THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in China Hanking Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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)

CONTINUING CONNECTED TRANSACTIONS – IRON ORE CONCENTRATES SALE AGREEMENT

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

招銀国际
CMB INTERNATIONAL

A letter from the Board is set out on pages 6 to 13 of this circular.

A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular.

A letter from the Independent Financial Adviser is set out on pages 16 to 27 of this circular.

A notice convening the EGM of the Company to be held at 22nd Floor Conference Room, Hanking Tower, No. 227 Qingnian Avenue, Shenhe District, Shenyang City, Liaoning Province, PRC on Friday, 29 November 2013 at 8:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you proposed to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed therein and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

12 November 2013

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"affiliate"	any individual, partnership, corporation, trust or other entity that directly or indirectly controls, or is controlled by, or is under common control with, such individual, partnership, corporation, trust or other entity, where control means the direct or indirect ownership of 10% or more of the outstanding shares or other ownership interests having ordinary voting power to elect directors or the equivalent
"Aoniu Mine"	located at Hou'an Town, Fushun City, an iron mine operated through Aoniu Mining
"Aoniu Mining"	Fushun Hanking Aoniu Mining Limited* (撫順罕王傲牛礦業股份有限公司), a company established in the PRC on 19 March 1998 and a subsidiary of the Company. It is mainly engaged in iron ore mining and processing
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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. It is a company controlled by the Controlling Shareholders
"Benxi Mining"	Benxi Hanking Mining Co., Ltd.* (本溪罕王礦業有限公司), a company established in the PRC on 15 March 2004 and an indirect wholly-owned subsidiary of the Company. It is mainly engaged in iron ore mining
"Board"	the board of Directors
"CMBI" or "Independent Financial Adviser"	CMB International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of terms of the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps
"Company"	China Hanking Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules

"Controlling Shareholders"	has the meaning ascribed in the Listing Rules and unless the context requires otherwise, refers to Mr. Yang, Ms. Yang, China Hanking (BVI) Limited, Bisney Success Limited and Best Excellence Limited
"Dalian Huaren"	Dalian Huaren Trade Co., Ltd.* (大連華仁貿易有限公司), a company established in the PRC on 26 May 2011 whose equity interest is indirectly wholly-owned by Mr. Yang and Ms. Yang
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting to be convened for, among other matters, approving the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2016)
"Existing Aoniu Office Lease Agreement"	the lease agreement dated 16 September 2011 and entered into between Aoniu Mining, STSU and Shengtai Properties, pursuant to which Aoniu Mining and STSU agreed to lease office premises and advertising sites from Shengtai Properties and engage Shengtai Properties to provide properties management service for a term of three years commencing from the Listing Date
"Existing Benxi Iron Processing Service Agreement"	the processing service agreement dated 16 June 2011 and entered into between Benxi Mining and Benxi Iron Processing, pursuant to which Benxi Iron Processing agreed to provide iron processing service to Benxi Mining for a term of three years commencing from the Listing Date
"Existing Iron Concentrates Procurement Agreement"	the procurement agreement dated 16 September 2011 and entered into between the Company and Fushun D.R.I., pursuant to which the Company, through its subsidiaries, including Aoniu Mining and STSU, agreed to provide iron ore concentrates to Fushun D.R.I. for a term of three years commencing from the Listing Date
"Existing Transportation Service Agreement"	the transportation service agreement dated 16 September 2011 and entered into between Aoniu Mining and Mingcheng Transportation, pursuant to which Aoniu Mining agreed to engage Mingcheng Transportation or its affiliate to provide iron ore concentrates transportation service for a term of three years commencing from the Listing Date
"Fushun D.R.I."	Fushun Hanking D.R.I. Co., Ltd.* (撫順罕王直接還原鐵有限公司), a company established in the PRC on 20 August 2002 and a wholly-owned subsidiary of Hanking Group. It is a company controlled by the Controlling Shareholders

"Fushun Shangma"	Fushun Hanking Shangma Mining Company Limited* (撫順罕王上馬礦業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hanking Group"	Hanking Group Co., Limited* (罕王實業集團有限公司), a company established in the PRC on 4 April 1996, whose shares are held by Ms. Yang (60.67%), Mr. Yang (28.29%) and other individuals. Hanking Group is a holding company controlled by the Controlling Shareholders
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising Mr. Chen Yuchuan, Mr. Wang Ping, Mr. Johnson Chi-King Fu and Mr. Wang Anjian, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps
"Independent Shareholders"	Shareholders excluding Ms. Yang and Mr. Yang and their respective associates
"Independent Third Party"	an individual or a company who or which is independent of and not connected with the Directors, chief executive and substantial shareholders of the Company, its subsidiaries or any of their respective associates, and not otherwise a connected person of the Company
"Iron Ore Concentrates Sale Agreement"	the sale agreement dated 15 October 2013 and entered into between the Company, Fushun D.R.I. and Dalian Huaren, pursuant to which the Company, through its subsidiaries, including but not limited to STSU, agrees to provide iron ore concentrates to Fushun D.R.I. through Dalian Huaren as Fushun D.R.I.'s agent for a term of three years commencing from 1 January 2014
"Latest Practicable Date"	7 November 2013, being the latest practicable date for ascertaining certain information prior to printing this circular
"Listing Date"	30 September 2011, the date on which the Shares are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Maogong Mine"	located at Shiwen Town, Fushun City, an iron mine operated through Maogong Mining
"Maogong Mining"	Fushun Hanking Maogong Mining Co., Ltd.* (撫順罕王毛公鐵礦有限公司), a company established in the PRC on 31 March 1997 and an indirect wholly-owned subsidiary of the Company. It is mainly engaged in iron ore mining and processing
"Mingcheng Transportation"	Fushun Mingcheng Transportation Co., Ltd.* (撫順名城運輸有限公司), a company established in the PRC on 21 November 2006 and is wholly-owned by Mr. Yang Xinhuan, the nephew of Ms. Yang and the cousin of Mr. Yang
"Mr. Yang"	Mr. Yang Jiye (楊繼野), a non-executive Director and a substantial shareholder of the Company. He is the son of Ms. Yang and the cousin of Mr. Yang Xinhuan
"Ms. Yang"	Ms. Yang Min (楊敏), the chairlady, a non-executive Director and a substantial shareholder of the Company. She is the mother of Mr. Yang and the aunt of Mr. Yang Xinhuan
"New Benxi Iron Processing Service Agreement"	the processing service agreement dated 15 October 2013 and entered into between Benxi Mining and Benxi Iron Processing, pursuant to which Benxi Iron Processing agrees to provide iron processing service to Benxi Mining for a term of three years commencing from 1 January 2014
"New Office Lease Agreement"	the lease agreement dated 15 October 2013 and entered into between Aoniu Mining, STSU and Shengtai Properties, pursuant to which Aoniu Mining and STSU agree to lease office premises and advertising sites from Shengtai Properties and engage Shengtai Properties to provide properties management service for a term of three years commencing from 1 January 2014
"New Transportation Service Agreement"	the transportation service agreement dated 15 October 2013 and entered into between the Company and Mingcheng Transportation, pursuant to which the Company agrees to engage Mingcheng Transportation or its affiliate to provide iron ore concentrates transportation service for a term of three years commencing from 1 January 2014
"PRC"	the People's Republic of China

"Proposed Annual Caps"	the proposed annual caps for the three years ending 31 December 2016 for the transactions under the Iron Ore Concentrates Sale Agreement as more particularly described in the section headed "Letter from the Board – Iron Ore Concentrates Sale Agreement" of this circular
"Prospectus"	the prospectus of the Company dated 20 September 2011
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the Company with a nominal value of HK$0.10 each
"Shareholder(s)"	shareholder(s) of the Company
"Shengtai Properties"	Shenyang Shengtai Properties Management Co., Ltd.* (瀋陽盛泰物業管理有限公司), a company established in the PRC on 19 October 2005 and 96.69% equity interest of which is indirectly owned by the Controlling Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"STSU"	Shenyang Toyo Steel Utility Co., Ltd.* (瀋陽東洋煉鋼公用設施有限公司), an indirect wholly-owned subsidiary of the Company, a company established as a sino-foreign joint venture in the PRC on 10 March 1995, which subsequently became a wholly foreign owned enterprise on 18 January 2011, and is mainly engaged in the development of and consultation in respect of mining technologies, whole sale of concentrates, blast furnace materials and raw materials and accessories for steelmaking
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Waivers"	the waivers granted by the Stock Exchange to the Company from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements of the Listing Rules for the non-exempt continuing connected transactions of the Company as disclosed in the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions" of the Prospectus
"%"	per cent

* *For identification purposes only*

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)

Executive Directors:
Mr. Pan Guocheng
Mr. Zheng Xuezhi
Mr. Xia Zhuo
Mr. Qiu Yumin

Non-executive Directors:
Ms. Yang Min
Mr. Yang Jiye
Mr. Lan Fusheng
Mr. Kenneth Jue Lee

Independent Non-executive Directors:
Mr. Chen Yuchuan
Mr. Wang Ping
Mr. Johnson Chi-King Fu
Mr. Wang Anjian

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters in the PRC:
No. 227, Qingnian Street
Shenhe District
Shenyang 110016
Liaoning Province
PRC

Principal place of business in Hong Kong:
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

12 November 2013

To the shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – IRON ORE CONCENTRATES SALE AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 15 October 2013 regarding, among other things, the continuing connected transactions under the Iron Ore Concentrates Sale Agreement.

