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罕王
HANKING

CHINA HANKING HOLDINGS LIMITED

中國罕王控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03788)

CONNECTED TRANSACTION – SUBSCRIPTION AND AWARD OF SHARES OF HANKING AUSTRALIA

THE SUBSCRIPTION

The Board is pleased to announce that, on 23 June 2016 (after trading hours), the Company, Hanking Australia and Dr. Qiu entered into the Agreement, pursuant to which Hanking Australia agreed to allot and issue to Dr. Qiu (or his nominee(s)) 6,185,567 new shares of Hanking Australia, of which (i) 4,123,711 new shares of Hanking Australia shall be issued at cash consideration of AUD610,825; and (ii) 2,061,856 new shares of Hanking Australia will be awarded to Dr. Qiu as a gift by Hanking Australia. Upon completion of the Agreement, the total number of issued shares of Hanking Australia will be held by the Company and Dr. Qiu as to approximately 97% and 3%, respectively.

LISTING RULES IMPLICATIONS

Dr. Qiu is the executive Director. Therefore, Dr. Qiu is a connected person of the Company under the Listing Rules and the Subscription under the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Following completion of the Subscription, the total number of issued shares of Hanking Australia will be held by the Company and Dr. Qiu as to approximately 97% and 3%, respectively. As such, the Subscription constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the Subscription does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

The Board is pleased to announce that the Company, Hanking Australia and Dr. Qiu entered into the Agreement. The principal terms are set out below:

Date: 23 June 2016 (after trading hours)

Parties:

- (a) the Company, as shareholder of Hanking Australia;
- (b) Hanking Australia, as issuer; and
- (c) Dr. Qiu, as subscriber.

Subscription Shares: Hanking Australia agreed to allot and issue to Dr. Qiu (or his nominee(s)) 6,185,567 new shares of Hanking Australia, of which (i) 4,123,711 new shares of Hanking Australia shall be issued at cash consideration of AUD610,825; and (ii) 2,061,856 new shares of Hanking Australia will be awarded to Dr. Qiu as a gift by Hanking Australia.

As at the date of the Agreement, the Company held 110 shares of Hanking Australia, being the total number of issued shares of Hanking Australia. All the issued shares of Hanking Australia will be subdivided into 200,000,000 shares of Hanking Australia prior to the allotment of the Subscription Shares.

Upon completion of the Agreement and the allotment of the Subscription Shares, the total number of issued shares of Hanking Australia will be 206,185,567, which will be held by the Company and Dr. Qiu as to approximately 97% and 3%, respectively.

The Subscription Shares represent approximately 3% of the total number of issued shares of Hanking Australia as enlarged by the allotment and issue of the Subscription Shares.

Total Consideration: The consideration for subscription of the 4,123,711 new shares of Hanking Australia (being two-third of the Subscription Shares) is AUD610,825. The 2,061,856 new shares of Hanking Australia (being the remaining one-third of the Subscription Shares) will be awarded to Dr. Qiu as a gift. The consideration was negotiated on arm's length basis between the parties and was determined between the parties by reference to the issued share capital of Hanking Australia of AUD30,000,100 as at the date of the Agreement and the net asset value of Hanking Australia as at 31 December 2015 and after having considered the contribution of Dr. Qiu in the acquisition of the gold mine located at the center of Yilgarn goldfield in Western Australia (Southern Cross Operation) (the "**Acquisition**") and his continuous efforts in developing and expanding the Group's gold business in Australia.

The total cash consideration of AUD610,825 shall be settled by Dr. Qiu in cash on the completion date of the Agreement.

Completion: Completion of the Subscription shall take place on a date that is no later than ten working days of the date of the Agreement.

Ranking of the Subscription Shares: The Subscription Shares, when allotted and issued, will carry the same rights in all respects among themselves and with the shares of Hanking Australia in issue on the date of allotment and issue of the Subscription Shares.

Restrictions: Dr. Qiu and/or his nominee(s) who hold(s) the Subscription Shares is/are prohibited from (i) disposing any of the Subscription Shares for a period of three years from the completion date of the Agreement (the "**Escrow Period**"); and (ii) disposing of more than one-third of the total number of the Subscription Shares in any given year after the Escrow Period has expired. When Hanking Australia is the subject of a takeover offer or scheme of arrangement or when prior written approval is obtained from Hanking Australia to dispose the Subscription Shares, Dr. Qiu and/or his nominee(s) will not be subject to the aforementioned restrictions.

INFORMATION OF THE GROUP AND HANKING AUSTRALIA

The Company is an investment holding company. The Group is engaged in three principal activities, being (i) iron ore exploration, mining, processing and sale; (ii) nickel ore exploration, mining, smelting and sale; and (iii) gold exploration, mining, processing and sale.

