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罕王
HANKING

CHINA HANKING HOLDINGS LIMITED

中國罕王控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03788)

**CONNECTED TRANSACTION
DISPOSAL OF 3% SHARES OF HANKING AUSTRALIA INVESTMENT
TO SENIOR MANAGEMENT OF THE COMPANY**

On 17 December 2018 (after trading hours), the Company entered into the Agreement with the Purchaser pursuant to which the Company agreed to transfer 3% shares of Hanking Australia Investment to the Purchaser at the consideration of AUD1,260,000 (equivalent to approximately RMB6,232,338). Upon completion of the Agreement, the total number of issued shares of Hanking Australia Investment will be held by the Company, Golden Resource and the Purchaser as to approximately 94%, 3% and 3%, respectively.

As the beneficial owners of the Purchaser are the executive Directors and/or the directors of Hanking Australia Investment, a non-wholly owned subsidiary of the Company, the Purchaser is a connected person of the Company. Therefore, the Transaction constitutes a connected transaction of the Company according to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Transaction exceeds 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are set out below:

- Date: 17 December 2018 (after trading hours)
- Parties: (a) the Company, as vendor
(b) the Purchaser, as purchaser
- Shares to be transferred: The Company agreed to transfer to the Purchaser shares representing 3% of the entire issued share capital of Hanking Australia Investment.
- Consideration: The consideration for the transfer is AUD1,260,000 (equivalent to approximately RMB6,232,338) which was negotiated on arm's length basis between the parties and was determined between the parties with reference to the net asset value of Hanking Australia Investment as at 31 October 2018.
- The consideration shall be paid in one lump sum as soon as possible within three years after completion, together with interest of 5.6% per annum calculated from the date of completion to the date of such payment.
- Completion: Subject to obtaining the necessary approval for the transfer, completion shall take place immediately upon the signing of the Agreement.
- Restrictive covenant: After the completion of the Agreement, Mr. Yang, Mr. Zheng and Mr. Tang shall continue to work at the Company and/or its subsidiaries for at least five years, during which period neither Mr. Yang, Mr. Zheng, Mr. Tang nor the Purchaser shall transfer any or all of the Target Shares. Should Mr. Yang, Mr. Zheng, Mr. Tang or the Purchaser fail to fulfil the aforesaid obligations, the Vendor shall be entitled to repurchase the Target Shares held by the Purchaser at a consideration of AUD1,260,000, and Mr. Yang, Mr. Zheng, Mr. Tang and the Purchaser shall be obliged to assist.

INFORMATION OF THE GROUP AND HANKING AUSTRALIA INVESTMENT

The Group is a fast-growing international mining and metals group of companies, mainly engaging in exploitation, mining and processing of mineral resources and marketing of mineral products. With its principal operations of precious metals that is supplemented by strategic metals, the Group has invested and developed mine operation projects with long life cycle, low operating costs and scalable operating scope in the most attractive regions around the world.

As at 31 October 2018, the unaudited net assets of Hanking Australia Investment was approximately AUD42,000,000 (equivalent to approximately RMB207,744,600). The audited net loss of Hanking Australia Investment for the two financial years ended 31 December 2016 and 2017 were as follows:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)
Net loss	<u>6</u>	<u>7,656</u>

FINANCIAL IMPACT

Upon completion of the Agreement, the total number of issued shares of Hanking Australia Investment will be held by the Company, Golden Resource and the Purchaser as to 94%, 3% and 3%, respectively. Hanking Australia Investment will continue to be a subsidiary of the Company and the financial results of Hanking Australia Investment will continue to be consolidated into the financial statements of the Company. Based on the information available to the Company, the earning attributable to the Company will be reduced by 3% in relation to the profit or loss of Hanking Australia Investment after completion of the Agreement, it is expected by the Group that there is no material impact on the financial status of the Group upon completion of the Agreement. The net proceeds from the Transaction will be used for general working capital of the Group.

INFORMATION OF THE PURCHASER, MR. YANG, MR. ZHENG AND MR. TANG AND REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Purchaser is incorporated in the British Virgin Islands which is an investment holding company. As at the date of this announcement, the total number of issued shares of the Purchaser is three, one of each is held by Mr. Yang, Mr. Zheng and Mr. Tang, respectively.

Mr. Yang is an executive Director, chairman of the Board and chief executive officer and president of the Company, and a director of Hanking Australia Investment.

Mr. Zheng is an executive Director and chief financial officer of the Company.

Mr. Tang is the vice-president of the Company and a director of Hanking Australia Investment.

On the one hand, the Transaction reflects the confidence of the senior management of the Company in the development of the Australian gold mining project. On the other hand, the Board considers that the Transaction could provide an incentive for Mr. Yang, Mr. Zheng and Mr. Tang to further promote the growth and development of Hanking Australia Investment as they have become its stakeholders who can directly enjoy its returns while the Group will receive additional funds for its operation. As such, the Directors (including the independent non-executive Directors) are of the view that although the Transaction is not carried out in the ordinary and usual course of business of the Group, the Agreement was entered into on normal commercial terms and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Yang and Mr. Zheng are the executive Directors. Mr. Yang and Mr. Tang are the directors of Hanking Australia Investment, a direct non-wholly owned subsidiary of the Company. As such, the Purchaser is an associate of each of Mr. Yang, Mr. Zheng and Mr. Tang and a connected person of the Company. Therefore, the Transaction constitutes a connected transaction of the Company according to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Transaction exceeds 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Yang and Mr. Zheng had material interests in the Transaction and have abstained from voting on the board resolution approving the Transaction. Save as disclosed above, none of the Directors had a material interest in the Transaction.

DEFINITIONS

“Agreement”	the agreement dated 17 December 2018 entered into between the Company and the Purchaser in respect of the transfer of 3% shares of Hanking Australia Investment
“AUD”	Australian dollar, the lawful currency of Australia
“Australia”	The Commonwealth of Australia
“Board”	the board of Directors
“Company”	China Hanking Holdings Limited (中國罕王控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3788)
“Director(s)”	the director(s) of the Company
“Golden Resource”	Golden Resource Pty Ltd, a company established in Australia with limited liability, which is wholly owned by Dr. Qiu Yumin, an executive Director
“Group”	the Company and its subsidiaries
“Hanking Australia Investment”	Hanking Australia Investment Pty Ltd, a company incorporated in Australia with limited liability and a direct non-wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Wenbin, the vice-president of the Company and a director of Hanking Australia Investment
“Mr. Yang”	Mr. Yang Jiye, an executive Director, chairman of the Board and chief executive officer and president of the Company
“Mr. Zheng”	Mr. Zheng Xuezhi, an executive Director and chief financial officer of the Company
“PRC”	the People’s Republic of China

“Purchaser”	Best Fate Limited, a company incorporated in the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	shares representing 3% of the entire issued share capital of Hanking Australia Investment
“Transaction”	the transfer of the Target Shares pursuant to the Agreement

For the purpose of this announcement, the exchange rate of AUD1.00 = RMB4.9463 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in AUD and RMB have been, could have been or may be converted at such rate or any other exchange rates.

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

Shenyang, the PRC, 17 December 2018

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