The purpose of this circular is to provide, among other things, (i) further information in relation to the Iron Ore Concentrates Sale Agreement; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM.

IRON ORE CONCENTRATES SALE AGREEMENT

Date

15 October 2013

Parties

(1) The Company;

(2) Fushun D.R.I.; and

(3) Dalian Huaren.

Subject matter

The Company will, through its subsidiaries, including but not limited to STSU, provide iron ore concentrates to Fushun D.R.I. through Dalian Huaren as Fushun D.R.I.'s agent. Iron ore concentrates purchased by Dalian Huaren shall be delivered to Fushun D.R.I.. Since September 2012, the procurement of Hanking Group has been centralized and carried out by Dalian Huaren in order to save costs. Fushun D.R.I. is wholly-owned subsidiary of Hanking Group and as such, its iron ore concentrate purchases have been carried out by Dalian Huaren.

The Company, Fushun D.R.I. and Dalian Huaren will enter into individual agreements detailing major terms of the transactions under the Iron Ore Concentrates Sale Agreement which will be negotiated in good faith and determined by them from time to time under normal commercial terms in the ordinary course of business.

The Group generally grants to Fushun D.R.I. credit terms of up to 7 days and is required to make full payment within the credit period, which payment terms are in general same as the payment terms of customers which are Independent Third Party.

Term

The Existing Iron Concentrates Procurement Agreement shall be terminated on 31 December 2013. Subject to the Independent Shareholders' approval at the EGM, the Iron Ore Concentrates Sale Agreement shall be for a term of three years commencing from 1 January 2014 and ending on 31 December 2016 (both days inclusive).

Pricing

Pursuant to the Iron Ore Concentrates Sale Agreement, Fushun D.R.I., through its agent Dalian Huaren, will procure iron ore concentrates from the Group, including but not limited to STSU, at the market price. The market price will be arrived at after arm's length negotiation between the parties under normal commercial terms in the ordinary course of business, and with reference to a combination of a wide range of factors, including, among others, (i) iron and steel market price and indexes in North Eastern and North China available from independent third party such as Mysteel; (ii) iron ore concentrate futures contract prices as quoted by Dalian Commodity Exchange (大連商品交易所); and (iii) the iron ore concentrates procurement prices of major steel companies in the PRC. Mysteel is an independent organization focused on the iron and steel industry in China, which supplies various internet-related services to its members such as up-to-date steel industry information and news and enables access to a global community of steel producers and traders.

The Company pays close attention to the iron ore concentrates price fluctuations in Northeastern and North China (including the procurement prices of major steel companies in these regions), and adjusts the price of iron ore concentrates accordingly. The Directors confirm that the determination of the iron ore concentrates sales price on the aforesaid basis is commonly accepted within the industry. The sales price payable by Fushun D.R.I. shall be no less favourable than those payable to the Group by Independent Third Party.

The following measures will be undertaken by the Group to monitor the pricing standards of the transactions and ensure that the transactions are conducted in accordance with the pricing policy under the Iron Ore Concentrates Sale Agreement:

(i) comparing the sales price of the sales to Fushun D.R.I with the sales prices of the other customers of the Group and the procurement prices of other iron and steel companies in North Eastern and North China as provided by Independent Third Party on a daily basis;

(ii) adhering to the relevant internal control policy of the Group on connected transactions to ensure that the relevant departments of the Group will monitor the sales price payable by Fushun D.R.I. shall be no less favourable than those payable to the Group from Independent Third Party;

(iii) a monthly financial report which contains information on all connected transactions carried out by the Group including the continuing connected transaction under the Iron Ore Concentrates Sale Agreement will be submitted to the Board; and

(iv) the audit department of the Company will audit the transactions under the Iron Ore Concentrates Sale Agreement on a regular basis.

Condition

The Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2016) are conditional on the approval by the Independent Shareholders at the EGM.

Historical figures

The historical transaction figures between the Group, Fushun D.R.I. and Dalian Huaren (as agent of Fushun D.R.I.) are as follows:

Year ended 31 December 2010 *(RMB million)*	2011 *(RMB million)*	2012 *(RMB million)*	Six months ended 30 June 2013 *(RMB million)*
305.3	323.2	317.5[1]	145.2

Note 1: This amount includes (i) the sales of iron ore concentrates of approximately RMB257.0 million by the Group to Fushun D.R.I. (including its agents); and (ii) the sales of iron ore concentrates of approximately RMB60.5 million by Fushun Shangma to Dalian Huaren prior to completion of the acquisition of Fushun Shangma by the Group in September 2012.

As at the Latest Practicable Date, the transaction amounts had not exceeded the annual caps for the sales of iron ore concentrates to Fushun D.R.I. for each of the three years ended 31 December 2011, 2012 and 2013 of RMB400 million.

The average sales price of iron ore concentrates of the Group to its customers for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 was approximately RMB1,098/ton, RMB1,061/ton, RMB830/ton and RMB858/ton respectively.

Annual caps

The proposed annual cap for the continuing connected transactions under the Iron Ore Concentrates Sale Agreement for each of the three years ending 31 December 2014, 2015 and 2016 is RMB480 million, RMB480 million and RMB480 million respectively.

Basis of caps

The basis in determining the Proposed Annual Caps is as follows:

(i) the pig iron production capacity of the active production facilities of Fushun D.R.I. is approximately 500,000 tons per annum and the largest demand for iron ore concentrates by Fushun D.R.I. is approximately 750,000 tons per annum based on the assumption that approximately 1.5 tons of iron ore concentrates are required for producing 1 ton of pig iron. The iron ore concentrates production capacity of Maogong Mining as at the Latest Practicable Date was approximately 360,000 tons per annum and could not satisfy the demand by Fushun D.R.I.. Therefore, the existing annual caps were determined based on the current production capacity of Maogong Mining. For the year ended 31 December 2012, Maogong Mining's sales volume of iron ore concentrates to Fushun D.R.I. was 304,000 tons. Following a new iron ores processing plant of Maogong Mine with an annual processing capacity of approximately 3,000,000 tons of iron ore per annum which will start operating in the fourth quarter of 2013, it is expected that the production volume of Maogong Mining will reach more than 800,000 tons of iron ore concentrates for 2014, 2015 and 2016 respectively. The sales of the Group have been carried out and contracted by STSU. In the event the demand of Fushun D.R.I. increases, subject to the Proposed Annual Caps, other mines of the Group may supply iron ore concentrates to Fushun D.R.I.. However, in view of (a) the transportation distance between Fushun D.R.I. and Maogong Mine is shorter than the transportation distance between Fushun D.R.I. and other mines of the Group; and (b) the production volume of iron ore concentrates of Maogong Mine will increase significantly in the coming three years, only the production capacity of Maogong Mine was considered in determining the Proposed Annual Caps;

(ii) the Group and Fushun D.R.I. have had discussions on the estimated sales volume of iron ore concentrates for the three years ending 31 December 2016. Based on (a) the representation of Fushun D.R.I. on its estimated procurement volume of iron ore concentrates from the Group in each of the three years ending 31 December 2016 having taken into account of, among other things, its estimated production requirements and the quality of iron ore concentrates supplied by the Group, and (b) the Group's sales and allocation plan of the iron ore concentrates produced by Maogong Mining for the three years ending 31 December 2016, the supply volume to Fushun D.R.I. by Maogong Mining is expected to be approximately 600,000 tons per annum; and

(iii) for the purpose of determining the Proposed Annual Caps, the Company assumes that the market price of iron ore concentrates shall be approximately RMB800 (excluding tax) per ton and will remain at such price level from 2014 to 2016. The estimated market price of iron ore concentrates was arrived at after taking into account factors including (a) the recent price information (including recent fluctuation in price) of iron ore concentrates in North Eastern and North China provided by Mysteel and other Independent Third Party which is accepted by the industry; (b) the recent procurement prices of iron ore concentrates as quoted by customers which are Independent Third Party; (c) the average sales price of the first six months of 2013; and (d) the quality of the iron ore concentrates produced by the Group. As such, the Company expects that the total value of the sale of iron ore concentrates to Fushun D.R.I. shall amount to approximately RMB480 million per annum.

INFORMATION ON THE GROUP AND THE CONNECTED PERSONS

The Group is one of the largest independent privately-owned iron ore concentrates producers in the Northeastern PRC. The primary business operations of the Group in the PRC include iron ore exploration, mining, processing and selling and the product of the Group is iron ore concentrates. The Company also engaged in exploration, mining and selling of laterite nickel ores in Indonesia as well as exploration, mining, processing and selling of gold ores in Australia.

