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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: 3788)**

### **DISCLOSEABLE TRANSACTION – DISPOSAL OF 100% EQUITY INTEREST IN BENXI MINING**

The Board is pleased to announce that on 7 July 2016 (after trading hours), Aoniu Mining, a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with the Purchaser, with an aim to focusing on developing and operating the Group's quality resources. Pursuant to the Equity Interest Transfer Agreement, Aoniu Mining agreed to transfer 100% equity interest in Benxi Mining to the Purchaser at a cash consideration of RMB1.0. Upon completion of the Disposal, Benxi Mining will cease to be a subsidiary of the Company and the financial results of Benxi Mining will not be consolidated into the accounts of the Company.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 7 July 2016 (after trading hours), Aoniu Mining, a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with the Purchaser regarding the Disposal. Principal terms of the Equity Interest Transfer Agreement are set out below:

#### **EQUITY INTEREST TRANSFER AGREEMENT**

**Date:**

7 July 2016 (after trading hours)

**Parties:**

- (1) Aoniu Mining
- (2) The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

**Assets being disposed of:**

The Equity Interest, being 100% equity interest of Benxi Mining.

**Consideration:**

The consideration for the Disposal is RMB1.0 payable by cash, which was determined among Aoniu Mining and the Purchaser after arm's length negotiations with reference to, among other things, the unaudited net asset value of Benxi Mining of approximately RMB1.26 million as at 30 June 2016 and the factors set out in the section headed "Reasons for the Disposal" in this announcement.

Pursuant to the Equity Interest Transfer Agreement, the Group shall waive the debt in the amount of approximately RMB43.33 million owed by Benxi Mining as at 30 June 2016.

**Completion:**

The Equity Interest Transfer Agreement shall take effect upon execution by Aoniu Mining and the Purchaser. The Purchaser shall be responsible for completing the registration of the change of shareholder of Benxi Mining with the relevant industry and commerce bureau within 15 days from the effective date of the Equity Interest Transfer Agreement.

**INFORMATION OF THE GROUP, AONIU MINING AND BENXI MINING**

The Group as an international mining company, has three major business segments (covering iron ore, gold and nickel ore) located in the PRC, Australia and Indonesia, respectively, and engaged in mineral exploration, mining, processing, smelting and product marketing.

Aoniu Mining is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Aoniu Mining is principally engaged in the exploration, mining, processing and sale of iron ore concentrates.

Benxi Mining is a limited liability company established in the PRC with a registered capital of RMB20 million and an indirect wholly-owned subsidiary of the Company. Benxi Mining is principally engaged in mining and processing of iron ore concentrates. Benxi Mining operates an iron ore mine located at Benxi City and possesses mining licenses covering areas totaling 0.25 square

kilometers with an annual output of iron ore concentrates of approximately 270,000 tons and 242,000 tons for the years ended 31 December 2014 and 2015, respectively, and an output of approximately 17,134 tons in 2016 up to the suspension in its iron ore concentrates production in February 2016.

Based on the unaudited financial statements of Benxi Mining made up to 30 June 2016, the unaudited net asset value of Benxi Mining as at 30 June 2016 was approximately RMB1.26 million.

Set out below is the audited financial results of Benxi Mining for the years ended 31 December 2014 and 2015:

	<b>For the year ended 31 December 2014 (Audited) <i>RMB million</i> (approximately)</b>	<b>For the year ended 31 December 2015 (Audited) <i>RMB million</i> (approximately)</b>
Net (loss)/profit before taxation	(31.28)	(136.24)
Net (loss)/profit after taxation	(31.41)	(136.24)

#### **FINANCIAL IMPACT OF THE DISPOSAL**

It is expected that the Company will record a book loss of approximately RMB44.59 million as a result of the Disposal, which represents the difference between (i) the consideration for the Equity Interest of RMB1.0; and (ii) the unaudited net asset value of Benxi Mining of approximately RMB1.26 million as at 30 June 2016 and the debt of RMB43.33 million waived by the Group pursuant to the Equity Interest Transfer Agreement. The actual gain or loss in connection with the Disposal is subject to audit.