Hanking Australia is an investment holding company and is a directly wholly-owned subsidiary of the Company. The subsidiaries of Hanking Australia are engaged in gold exploration, mining, processing and sale.

As at 31 December 2015, the audited net assets of Hanking Australia was RMB307,833,000. The audited net profits (before and after taxation) of Hanking Australia for the two financial years ended 31 December 2015 were as follows:

	For the year ended 31 December 2014 <i>(RMB'000)</i>	For the year ended 31 December 2015 <i>(RMB'000)</i>
Net profit before taxation	(34,394)	50,276
Net profit after taxation	(34,394)	50,276

FINANCIAL IMPACT

Upon completion of the Subscription, the total number of issued shares of Hanking Australia will be held by the Company and Dr. Qiu as to approximately 97% and 3%, respectively. The financial results of Hanking Australia will continue to be consolidated into the financial statements of the Company. Based on the information available to the Company, (i) the earning attributable to the Company will be reduced by 3% in relation to the profit or loss of Hanking Australia after completion of the Subscription; and (ii) given the deemed disposal will not change the Company's controlling interest in Hanking Australia, the Subscription will be treated as an equity transaction and it is expected by the Group that there is no material impact on the financial status of the Group upon completion of the Subscription. The proceeds from the Subscription will be used for general working capital of Hanking Australia.

INFORMATION OF DR. QIU AND REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Recognising and rewarding contributions to the Group and establishing an alignment of interest are parts of the Company's human resource strategy and are important to the Group. Dr. Qiu is the executive Director, the executive director and chief executive officer of Hanking Australia and the president and chief executive officer of Hanking Gold Mining Pty Ltd. He joined the Group in June 2011 and is responsible for the overall business management of the Group's gold project in Australia. Dr. Qiu is a member of Australian Institute of Geoscientists and a Ph.D. in economic geology from the University of Western Australia, Australia, and has published geological papers in international academic periodical in Australia, China, France, Japan and the United States of America. He has over 18 years of experience in exploration and business development and has been a member of senior management in international mining companies for over 12 years.

Dr. Qiu has made substantial contributions to the Group's development and growth, particularly in the development of the Group's business in Australia. Dr. Qiu was involved in negotiations with the vendor and other relevant parties in the Acquisition and was primarily responsible for handling the Acquisition. Leveraging on Dr. Qiu's in-depth industry knowledge, experience and efforts, the Group successfully completed the Acquisition in April 2013. Subsequent to the Acquisition, Dr. Qiu

organised an operation team to develop the Group's gold business in Australia. Under the management and supervision of Dr. Qiu, Hanking Australia becomes a low-cost competitive gold mining company.

The Board considers that the Subscription and the award would recognise the continual support of Dr. Qiu to the Group and his effort in promoting the Group's long-term growth and development. As such, the Directors (including the independent non-executive Directors) are of the view that the Agreement was entered into on normal commercial terms and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Given that Dr. Qiu has interest in the Agreement, Dr. Qiu was required to abstain and had abstained from voting on the board resolution of the Company in respect of the Agreement. Save as the aforesaid, none of the Directors have a material interest in the Agreement.

LISTING RULES IMPLICATIONS

Dr. Qiu is the executive Director. Therefore, Dr. Qiu is a connected person of the Company under the Listing Rules and the Subscription under the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Following completion of the Subscription, the total number of issued shares of Hanking Australia will be held by the Company and Dr. Qiu as to approximately 97% and 3%, respectively. As such, the Subscription constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the Subscription does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“Agreement”	the agreement dated 23 June 2016 entered into between the Company, Hanking Australia and Dr. Qiu
“AUD”	the lawful currency of Australia
“Australia”	The Commonwealth of Australia
“Board”	the board of Directors
“Company”	China Hanking Holdings Limited (中國罕王控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3788)

“Director(s)”	the director(s) of the Company
“Dr. Qiu”	Dr. Qiu Yumin, an executive Director
“Group”	the Company and its subsidiaries
“Hanking Australia”	Hanking Australia Pty Ltd., a company incorporated in Australia with limited liability and a directly wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the Agreement
“Subscription Shares”	the 6,185,567 new ordinary shares of Hanking Australia to be issued to Dr. Qiu pursuant to the Agreement

By Order of the Board
China Hanking Holdings Limited
Yang Jiye
Chairman and executive Director

Shenyang, the PRC, 23 June 2016

As at the date of this announcement, the executive Directors are Mr. Yang Jiye, Dr. Pan Guocheng, Mr. Zheng Xuezhi, Dr. Qiu Yumin and Mr. Xia Zhuo; the non-executive Director is Mr. Kenneth Jue Lee; and the independent non-executive Directors are Mr. Wang Ping, Mr. Wang Anjian and Mr. Ma Qingshan.