Fushun D.R.I. is principally engaged in manufacturing and sale of pig iron.

Dalian Huaren is principally engaged in procurement agency service.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Iron ore business remains the principal business and sales income stream of the Group, notwithstanding that the Group diversified into the nickel ore business and gold mining business in the first half of 2013. In the six months ended 30 June 2013, the revenue of iron ore business was approximately RMB666.986 million, representing approximately 98.58% of the total revenue of the Group.

The Waivers only cover the transactions under the Existing Iron Concentrates Procurement Agreement up to 31 December 2013. The Group intends to continue the transactions under the Existing Iron Concentrates Procurement Agreement after 31 December 2013. The Directors consider that it is beneficial to the Group by entering into the Iron Ore Concentrates Sale Agreement to replace the Existing Iron Concentrates Procurement Agreement and to regulate the business relationship with its connected persons.

The iron ore concentrates procured by Dalian Huaren were delivered to Fushun D.R.I.. As at the Latest Practicable Date, the iron ore concentrates produced by Maogong Mining were only sold to Fushun D.R.I. and Fushun New Steel Company Limited (撫順新鋼鐵有限責任公司), the Group's largest customer and an Independent Third Party, as their operating locations are in close proximity to Maogong Mining and their purchases have been able to absorb all iron ore concentrates produced by Maogong Mining. The distance between Fushun D.R.I. and Maogong Mining is approximately 21 kilometres, whilst the distance between the largest customer of the Group and Maogong Mining is approximately 34 kilometres. The Group, in line with the industry practice, is generally responsible for the delivery of its products to customers and for the related costs. The transportation costs for delivering iron ore concentrates to Fushun D.R.I. is approximately RMB10.0/ton, while the transportation costs for delivering iron ore concentrates to the Group's largest customer is approximately RMB19.4/ton. Accordingly, by supplying iron ore concentrates to Fushun D.R.I. at market price, the Group will be able to achieve a higher profit rate as compared with sale to its largest customer at the same price. Besides, the expansion construction of the processing plant with an annual processing capacity of 3 million tons of iron ore of Maogong Mining is expected to be completed in the fourth quarter of 2013. The supply of more iron ore concentrates to Fushun D.R.I. to meet its demand represents a good opportunity to broaden the revenue of the Group from a stable customer. The entering into the Iron Ore Concentrates Sale Agreement is thus considered in line with the Group's business and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date:

(i) Fushun D.R.I. was a wholly-owned subsidiary of Hanking Group and hence a connected person of the Company; and

(ii) Dalian Huaren was indirectly wholly-owned by Mr. Yang and Ms. Yang, and hence a connected person of the Company.

Accordingly, the transactions contemplated under the Iron Ore Concentrates Sale Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since certain applicable percentage ratios relating to the proposed annual caps for the continuing connected transactions under the Iron Ore Concentrates Sale Agreement exceed 25%, the continuing connected transactions under the Iron Ore Concentrates Sale Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2016) at the EGM.

At the relevant Board meeting, Ms. Yang and Mr. Yang have abstained from voting on the resolutions approving the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2016) in which they and/or their respective associates are materially interested in.

At the EGM, Ms. Yang and Mr. Yang as well as their respective associates will abstain from voting on the resolutions approving the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2016). As at the Latest Practicable Date, Ms. Yang and Mr. Yang respectively held 773,870,166 shares and 424,360,500 Shares, representing approximately 42.29% and 23.19% of the existing issued share capital of the Company respectively. To the best knowledge, information and belief of the Directors, none of the persons (excluding Ms. Yang and Mr. Yang) who are required to abstain from voting at the EGM was holding any Shares as at the Latest Practicable Date.

GENERAL

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps. The Independent Board Committee comprising all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps, after taking into account the recommendations of the Independent Financial Adviser.

EGM

A notice of the EGM to be held at 22nd Floor Conference Room, Hanking Tower, No. 227 Qingnian Avenue, Shenhe District, Shenyang City, Liaoning Province, PRC on Friday, 29 November 2013 at 8:30 a.m. at which the relevant resolutions will be proposed to approve the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the annual caps for the three years ending 31 December 2016) is set out on pages EGM-1 to EGM-2.

A proxy form for use at the EGM is enclosed. Whether or not you proposed to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed therein and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor

Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the entering into of the Iron Ore Concentrates Sale Agreement is in the ordinary and usual course of business of the Group, the terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms and which, altogether with the Proposed Annual Caps, are fair and reasonable, and the transactions contemplated under the Iron Ore Concentrates Sale Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) at the EGM. The text of the letter from the Independent Board Committee is set out on pages 14 to 15 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
China Hanking Holdings Limited
Yang Min
Chairlady and non-executive director

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)

12 November 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – IRON ORE CONCENTRATES SALE AGREEMENT

We refer to the circular issued by the Company to Shareholders dated 12 November 2013 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders in respect of the terms the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps.

CMBI has been appointed to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Iron Ore Concentrates Sale Agreement and the Proposed Annual Caps. The text of the letter of advice from the Independent Financial Adviser containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out from pages 16 to 27 of the Circular.

Independent Shareholders are recommended to read the letter of advice from the Independent Financial Adviser, the letter from the Board contained in the Circular as well as the additional information set out in the appendix to the Circular.

Having considered the terms of the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and the advice of the Independent Financial Adviser, we are of the opinion that the entering into of the Iron Ore Concentrates Sale Agreement is in the ordinary and usual course of business of the Group, the terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms which, altogether with the Proposed Annual Caps, are fair and reasonable, and the transactions contemplated under the Iron Ore Concentrates Sale Agreement are in the interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Shareholders vote in favour of the relevant resolution to be proposed at the EGM to approve the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Wang Ping **Mr. Johnson Chi-King Fu** **Mr. Chen Yuchuan** **Mr. Wang Anjian**
Independent non-executive Directors

The following is the full text of the letter of advice from CMB International to the Independent Board Committee and the Independent Shareholders for incorporation in this circular.

招銀国际
CMB INTERNATIONAL

CMB International Capital Limited
Units 1803–4, 18/F,
Bank of America Tower
12 Harcourt Road,
Central, Hong Kong

12 November 2013

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS - IRON ORE CONCENTRATES SALE AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and the Proposed Annual Caps for the Iron Ore Concentrates Sale Agreement, details of which are contained in the letter from the board (the "**Letter from the Board**") of the circular dated 12 November 2013 (the "**Circular**") issued by the Company, of which this letter forms part. Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Circular. We recommend the Independent Board Committee to advise the Independent Shareholders to read this Circular carefully before they decide to vote for or against the Iron Ore Concentrates Sale Agreement.

On 15 October 2013, the Company entered into the Iron Ore Concentrates Sale Agreement with Fushun D.R.I. and Dalian Huaren, pursuant to which the Company will, through its subsidiaries, including but not limited to STSU, provide iron ore concentrates to Fushun D.R.I. through Dalian Huaren as Fushun D.R.I.'s agent for the three years ending 31 December 2016 and the Existing Iron Concentrates Procurement Agreement shall be terminated on 31 December 2013. The Iron Ore Concentrate Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are conditional upon the approval by the Independent Shareholders at the EGM.

According to the Letter from the Board, Fushun D.R.I. is a wholly-owned subsidiary of Hanking Group and hence a connected person of the Company. Dalian Huaren is indirectly wholly-owned by Mr. Yang and Ms. Yang, and hence a connected person of the Company. Accordingly, the transactions under the Iron Ore Concentrates Sale Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As Ms. Yang and Mr. Yang are considered to be materially interested in such agreement, Ms. Yang and Mr. Yang as well as their respective associates will abstain from voting on the resolutions approving the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

We, CMBI, have been appointed as the independent financial adviser to advise the Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chen Yuchuan, Mr. Wang Ping, Mr. Johnson Chi-King Fu and Mr. Wang Anjian, and the Independent Shareholders as to whether the entering into of the Iron Ore Concentrates Sale Agreement is in the ordinary and usual course of business of the Group, whether the terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms and which, together with the Proposed Annual Caps, are fair and reasonable and whether the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are in the interests of the Company and the Shareholders as a whole.

BASES OF OUR OPINION

In formulating our recommendation, we have relied, without assuming any responsibility for independent verification, on the information, opinions and facts supplied and representations made to us by the Company, who have assumed full responsibility for the accuracy of the information contained in this circular and that any information and representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have discussed with the management of the Company regarding their plans and prospects of the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have studied the relevant market and other conditions and trends relevant to the pricing of transactions contemplated under the Iron Ore Concentrates Sale Agreement. We have also assumed that statements and representations made or referred to in this circular were accurate at the time they were made and continue to be accurate up to the date of the EGM. We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. It is not within our terms of engagement to comment on the commercial feasibility of the Iron Ore Concentrates Sale Agreement, which remains the responsibility of the Directors. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, we have not been involved in the negotiations in respect of the terms of the Iron Ore Concentrates Sale Agreement.

