor group, interest rates, repayment terms and collateral etc in accordance with the Listing Rules.

## **9. Responsible Unit and Responsibility**

- 9.1. This Policy shall be administrated by several key personnel within the Group. However, employees at all levels have a role to play to ensure that the Group complies with its continuing 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 subsequent amendments proposed by the President or other members of senior management.

9.2.2. The Board of Directors shall review and sign off all announcements with the Stock Exchange;

9.2.3. Senior Management – As far as the Company's continuing disclosure obligations are concerned, all members of the senior management shall be the Company's responsible persons and shall report any material price sensitive information within their departments to the Board of Directors and the Company Secretary;

9.2.4. Company Secretary – The Company Secretary shall be responsible for the overall administration of this Policy and all communication with the Stock Exchange;

9.2.5. Other employees of the Group - The Company requires other employees of the Group to report any material price sensitive information to the head of their respective departments (or in their absence).

9.3. The scope of responsibility includes:

9.3.1. Ensure that the Company is compliant with its continuing disclosure obligations;

9.3.2. All communications with the Stock Exchange;

9.3.3. Draft and review the announcement and consult with the appropriate members of the Board of Directors and/or external consultants;

9.3.4. Keep a record of all Stock Exchange 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 continuing 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. Identify and notify material price sensitive information - once an employee becomes aware of any material price sensitive information that has not been disclosed by the Company, he/she shall notify the following persons of such information in real time and as soon as possible:
  - (1) In case of a Director, senior executive and responsible person - notify the Executive President and the Company Secretary, or
  - (2) In case of all other employees - notify the responsible person of the department in question who shall then immediately notify the President and the Company Secretary.
- 10.1.2. Review material price sensitive information - upon receipt of any material price sensitive information, the President and the Company Secretary shall 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 shall prepare a draft announcement with the assistance of the Company Secretary/external compliance advisers;
- 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 - upon the receipt of acknowledgment from the Stock Exchange that the announcement has been released to the relevant market, the announcement shall be published on the Company's website.

## **11. Further Information**

- 11.1. The senior management of the Group shall be responsible for the interpretation of this Policy, and this Policy was formally implemented upon the discussion and approval by the Board of Directors on January 3, 2020.
- 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 and other relevant regulatory agencies; in case of any contravention, laws, regulations, rules and provisions as amended from time to time of Securities and Futures Commission, Stock Exchange and other relevant regulatory agencies shall prevail.

11.3. When necessary, appropriate updates and amendments shall be made for this Policy in accordance with the changes to any regulatory requirements (such as Listing Rules) in Hong Kong.

### **Hengxing Gold Holding Company Limited**

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