Upon completion of the Disposal, Benxi Mining will cease to be a subsidiary of the Company and the financial results of Benxi Mining will not be consolidated into the accounts of the Company.

The proceeds of the Disposal will be utilized as working capital of the Group.

#### **REASONS FOR THE DISPOSAL**

Due to the declining selling price of iron ore concentrates and higher cost of production of Benxi Mining comparing with other subsidiaries of the iron ore business segment of the Group, Benxi Mining had incurred loss since early 2014. In February 2016, Benxi Mining suspended its iron ore concentrates production since it was expected that Benxi Mining's performance would continue to deteriorate in view of the then selling price of iron ore concentrates and production costs.

The Group estimates that, based on the current selling price and production cost of iron ore concentrates, the free cash flow to be generated during the mining life of Benxi Mining's iron ore mine would not suffice for the repayment of its operating debt already incurred as of 30 June 2016. The management of the Group is of the view that the Disposal can reduce the expense of the Group, reduce risk exposure pertaining to the volatility in the iron ore price, and enable the Group to focus on developing and operating its quality resources. The management of the Group believes that the Disposal does not have any adverse impact on the operations of the Group as the Group will retain its interest in other subsidiaries which are engaged in the mining and processing of iron ore concentrates in the PRC with higher profit margin.

In view of the above, the Directors consider that the terms and conditions of the Equity Interest Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **NEW BENXI IRON PROCESSING SERVICE AGREEMENT**

Reference is made to the announcements of the Company dated 15 October 2013 and 29 May 2015, respectively, in relation to, among other things, the continuing connected transactions between Benxi Mining and Benxi Iron Processing arising from the New Benxi Iron Processing Service Agreement. Pursuant to the New Benxi Iron Processing Service Agreement, Benxi Iron Processing has agreed to provide iron ore processing service to Benxi Mining for a term of three years commencing from 1 January 2014.

As Benxi Mining will cease to be a subsidiary of the Company following the transfer of the Equity Interest to the Purchaser, the transactions contemplated under the New Benxi Iron Processing Service Agreement will no longer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Amendment Agreement”	the amendment agreement to the New Benxi Iron Processing Service Agreement entered into between Benxi Mining and Benxi Iron Processing dated 28 May 2015, which is more particularly described in the announcement of the Company dated 29 May 2015
“Aoniu Mining”	Fushun Hanking Aoniu Mining Limited* (撫順罕王傲牛礦業股份有限公司), which is more particularly described in the section headed “Information of the Group, Aoniu Mining and Benxi Mining” of this announcement
“Benxi Iron Processing”	Benxi Hanking Iron Processing Co., Ltd. (本溪罕王鐵選有限公司), a company established in the PRC on 20 July 2010 and a wholly-owned subsidiary of Hanking Group Co., Limited (罕王實業集團有限公司)
“Benxi Mining”	Benxi Hanking Mining Co., Ltd* (本溪罕王礦業有限公司), which is more particularly described in the section headed “Information of the Group, Aoniu Mining and Benxi Mining” of this announcement
“Board”	the board of directors of the Company
“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 on 2 August 2010 and whose shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity Interest pursuant to the Equity Interest Transfer Agreement
“Equity Interest”	100% equity interest in Benxi Mining
“Equity Interest Transfer Agreement”	the equity interest transfer agreement dated 7 July 2016 entered into between Aoniu Mining and the Purchaser relating to the Disposal
“Group”	the Company and its subsidiaries

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected person and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Benxi Iron Processing Service Agreement”	the processing service agreement dated 15 October 2013 as amended by the Amendment Agreement entered into between Benxi Mining and Benxi Iron Processing, pursuant to which Benxi Iron Processing agreed to provide iron ore processing service to Benxi Mining for a term of three years commencing from 1 January 2014
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Wang Wen (王文先生)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**China Hanking Holdings Limited**  
**Yang Jiye**  
*Chairman and Executive Director*

Shenyang, the PRC, 7 July 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.*

\* *For identification purpose only*