Our opinion is necessarily based upon the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us as of the date of this letter. We have no obligation to update this opinion to take into account events occurring after the date on which this opinion is delivered to the Independent Board Committee and the Independent Shareholders. This letter is solely for the information of the Independent Board Committee and the Independent Shareholders, in connection with their consideration of the Iron Ore Concentrates Sale Agreement, and is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

CMBI is a licensed corporation to carry out regulated activities of dealing in securities and advising on corporate finance under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). CMBI and its affiliates, whose ordinary business involves the trading of, dealing in and the holding of securities, may be involved in the trading of, dealing in, and the holding of the securities of the Company for client accounts.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the terms of the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder in giving our recommendation to the Independent Board Committee and the Independent Shareholders are set out below:

1. Background of and reasons for entering into the Iron Ore Concentrates Sale Agreement

According to the Letter from the Board, the Group is one of the largest independent privately-owned iron ore concentrates producers in the Northeastern PRC. The primary business operations of the Group in the PRC include iron ore exploration, mining, processing and selling and the product is iron ore concentrates. The Company also engaged in exploration, mining and selling of laterite nickel ores in Indonesia as well as exploration, mining, processing and selling of gold ores in Australia. Fushun D.R.I. is principally engaged in manufacturing and sale of pig iron.

Dalian Huaren is a company established in the PRC on 26 May 2011 whose equity interest is indirectly wholly-owned by Mr. Yang and Ms. Yang. Dalian Huaren is principally engaged in procurement agency service.

As advised by the Directors, iron ore concentrate is being one of the principal materials in the production of pig iron. According to the Prospectus, a unit (ton) production of pig iron may require approximately 1.5 tons of iron ore concentrates (grade 66%).

According to the Letter from the Board, iron ore business remains the principle business and sales income stream of the Group, notwithstanding that the Group diversified into the nickel ore business and gold mining business in the first half of 2013. In the six months ended 30 June 2013, the revenue of iron ore business was approximately RMB666.986 million, representing approximately 98.6% of the total revenue of the Group.

As advised by the Directors, the Existing Iron Ore Concentrate Procurement Agreement shall be terminated on 31 December 2013. The Company intends to continue the sales of iron ore concentrates to Fushun D.R.I. for the three years ending 31 December 2016 by entering into the Iron Ore Concentrate Sale Agreement with Fushun D.R.I. and Dalian Huaren. Furthermore, the Directors advise that the Company will assign STSU to be responsible for the supply of iron ore concentrates produced by Maogong Mining to Fushun D.R.I. through Dalian Huaren pursuant to the Iron Ore Concentrates Sale Agreement after taking into account of, among other things, the internal resources allocation within the Group. According to the announcement of the Company dated 5 March 2012, the Company discovered large iron mine bodies in Maogong Mine. In this regard, the Directors advise that Maogong Mining is setting up a new processing plant with the total expected production capacity of not less than approximately 800,000 tons of iron ore concentrates per annum for each of the three years ending 31 December 2016 which is expected to start operation in the fourth quarter of 2013.

The Directors advised us they are of the view that entering into the Iron Ore Concentrates Sale Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole, after taking into account of, among other things, (i) the new production facility of Maogong Mining; (ii) the location of existing customers of STSU with the iron ore concentrates produced by Maogong Mining, the Directors consider that it will be relatively cost effective to sell the iron ore concentrates to Fushun D.R.I at market price when compared to other existing customers of STSU with the iron ore concentrates produced by Maogong Mining in the short run; and (iii) the Directors consider that the continuation of the sale of iron ore concentrates to Fushun D.R.I. at market price can provide a stable source of revenue to the Group in the near future.

The Directors advised us that the cost effectiveness to sell the iron ore concentrates to Fushun D.R.I at market price when compared to other existing customers of the Group could be mainly attributed to the difference in the cost of transportation services of iron ore concentrates sold.

As advised by the Directors, the transportation service of iron ore concentrates produced by Maogong Mining and sold through STSU is being part of the terms of the Iron Ore Concentrates Sales Agreement and thus level of transportation service costs for the sales transactions will affect the Group's profitability. During the two years ended 31 December 2012 and the six months ended 30 June 2013, the iron ore concentrates produced by Maogong Mining were only supplied to two customers, Fushun D.R.I. and Fushun New Steel Company Limited (撫順新鋼鐵有限責任公司) ("**Fushun New Steel**"). Fushun New Steel was the Group's largest customer during the respective periods. According to the Prospectus and confirmation of the Directors, Fushun New Steel is an Independent Third Party. The Directors advised us that both of the operating locations of Fushun D.R.I. and Fushun New Steel are near Maogong Mine.

According to the Letter from the Board and advised by the Directors, the Group is generally responsible for the delivery of its products to customers and for the related costs. The Directors confirmed that the transportation service charge was not factored in the price of the iron ore concentrates as the price of the iron ore concentrates was determined by the market price, and it is in line with the market practice. The distance between Fushun D.R.I. and Maogong Mining is approximately 21 kilometres, whilst the distance between Fushun New Steel and Maogong Mining is approximately 34 kilometres. As advised by the Directors, the transportation service fee of iron ore concentrates is determined by the distance. According to the Letter from the Board, the transportation costs for delivering iron ore concentrates to Fushun D.R.I. is approximately RMB10.0/ton, while the transportation costs for delivering iron ore concentrates to Fushun New Steel is approximately RMB19.4/ton. Accordingly, under the same sales price, the Group will attain a higher profit margin for the sales of iron ore concentrates produced by Maogong Mining to Fushun D.R.I. as compared with the sales to Fushun New Steel. In order to understand this Directors' representation, we have reviewed internal transportation service fee policy of the Group and samples of transportation service fee invoices provided by the Company and the respective sales agreements of the iron ore concentrates sold to Fushun D.R.I. and Fushun New Steel for the nine months ended 30 September 2013. We note that the transportation service fee per ton for the sales of iron ore concentrates produced by Maogong Mining to Fushun D.R.I. was not higher than that to Fushun New Steel during the selected period and consistent with the internal transportation service fee policy of the Group.

Set out below is a summary of the Group's financial information for the two years ended 31 December 2011 and 2012 prepared in accordance with the International Financial Reporting Standards(the "**IFRS**") extracted from the annual report of the Company for the year ended 31

December 2012 (the "**Annual Report**") and the Group's published financial information for the 6 months ended 30 June 2013 extracted from the interim report of the Company for the 6 months ended 30 June 2013 (the "**Interim Report**"):

	For the year ended 31 December		**For the 6 months ended**
	2011	**2012**	**30 June 2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,726,488	1,361,138	676,572
Gross profit	1,140,642	740,964	367,299
Total comprehensive income for the year	456,024	359,829	58,721
Total comprehensive income attributable to:			
Owners of the Company	452,765	361,015	81,760
Non-controlling interests	3,259	(1,186)	(23,039)

As advised by the Directors, the amount of iron ore concentrates sold to Fushun D.R.I. for the two years ended 31 December 2012 and six months ended 30 June 2013 were approximately RMB323.2 million, RMB317.5 million and RMB145.2 million respectively, which accounted for approximately 18.7%, 23.3% and 21.5% of the total revenue of the Company, respectively, for the respective financial periods. Based on the trend of the iron ore concentrates sold to Fushun D.R.I. as stated above, we concur with the view of Directors that the iron ore concentrates sales under the Iron Ore Concentrate Sale Agreement shall provide a stable source of revenue to the Group for the three years ending 31 December 2016.

Based on our discussion with the Directors, the Directors advise that they have also considered the industry outlook of the iron ore industry of the PRC with reference to, among others, the following industry information. As advised by the Directors, according to《鋼鐵工業"十二五"發展規劃》("the twelfth five-year plan of steel industry of the PRC") issued by中華人民共和國工業和信息化部 ("Ministry of Industry and Information Technology of the PRC") on 7 November 2011, it is anticipated that the total consumption quantity of iron ore in PRC will reach approximately 1.13 billion tons for the year ending 31 December 2015, which represents a CARG of approximately 4.2% from approximately 920.0 million tons for the year ended 31 December 2010.

In addition, the Directors advise that, according to 中國鋼鐵工業協會 ("China Steel Industry Association"), the apparent consumption volume of steel for the eight months ended 31 August 2013 was approximately 669.5 million tons, which represents an increase of approximately 65.0 million tons or 10.75% as compared with approximately 604.5 million tons for the same period last year. The apparent consumption volume of pig iron for the 8 months ended 31 August 2013 was approximately 488.1 million tons, which represents an increase of 31.8 million tons or 7.0% as compared with approximately 456.3 million tons for the same period last year. In this regard, the Directors are of the view that the outlook of iron ore and steel industries in the PRC is positive.

Finally, according to the Letter from the Board and the Prospectus, we understand that the sales of iron ore concentrates to Fushun D.R.I. have been carried out pursuant to the Existing Iron Ore Concentrates Procurement Agreement for the a term of three years commencing since 16 September 2011 which will be terminated on 31 December 2013.

Having considered the facts that (i) the sale of iron ore concentrates is one of the primary business operations of the Group; (ii) the transportation service fee per ton of iron ore concentrates provided by Maogong Mining sold to Fushun D.R.I. is not higher than that to Fushun New Steel; (iii) the sales of iron ore concentrates to Fushun D.R.I. for the two years ended 31 December 2012 and six months ended 30 June 2013 had demonstrated that the sales of iron ore concentrates to Fushun D.R.I. had provided a stable source of revenue to the Group; and (iv) the positive outlook of iron ore and steel industries in the PRC, we consider that it is commercially justifiable for the Group to engage in the transactions under the Iron Ore Concentrates Sale Agreement and concur with the Directors' view that the sales of iron ore concentrates under the Iron Ore Concentrates Sale Agreement are in the ordinary and usual course of business and are in the interest of the Company and its Shareholders as a whole.

2. Principal terms of the Iron Ore Concentrates Sale Agreement

According to the Letter from the Board and advised by the Directors, the Company, Fushun D.R.I. and Dalian Huaren entered into the Iron Ore Concentrates Sale Agreement which was negotiated and determined on arm's length basis. The Directors are of the view that terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms and are fair and reasonable. Upon the effective date of the Iron Ore Concentrates Sale Agreement, the Company will sell iron ore concentrates to Fushun D.R.I. through Dalian Huaren which will act as the purchase agent of Fushun D.R.I and iron ore concentrates purchased by Dalian Huaren shall be delivered to Fushun D.R.I. according to the transactions under the Iron Ore Concentrates Sale Agreement for the three years ending 31 December 2016.

As advised by the Directors, the Company, Fushun D.R.I. and Dalian Huaren will enter into separate agreements detailing the material terms, such as actual price and quantity, for each of the sales transactions of iron ore concentrates to Fushun D.R.I. for the three years ending 31 December 2016. The Directors confirm that the final term of each sales transactions will be negotiated in good faith and determined by the Company, Fushun D.R.I and Dalian Huaren from time to time under normal commercial terms in the ordinary course of business.

As advised by the Directors, principal terms of the Iron Ore Concentrates Sale Agreement are substantially the same as the principal terms of the Existing Iron Concentrates Procurement Agreement. The Existing Iron Concentrates Procurement Agreement shall be terminated on 31 December 2013.

According to the Letter from the Board, the Group generally grants to Fushun D.R.I. credit terms of up to 7 days and is required to make full payment within the credit period, which payment terms are in general same as the payment terms of the Group's customers which are Independent Third Party.

Pricing

Pursuant to the Iron Ore Concentrates Sale Agreement and advised by the Directors, Fushun D.R.I., through its agent Dalian Huaren, will procure iron ore concentrates from the Group, including but not limited to STSU, at the market price. The market price will be arrived at after arm's length negotiation between the Company and Fushun D.R.I. under normal commercial terms in the ordinary course of business, and with reference to a combination of a wide range of factors, including, among others, (i) iron and steel market price and indexes in North Eastern and North China available from independent third parties such as Mysteel.net, which is set up by Shanghai Ganglian E-commerce Holdings Company Limited (上海鋼聯電子商務股份有限公司) ("**MySteel**"). MySteel is listed on the Shenzhen Stock Exchange and is an independent organization focused on the iron and steel industry in China, which supplies various internet-related services to its members such as up-to-date steel industry information and news and enables access to a global community of steel producers and traders; (ii) iron ore concentrate futures contract prices as quoted by Dalian Commodity Exchange (大連商品交易所); and (iii) the iron ore concentrates procurement prices of major steel companies in the PRC such as Angang Steel Company Limited and Benxi Steel Group Corporation.

Based on the aforesaid, the Directors advise us they are of the view that the basis of the principal terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms and are fair and reasonable.

Our View

As noted from the Letter from the Board, the prices of the relevant products of the transactions contemplated under the Iron Ore Concentrates Sale Agreement are agreed upon between the Company and Fushun D.R.I. from time to time after arm's length negotiation and are comparable to the market prices of similar products the Company sell to Independent Third Party.

We have reviewed the Iron Ore Concentrates Sales Agreements and we note that the principal terms of the Iron Ore Concentrates Sales Agreement is consistent with the disclosure in the Letter from the Board.

In order to assess the reasonableness of basis of the principal terms of the Iron Ore Concentrates Sale Agreement, such as pricing, we have, on a sample basis, selected and reviewed the sales contracts and invoices of (i) products provided by the Group to Fushun D.R.I. and Dalian Huaren under the Existing Iron Concentrates Procurement Agreement; and (ii) similar products provided by the Group to Independent Third Parties for the two years ended 31 December 2012 and six months ended 30 June 2013. We noted that the price of sales of iron ore concentrates provided by the Group to Fushun D.R.I. and Dalian Huaren and that provided to the Independent Third Party during the selected period was on the same pricing bases as set out in the Existing Iron Concentrates Procurement Agreement. As advised by the Directors, the average selling price of the Company during the two years ended 31 December 2012 and six months ended 30 June 2013 made reference to the market price information of iron ore concentrates in Northeastern and North China provided by MySteel. The Directors further confirm that they will keep monitoring the market price through the information provided by MySteel in the future.

Based on the representation of the Directors, the general credit granted to the iron ore concentrates customers in this industry are approximately one month. According to the Annual Report, the Group grants an average credit period of 7 days to its customers, which is consistent with the credit period granted Fushun D.R.I.. In this regard, the Directors are of the view that payment terms in the Iron Ore Concentrates Sale Agreement is not less favorable than those of the market practice.

In order to understand the historical implementation of the Existing Iron Ore Concentrates Procurement Agreement, we have reviewed the Annual Report. We note that, Deloitte Touche Tohmatsu, the auditor of the Company ("**Deloitte**") has reviewed the sales of iron ore concentrates to Fushun D.R.I for each of the years ended 31 December 2011 and 2012 and we understand that, among other things, there was nothing that came to Deloitte's attention that caused Deloitte to believe that the sales of iron ore concentrates to Fushun D.R.I were not, in all material respects, in accordance with the pricing policies of the Company.

Based on the above, we concur with the Directors' view that the basis of the principal terms of the Iron Ore Concentrates Sale Agreement are on normal commercial and fair and reasonable.

3. Proposed Annual Caps

As noted in the Letter from the Board and as advised by the Directors, the Proposed Annual Caps are estimated based on i) the expected sales volume of iron ore concentrates from the Group to Fushun D.R.I. of approximately 600,000 tons for each of the three years ending 31 December 2016; and ii) expected market price of approximately RMB800/ton (excluding VAT) for iron ore concentrates. Thus the Proposed Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 is RMB480 million, RMB480 million and RMB480 million respectively. The Directors are of the view that the Proposed Annual Caps are fair and reasonable. In order to consider the reasonableness of the Proposed Annual Caps, we have reviewed and assessed the following information:

The Proposed Annual Caps increase to approximately RMB480 million for the each of the three years ending 31 December 2016 when compared to that of approximately RMB400 million per annum under the Existing Iron Ore Concentrates Procurement Agreement.

Expected sales volume of iron ore concentrates from the Group to Fushun D.R.I.

According to the Letter from the Board and advised by the Directors, the recent maximum pig iron production capacity of the active production facilities of Fushun D.R.I. is approximately 500,000 tons per annum and therefore, the maximum demand for iron ore concentrates by Fushun D.R.I. will be approximately 750,000 tons per annum based on the assumption that a unit (ton) production of pig iron may require approximately 1.5 tons of iron ore concentrates. According to the management information of Fushun D.R.I., the volume of iron ore concentrates consumed in its production was approximately 740,000 tons and 339,000 tons for the year ended 31 December 2012 and 6 months ended 30 June 2013, respectively.

In order to understand the proposed increase in purchase orders from Fushun D.R.I., we have conducted interview with the management of Fushun D.R.I.. The management of Fushun D.R.I. advise that Fushun D.R.I intends to increase its purchases from the Company after taking into account of, among other things, the quality of iron ore concentrates so far and so, if the production capacity of the Company is able to fulfill the additional orders from Fushun D.R.I., Fushun D.R.I. will increase its purchases from the Company. In the meanwhile, the management of Fushun D.R.I. further advises that Fushun D.R.I. is also exploring new customers, such as customers from wind power industry, from which Fushun D.R.I. expects that this may further increase its demand for iron ore concentrates as well as its purchase of iron ore concentrates from the Company in the future. Based on the memorandum of understanding between the STSU and Fushun D.R.I. ("**MOU**"), Fushun D.R.I. intends to procure approximately 600,000 tons annually of iron ore concentrates provided by the Group through Dalian Huaren for each of the three years ending 31 December 2016 based on its internal plan.

The Directors advise that the recent maximum production capacity of iron ore concentrates of Maogong Mining is approximately 360,000 tons per annum which is not sufficient to fulfill all the Fushun D.R.I.'s demand for iron ore concentrates. For the year ended 31 December 2012, the sales volume of iron ore concentrates produced by Maogong Mining to Fushun New Steel and Fushun D.R.I. were approximately 60,000 tons and 304,000 tons, respectively.

In the analysis, we note that the Directors only considered the production capacity of Maogong Mining in the determination the Proposed Annual Cap. The Directors advise us that when the Group considers its sales and production plans, the management will consider, among other things, transportation related matters and production capacity of respective products facilities of each group company. The Directors confirm that, if the cost effectiveness or profit margin of other subsidiaries of the Group is better than Maogong Mining, they may consider to arrange other subsidiaries of the Group to deal with the respective sales orders after taking into account of, among other things, the production capacity of respective group companies. Based on the representation of the Directors that (a) the transportation distance between Fushun D.R.I. and Maogong Mine is shorter than the transportation distance between Fushun D.R.I. and other mines of the Group; and (b) the production volume of iron ore concentrates of Maogong Mine will increase in the coming three years, the Directors only considered the production capacity of Maogong Mining in the determination of the Proposed Annual Cap accordingly.

On the other hand, as advised by the Directors, the expected increase in the iron ore concentrates production capacity of the Group was attributed to the expansion of production facilities of the Maogong Mining. The Directors advise that Maogong Mining is now setting up a new production plant, which the Directors advised that all the applicable licenses have been obtained. As at the Latest Practicable Date, the Directors advised that except for the external electrical infrastructure, the construction works of the new production plant of Maogong Mining have been completed. The Directors expect that the external electrical infrastructure construction will be completed by end of fourth quarter 2013 and the new production plant will commence its production accordingly. Including the proposed additional production capacity of the new production plant, the expected production capacity of Maogong Mining will increase to approximately 800,000 tons of iron ore concentrates per annum for the three years ending 31 December 2016. The Directors advise that they will allocate part of the additional production of iron ore concentrates to fulfill the sales orders from Fushun New Steel in the future because the transportation costs in relation to the sales of iron ore concentrates from Maogong Mining to Fushun New Steel were lower than that of iron ore concentrates sales to Fushun New Steel conducted by other group companies. According to the sales information provided by the Directors, the total sales volume of the Group's iron ore concentrates to Fushun New Steel for the year ended 31 December 2012 and for the six months ended 30 June 2013 were approximately 795,000 tons and 427,000 tons, respectively, of which approximately 60,000 tons and 23,000 tons were sold by Maogong Mining during the relevant periods, respectively. According to the Group's latest transportation costs summary provided by Directors, based on the sales to Fushun New Steel, we note that the transportation costs in relation to the sales of iron ore concentrates conducted by other group companies ranged from approximately RMB20.0 per ton to RMB32.2 per ton which is higher than that conducted by Maogong Mining in amount of approximately RMB19.4 per ton.

According to the management account provided by the Company, we noted that the iron ore concentrates procured by Fushun D.R.I represents approximately 21.3%, 18.7%, 23.3% and 21.5% of the total revenue of iron ore concentrates of the Group for each of the three years ended 31 December 2012 and the six months ended 30 June 2013, respectively. The Directors advised that Fushun D.R.I. had been the second largest customers of the Group since 2010 and there was no material change in the Company's business relationship with and sales contribution to Fushun D.R.I. since the Company's listing in 2011. The Directors advise that Group expects to retain the same scale of sales of iron ore concentrates to Fushun D.R.I. with the expansion of the Group's production capacity in the coming years.

In this regard, the Directors advise that, after taking into account of, among other things, (i) the estimated demand of iron ore concentrates derived from Fushun D.R.I. based on the MOU (i.e. 600,000 tons per annum); (ii) the historical proportion of Maogong Mining's iron ore concentrates sales to Fushun D.R.I. and Fushun New Steel; (iii) the additional production capacity of the new production plant of Maogong Mining; (iv) the historical proportion of sale volume of iron ore concentrates to Fushun D.R.I. and total sale volume of the Group; and (v) the expected sales plan and the internal resources allocation of the Group, the Directors expect that the maximum volume of iron ore concentrates sales from Maogong Mining to Fushun D.R.I. will be 600,000 tons per annum for each of the three years ending 31 December 2016 and the remaining production capacity of Maogong Mining may be allocated to the sales orders from Fushun New Steel and other new customers in the future. The Directors are of the view that it is fair and reasonable to adopt 600,000 tons as the expected iron ore concentrates sales volume from Maogong Mining to Fushun D.R.I to calculate the Proposal Annual Caps.

Having considered, among other things, i) the historical actual production capacity of pig iron of Fushun D.R.I. and actual amount of iron ore concentrates consumed; ii) the expected iron ore concentration production capacity of Maogong Mining; and iii) the MOU signed between the Group and Fushun D.R.I. we concur with the view of the Directors that the expected sale volume of 600,000 ton iron ore concentrates to Fushun D.R.I. for the three years ending 31 December 2016 is fair and reasonable.

Expected price of the iron ore concentrates from the Group to Fushun D.R.I.

The Directors advise that they have adopted the expected market price of approximately RMB800/ton (excluding VAT) for iron ore concentrates in the calculation of the Proposed Annual Caps after taking into account of, among other things, (a) the recent public information of iron ore concentrates price in North Eastern and North China provided by independent third parties; (b) the recent procurement prices of iron ore concentrates as quoted by customers which are Independent Third Party; (c) the average sales price of the first six months of 2013; and (d) the quality of the iron ore concentrates produced by the Group.

As advised by the Directors, the expected market price for the iron ore concentrates excludes value added tax ("**VAT**"). According to the price information published by MySteel and Dalian Commodity Exchange, their listed prices of iron ore concentrates included VAT. However for our analysis in pricing basis, we will not consider the factor of VAT.

According to the Letter from the Board, the average selling price of iron ore concentrates of the Group to its customers for each of the year ended 31 December 2012 and the six months ended 30 June 2013 was approximately RMB830/ton (excluding VAT) and RMB858/ton (excluding VAT) respectively. The Directors advise that they shall also make reference to the iron ore concentrates future contract price on Dalian Commodity Exchange for the determination of market price. According to the website of Dalian Commodity Exchange, Dalian Commodity Exchange started to provide the information of future contract price of iron ore concentrates in relevant market since 18 October 2013. According to the Dalian Commodity Exchange's iron ore report for the month ended 31 October 2013, the price of the iron ore concentrates future contracts with settlement date in March to October 2014 ranged from approximately RMB898/ton to approximately RMB994/ton (from RMB767/ton to RMB850/ton (excluding VAT)). According to MySteel information, the market price of iron ore concentrates with similar grades in the respective North Eastern and North China areas, which the Director has made reference to determine the relevant price, ranged from approximately RMB665/ton to RMB1,185/ton (RMB665/ton to RMB1,012/ton (excluding VAT)) for the period from January to September 2013. The expected market price of RMB800/ton is approximately the average of the price range. In this regard, we concur with the view of the Directors that the expected market price of iron ore concentrates (grade 66%) of RMB800/ton (excluding VAT) for the three years ending 31 December 2016 is fair and reasonable.

According to the Letter from the Board, the Group shall take a series of measures to monitor the pricing standards of the transactions and ensure that the transactions are conducted in accordance with the pricing policy under the Iron Ore Concentrates Sale Agreement (for details of the measures, please refer to the paragraph headed "Iron Ore Concentrates Sale

Agreement" in the Letter from the Board). As discussed with the management of the Company, we understand that the Company has implemented similar measures to monitor the pricing standards of the transactions and ensure that the transactions are conducted in accordance with the pricing policy under the Existing Iron Concentrates Procurement Agreement since late 2011. Based on our review of the Existing Iron Concentrates Procurement Agreement and the Iron Ore Concentrates Sale Agreement, we did not identify any material difference in the pricing policy. In addition, based on our review of Annual Report as discussed above, we understand that, among other things, there was nothing that came to Deloitte's attention that caused Deloitte to believe that the sales of iron ore concentrates to Fushun D.R.I were not, in all material respects, in accordance with the pricing policies of the Company.

Our View

Based on the factors and reasons discussed above, we concur with the Directors' view that the Proposed Annual Caps is fair and reasonable. However, as the Proposed Annual Caps relates to future events and are based on assumptions that may or may not remain valid for the entire period up to 31 December 2016, we express no opinion as to how closely the actual transactions contemplated thereunder the Iron Ore Concentrates Sale Agreement correspond with the Proposed Annual Caps.

RECOMMENDATION

Having considered the above factors, we consider that the entering into of the Iron Ore Concentrates Sale Agreement is in the ordinary and usual course of business of the Group. The terms of the Iron Ore Concentrates Sale Agreement are on normal commercial terms and which, altogether with the Proposed Annual Caps, are fair and reasonable, and the transactions contemplated thereunder the Iron Ore Concentrates Sale Agreement are in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to approve the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) at the EGM.

Yours faithfully,
For and on behalf of
CMB International Capital Limited
Kenny How
Managing Director
Investment Banking Division

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons had, or were deemed to have, an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital:

Name	Number of Shares	Nature of interest	Capacity	Percentage of total issued share capital of the Company	*Note*
China Hanking (BVI) Limited	760,050,000	Long position	Beneficial owner	41.53%	
Bisney Success Limited	424,360,500	Long position	Beneficial owner	23.19%	
	31,100,000	Short position	Beneficial owner	1.69%	
Splendour Ventures Limited	113,702,847	Long position	Beneficial owner	6.21%	
SAIF IV GP Capital Ltd	93,107,000	Long position	Interest in a controlled corporation	5.09%	*(1)*
SAIF IV GP LP	93,107,000	Long position	Interest in a controlled corporation	5.09%	*(1)*
SAIF Partners IV L.P.	93,107,000	Long position	Beneficial owner	5.09%	*(1)*
Yan Andrew Y	93,107,000	Long position	Interest in a controlled corporation	5.09%	*(1)*

Note:

(1) These 93,107,000 Shares belong to the same group of Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no person (other than a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares, and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS

(a) Directors' Interests or Short Positions in the Shares

As at the Latest Practicable Date, the following Directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(i) Interests or short positions in the shares, underlying shares and debentures of the Company:

Name of Director	Capacity	Nature of interest	Number of Shares	Percentage of total issued share capital of the Company	*Note*
Ms. Yang	Interest in a controlled corporation	Long position	760,050,000	41.53%	*(1)*
	Founder of discretionary trust	Long position	13,820,166	0.76%	*(1)*
Mr. Yang	Interest in a controlled corporation	Long position	424,360,500	23.19%	*(2)*
	Interest in a controlled corporation	Short position	31,100,000	1.69%	
Xia Zhuo	Other	Long position	113,702,847	6.21%	*(3)*
	Beneficial owner	Long position	40,000	0.00%	*(3)*
Pan Guocheng	Beneficial owner	Long position	4,200,000	0.23%	*(4)*
Zheng Xuezhi	Interest in a controlled corporation	Long position	2,066,666	0.12%	*(5)*
	Beneficial owner	Long position	50,000	0.00%	*(5)*

(ii) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of ordinary shares	Percentage of total issued share capital	*Note*
China Hanking (BVI) Limited	Ms. Yang	Beneficial owner	Personal	1	100%	
Best Excellence Limited	Ms. Yang	Beneficial owner	Personal	1	100% (held through controlling management trust)	*(6)*
Bisney Success Limited	Mr. Yang	Beneficial owner	Personal	50,000	100%	
Splendour Ventures Limited	Xia Zhuo	Beneficial owner	Personal	3,138	9.14%	

Notes:

(1) Ms. Yang holds 100% interest in China Hanking (BVI) Limited and serves as settlor and beneficiary of management trust which holds the entire issued share capital of Best Excellence Limited. As a result, Ms. Yang is deemed to own interests of 760,050,000 Shares held by China Hanking (BVI) Limited and 13,820,166 Shares held by Best Excellence Limited.

(2) Mr. Yang holds 100% interest in Bisney Success Limited. As a result, Mr. Yang is deemed to own interests of 424,360,500 Shares (long position) and 31,100,000 Shares (short position) held by Bisney Success Limited.

(3) Mr. Xia Zhuo holds 9.14% interest in Splendour Ventures Limited, which holds 113,702,847 Shares. The accurate percentage of the 40,000 Shares beneficially owned by Mr. Xia Zhuo is 0.002185792%.

(4) These Shares are held jointly with Pan Guoying.

(5) Mr. Zheng Xuezhi is deemed to own interests of 2,066,666 Shares held by his wholly-owned company, Best Fate Limited. The accurate percentage of the 50,000 Shares beneficially owned by Mr. Zheng Xuezhi is 0.00273224%.

(6) The management trust is a revocable discretionary trust settled by Ms. Yang as settlor with Credit Suisse Trust Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible staff ("**Beneficiaries**").

As at the Latest Practicable Date, the following Directors are also directors or employees of the companies which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Company which had such discloseable interest or short position
Ms. Yang	China Hanking (BVI) Limited
	Best Excellence Limited
Mr. Yang	Bisney Success Limited
Xia Zhuo	Splendour Ventures Limited

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Competing Interests

As at the Latest Practicable Date, the following interests were owned or controlled by the Controlling Shareholders, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

(i) Benxi Iron Processing

Benxi Iron Processing was 100% owned by Hanking Group as at the Latest Practicable Date. Benxi Iron Processing is engaged in the iron processing business only. The iron processing business engaged in by Benxi Iron Processing used to be operated under Benxi Hanking Mining Co., Ltd. (本溪罕王礦業有限公司) ("**Benxi Mining**"), a subsidiary of the Company. Benxi Iron Processing has been excluded from the Group because the timing of obtaining the land use rights relating to the land on which its business is operated is uncertain. The reasons for this uncertainty are: (i) according to the urban planning programme (the

"**Programme**") of Benxi City prepared by the government of Benxi City and approved by the government of Liaoning Province, the land of Benxi Iron Processing is preserved as the "green land" (綠化用地) under the Programme, and therefore cannot be granted for use for other purposes, unless the Programme is amended and the use of such land is not restricted to "green" uses, (ii) if the planned usage of the land is not altered in the Programme, then Benxi Iron Processing will not be able to apply for land use rights with the government authorities, and (iii) according to applicable PRC laws, amendment of the Programme is subject to strict examination by government authorities at different levels (first by the government authorities of Benxi City and then finally approved by the government of Liaoning Province) and there is no set time limit within which such procedures would be completed. Therefore, Hanking Group cannot control or predict the timing as to when or whether such land use right can be obtained. In the event Benxi Iron Processing is required to relocate as a result of the lack of land use right, it should be able to relocate to a suitable site in a timely manner.

The Controlling Shareholders have confirmed that Benxi Iron Processing has been excluded from the Group because the timing of obtaining the land use rights relating to the land on which its business is operated is uncertain. As at the Latest Practicable Date, the Programme is under review by related authorities and Benxi Iron Processing will only be able to apply for the land use rights after the Programme is altered. Benxi Iron Processing may not be able to obtain the land use rights in the next year or so.

Since the land use right certificate(s) relating to the land on which the iron processing business is operated have not been obtained and the timing of obtaining such certificates is uncertain, the iron processing business was then transferred from Benxi Mining and retained by Hanking Group. Benxi Mining and Benxi Iron Processing have entered into the Existing Benxi Iron Processing Service Agreement and the New Benxi Iron Processing Service Agreement, pursuant to which, for a term of three years commencing from the Listing Date and from 1 January 2014 respectively, Benxi Iron Processing will process the iron ores extracted by Benxi Mining and deliver the iron ore concentrates produced to Benxi Mining. While the Directors had considered a number of restructuring plans in connection with the listing of the Company, the Company chose not to transfer the land without proper title to Benxi Iron Processing during the reorganization in preparation for the listing of the Company for a number of reasons. First, despite the fact that ownership of land can be separated from ownership of the operations, given the importance of use of such land to Benxi Iron Processing, the Directors believed that it would not be commercially appropriate to separate the ownership of land from the overall business operations of Benxi Iron Processing. Second, the defect in the land title exists regardless of whether the operation of Benxi Iron Processing is transferred to the Company and as such, so long as Benxi Iron Processing continues to use the land for its processing operations, any defect in the land title, if not rectified, would have a potentially adverse impact on the operations of Benxi Iron Processing.

Pursuant to the non-competition agreement dated 16 June 2011 entered into by the Controlling Shareholders in favor of the Company (the "**Non-Competition Agreement**"), if and when the land use right certificate of Benxi Iron Processing is obtained, Benxi Iron Processing must promptly give notice to the Company and the Company has the right to purchase the interests of Benxi Iron Processing at a price determined by an independent valuer.

Once the Company decides to exercise such right, after obtaining the approval of the independent non-executive Directors and/or the independent shareholders, as the case may be, Hanking Group, the owner of Benxi Iron Processing, is obliged to transfer its interests in Benxi Iron Processing to the Company. Therefore, the Directors are of the view that the Non-Competition Agreement can sufficiently safeguard the interest of the Company.

Financial Information Benxi Iron Processing

To the best knowledge of the Directors and based on the information available to the Directors, the table below sets out the key financial information of the Benxi Iron Processing:

	2010	**2011**	**2012**	**Six months ended 30 June 2013**
	RMB (million) *(unaudited)*	*RMB (million)* *(unaudited)*	*RMB (million)* *(unaudited)*	*RMB (million)* *(unaudited)*
Total assets	37.8	46.5	48.39	51.01
Total liabilities	32.1	39.1	39.39	39.39
Revenue	12.7	36.5	28.47	15.97
Total net profit/ loss	0.7	1.7	1.63	2.09

* *Benxi Iron Processing was established in July 2010. Prior to its establishment, the iron ore processing business engaged in by Benxi Iron Processing used to be operated under Benxi Mining.*

(ii) Hanking Group

Hanking Group was established in the PRC and is held by Ms. Yang and Mr. Yang as to 60.67% and 28.29%, respectively. It is a holding company of the Controlling Shareholders to hold their interests in other businesses as follows: (i) Benxi Iron Processing: Hanking Group holds a 100% equity interest in Benxi Iron Processing, (ii) Shiyan Hanking Deshan Mining Co., Ltd. (十堰罕王德山礦業有限公司) ("**Shiyan Deshan**"), located in Danjiangkou City of Hubei Province, China. It has obtained mining permit on 20 October 2012, with a mining area of 1.894 square km. It operates underground mining for iron ores, and the production scale is 300,000 tons per year. In order to prevent potential compete, the Controlling Shareholders entered a non-competing agreement with the Group, pursuant to which that the Group had a right to decide whether to acquire Shiyan Deshan or not. However, Shiyan Deshan's land using right and property right still exposed to significant legal risk, therefore the Directors were of the view that it is not appropriate to acquire Shiyan Deshan as at the Latest Practicable Date.

Directors' and Controlling Shareholders' Positions in Competing Business

As at the Latest Practicable Date, save as disclosed below, the Directors and their respective associates had not held other positions in any business which the Company, either directly or indirectly or likely to compete against:

Name of Directors	Positions in the Company	Other interests
Ms. Yang	Chairlady and Non-executive Director	Chairlady of the Board of Directors of Hanking Group
Mr. Yang	Vice chairman and Non-executive Director	Vice chairman of the Board of Directors of Hanking Group
Xia Zhuo	Executive Director and Joint Company Secretary	Director of Hanking Group

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, none of the Directors nor their respective associates had any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Group.

(c) Directors' Interests in Assets and Contracts

(i) Procurement of Steel Balls

Aoniu Mining and Fushun County Dawei Casting ("**Dawei Casting**") concluded an agreement on purchase of steel balls on 16 June 2011. According to the agreement, the Group shall procure steel balls from Dawei Casting for a term of three years commencing from the Listing Date. Dawei Casting is an entity wholly-owned by Ms. Yang which specializes in the production and sales of mining mechanical parts, iron metal artworks, cast pipe and cast-steel objects. Pursuant to Rule 14A.11 of the Listing Rules, Dawei Casting is a connected person of the Company. For the year ended 31 December 2012, the annual cap of the continuing connected transactions was RMB11,400,000, and the actual transaction amount was RMB1,162,000.

(ii) Benxi Iron Processing Service

According to the Existing Iron Processing Agreement, Benxi Iron Processing will provide iron processing services and process the iron ore provided by Benxi Mining, and deliver the iron ore concentrates produced to Benxi Mining for a term of three years commencing from the Listing Date. According to Rule 14A.11 of the Listing Rules, Benxi Iron Processing is a connected person of the Company. For the year ended 31 December 2012, the annual cap of the continuing connected transactions was RMB54,000,000, and the actual transaction amount was approximately RMB28,468,000. According to the New Benxi Iron

Processing Service Agreement, the Existing Benxi Processing Service Agreement shall be terminated on 31 December 2013. The New Benxi Iron Processing Service Agreement shall be for a term of three years commencing from 1 January 2014 and ending on 31 December 2016 (both days inclusive). Details of the New Benxi Iron Processing Service Agreement and the annual caps for the three years ending 31 December 2016 are set out in the announcement of the Company dated 15 October 2013.

(iii) Transportation Services

According to the Existing Transportation Service Agreement, Aoniu Mining appointed Mingcheng Transportation or its affiliated companies to provide transportation services for a term of three years commencing from the Listing Date. According to Rule 14A.11 of the Listing Rules, Mingcheng Transportation is a connected person of the Company. For the year ended 31 December 2012, the annual cap of the continuing connected transactions was RMB27,400,000, and the actual transaction amount was approximately RMB26,030,000. According to the New Transportation Service Agreement, the Existing Transportation Service Agreement shall be terminated on 31 December 2013. The New Transportation Service Agreement shall be for a term of three years commencing from 1 January 2014 and ending on 31 December 2016 (both days inclusive). Details of the New Transportation Service Agreement and the annual caps for the three years ending 31 December 2016 are set out in the announcement of the Company dated 15 October 2013.

(iv) Lease of Properties and Properties Management

According to the Existing Aoniu Office Lease Agreement, Aoniu Mining and STSU will lease office premises and advertising sites from Shengtai Properties, and engage Shengtai Property to provide properties management service for a term of three years commencing from the Listing Date. According to Rule 14A.11 of the Listing Rules, Shengtai Property is connected person of the Company. For the year ended 31 December 2012, the annual cap of the continuing connected transactions is RMB4,800,000, and the actual transaction amount is RMB4,800,000. According to the New Office Lease Agreement, the Existing Aoniu Office Lease Agreement shall be terminated on 31 December 2013. The New Office Lease Agreement shall be for a term of three years commencing from 1 January 2014 and ending on 31 December 2016 (both days inclusive). Details of the New Office Lease Agreement and the annual caps for the three years ending 31 December 2016 are set out in the announcement of the Company dated 15 October 2013.

(v) Acquisition of 70% Equity Interest in Northeastern Lion

On 20 December 2012, the Company entered into the Share Purchase Agreement with Evergreen Mining Limited ("**Evergreen Mining**") and Hanking Aoniu Investment (Hong Kong) Company Limited, pursuant to which the Company has agreed to acquire, and Evergreen Mining has agreed to sell, 70% equity interest in Northeastern Lion (its name has now been changed to "Hanking (Indonesia) Mining Limited") for a total consideration of RMB311.8 million.

Evergreen Mining is an indirectly wholly-owned subsidiary of Hanking Group, which is in turn owned as to 60.67% by Ms. Yang and 28.29% by Mr. Yang. As such, Evergreen Mining is an associate of both Ms. Yang and Mr. Yang and is therefore a connected person of the Company. Under Chapter 14A of the Listing Rules, the transactions contemplated under the Share Purchase Agreement constitute a connected transaction of the Company.

At the extraordinary general meeting held on 4 March 2013, the Share Purchase Agreement and the transactions contemplated thereunder were approved by independent shareholders of the Company. Details of the transaction are set out in the announcement of the Company dated 20 December 2012 and the circular of the Company dated 15 February 2013.

Save as disclosed above and save as the Existing Iron Ore Concentrates Sale Agreement and the New Iron Ore Concentrates Sale Agreement, details of which are set out in this circular, as at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any assets which have been since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) any material interest in any contract or arrangement entered into by any member of the Group, which contract or arrangement was subsisting at the Latest Practicable Date and was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group had not been engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 25 July 2013, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION OF EXPERT AND CONSENT

The followings are the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
CMBI	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, CMBI, had given and had not withdrawn its written consent to the issue of this circular with the inclusion therein a copy of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, CMBI did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, CMBI did not have any direct or indirect interests in any assets which have been, since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

(1) The joint company secretaries of the Company are Ms. Mok Ming Wai and Mr. Xia Zhuo. Ms. Mok Ming Wai is a director of KCS Hong Kong Limited and a fellow member of Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom, and Mr. Xia Zhuo is an executive Director of the Company.

(2) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office of the Company is located at No. 227, Qingnian Street, Shenhe District, Shenyang 110016, Liaoning Province, the PRC, while the principal place of business of the Company in Hong Kong is located at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

(3) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) The English text of the circular shall prevail over the Chinese text.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the Iron Ore Concentrates Sale Agreement;

(b) the Existing Iron Concentrates Procurement Agreement;

(c) a letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;

(d) the letter from CMBI, the text of which is set out on pages 16 to 27 of this circular; and

(e) the letter of consent from CMBI referred to in the above paragraph headed "Qualification of Expert and Consent" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Hanking Holdings Limited (the "**Company**") will be held at 22nd Floor Conference Room, Hanking Tower, No. 227 Qingnian Avenue, Shenhe District, Shenyang City, Liaoning Province, PRC on Friday, 29 November 2013 at 8:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution (with or without modifications) as ordinary resolution:

"**THAT** with respect to the Iron Ore Concentrates Sale Agreement dated 15 October 2013 and entered into between the Company, Fushun Hanking D.R.I. Co., Ltd.* (撫順罕王直接還原鐵有限公司) and Dalian Huaren Trade Co., Ltd.* (大連華仁貿易有限公司) (the "**Iron Ore Concentrates Sale Agreement**"):

(a) the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the proposed annual caps for the continuing connected transactions constituted by the transactions contemplated under the Iron Ore Concentrates Sale Agreement for the three years ending 31 December 2016 as set out in the circular of the Company dated 12 November 2013 be and are hereby approved, confirmed and ratified; and

(c) any one director of the Company be and is hereby authorized to take any step and execute any other documents and to do all such acts or things as he/she considers necessary, desirable and expedient in connection with the Iron Ore Concentrates Sale Agreement and the transactions contemplated thereunder."

By order of the Board
China Hanking Holdings Limited
Yang Min
Chairlady and non-executive director

Shenyang, the PRC
12 November 2013

Notes:

1. A shareholder entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not to be a shareholder of the Company.

2. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s).

3. If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorisation document must be notarized.

4. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for holders of shares of the Company not less than 48 hours before the time appointed for the holding of this meeting or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at this meeting if he so wishes.

5. Where there are joint holders of any shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting (or any adjournment thereof), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Shareholders or their proxies attending this meeting shall produce their identity documents.

* *For identification purposes only*