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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 CAPITAL INJECTION IN HANKING AUSTRALIA INVESTMENT

The Board is pleased to announce that on 21 November 2019 (after trading hours), the Company, Golden Resource, Best Fate, Shanghai Tuao (a wholly-owned subsidiary of the Company) and Hanking Australia Investment, entered into the Capital Injection Agreement, pursuant to which Shanghai Tuao will make a capital contribution in an amount of AUD28,000,000 (equivalent to approximately RMB133,722,400) to Hanking Australia Investment. After the Capital Injection, the share capital of Hanking Australia Investment will be increased from AUD42,000,000 to AUD70,000,000, and Hanking Australia Investment will be held as to 56.4% by the Company, 1.8% by Golden Resource, 1.8% by Best Fate and 40.0% by Shanghai Tuao respectively. Following the Capital Injection, the Group's aggregated shareholding in Hanking Australia Investment will be increased from 94% to 96.4%. The Existing Shareholders of Hanking Australia Investment will not be making further capital contributions at this stage.

IMPLICATIONS UNDER THE LISTING RULES

Best Fate is a connected person of the Company by virtue of being owned by Mr. Yang and Mr. Zheng, both are executive Directors of the Company, and Mr. Tang, a vice-president of the Company and a director of Hanking Australia Investment. Golden Resource is a connected person of the Company by virtue of being controlled by Dr. Qiu, an executive Director of the Company. Since both Best Fate and Golden Resource are parties to the Capital Injection Agreement, the Capital Injection constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Capital Injection is more than 0.1% but less than 5%, the Capital Injection is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

THE CAPITAL INJECTION

The Board is pleased to announce that, the Company, Golden Resource, Best Fate, Shanghai Tuoao and Hanking Australia Investment, entered into a Capital Injection Agreement, the principal terms of which are set out as follows:

Date: 21 November 2019 (after trading hours)

Parties:

- (a) The Company
- (b) Golden Resource
- (c) Best Fate
- (d) Shanghai Tuoao
- (e) Hanking Australia Investment

Capital Injection Agreement: Hanking Australia Investment is currently held as to 94% by the Company, 3% by Golden Resource and 3% by Best Fate respectively. Shanghai Tuoao proposed to inject capital in the amount of AUD28,000,000 (equivalent to RMB133,722,400) as at the date of Capital Injection Agreement, which shall be credited to the capital reserve of Hanking Australia Investment, upon the completion of making filings with the relevant authorities in the PRC and Australia. After the Capital Injection, the share capital of Hanking Australia Investment will be increased from AUD42,000,000 to AUD70,000,000.

Following the Capital Injection, Hanking Australia Investment will be held as to 56.4% by the Company, 1.8% by Golden Resource, 1.8% by Best Fate and 40.0% by Shanghai Tuoao respectively.

Total Consideration: The Capital Injection to Hanking Australia Investment shall be in aggregate of AUD28,000,000 (equivalent to approximately RMB133,722,400) to be paid in cash, with which 140,000,000 shares of Hanking Australia Investment at the value of AUD0.2 per share will be issued and allotted to Shanghai Tuoao.

The consideration was negotiated on arm's length basis between the parties and was determined between the parties with reference to the share capital of Hanking Australia Investment.

The AUD28,000,000 consideration will be funded by internal resources of the Company through an interest-free loan granted by Shenyang Toyo Steel Utility Co., Ltd, a wholly-owned subsidiary of the Company to Shanghai Tuao.

Completion date of the
Capital Injection:

The date on which Hanking Australia Investment has completed all the procedures for the Capital Injection after making the filings with the relevant authorities in the PRC.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Company, through Hanking Australia Investment, completed the acquisition of all the shares of PGO, an Australian listed gold company, on 8 June 2018. As of the end of June 2019, PGO had JORC Code-compliant resource of approximately 2 million ounces of gold at an average grade of 1.1 gram/ton and ore reserve of approximately 0.23 million ounces of gold at an average grade of 3.9 gram/ton. Therefore, the Company holds the view that the Capital Injection to Hanking Australia Investment shall enhance the development capability of Hanking Australia Investment, enabling the company to push forward the development of the PGO gold project.

The Directors (including the independent non-executive Directors) are of the opinion that although the Capital Injection is not carried out in the ordinary and usual course of business of the Group due to its nature, the terms of the Capital Injection Agreement are entered into on normal commercial terms and are fair and reasonable as far as the Company and the shareholders are concerned, therefore the Capital Injection is in the interests of the Group and the shareholders as a whole.

INFORMATION OF ALL PARTIES

The Company

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.

Hanking Australia Investment

Hanking Australia Investment is a company established in Australia, which is principally engaged in investment holding. As at 31 October 2019, the unaudited net assets of Hanking Australia Investment was approximately AUD37.7 million (equivalent to approximately RMB180.0 million). The audited net loss of Hanking Australia Investment for the two financial years ended 31 December 2017 and 2018 were as follows:

	For the year ended 31 December 2017 (RMB'000)	For the year ended 31 December 2018 (RMB'000)
Net loss	<u>7,656</u>	<u>16,769</u>

Golden Resource

Golden Resource is a company established in Australia, which is principally engaged in investment holding. It is controlled by Dr. Qiu, an executive Director of the Company.

Best Fate

Best Fate is a company incorporated in the British Virgin Islands, which is principally engaged in investment holding. It is owned by Mr. Yang, Mr. Zheng and Mr. Tang respectively in equal shares. Mr. Yang and Mr. Zheng are the executive Directors of the Company.

Shanghai Tuoao

Shanghai Tuoao, a wholly-owned subsidiary of the Company, is a company incorporated in the PRC and is established for the development of the Group's business.

FINANCIAL IMPACT

Upon completion of the Capital Injection, the total number of issued shares of Hanking Australia Investment will be held as to 56.4% by the Company, 1.8% by Golden Resource, 1.8% by Best Fate and 40.0% by Shanghai Tuoao respectively. Given Shanghai Tuoao is a wholly owned subsidiary of the Company, the Group's effective control over Hanking Australia Investment will be increased from 94% to 96.4% upon the completion of the Capital Injection, which represents an 2.4% increase from the Group's shareholding as at the date of execution of the Capital Injection Agreement. 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. The Company considers that the Capital Injection will not result in any significant financial impact on the Group.

IMPLICATION OF THE LISTING RULES

Best Fate is a connected person of the Company by virtue of being owned by Mr. Yang and Mr. Zheng, both being executive Directors of the Company, and Mr. Tang, a vice-president of the Company and a director of Hanking Australia Investment. Golden Resource is a connected person of the Company by virtue of being controlled by Dr. Qiu, an executive Director of the Company. Since both Best Fate and Golden Resource are parties to the Capital Injection Agreement, the Capital Injection constitute a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Capital Injection is more than 0.1% but less than 5%, the Capital Injection is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

As Dr. Qiu, Mr. Yang and Mr. Zheng have material interests in the Capital Injection, they have abstained from voting on the Board resolution approving the Capital Injection. Save as disclosed above, none of the Directors has any material interest in the Capital Injection.

DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia
“Australia”	The Commonwealth of Australia
“Best Fate”	Best Fate Limited, a company incorporated in the British Virgin Islands with three issued shares, each held by Mr. Yang, Mr. Zheng and Mr. Tang
“Board”	the board of directors of the Company
“Capital Injection”	the additional capital injection to Hanking Australia Investment made by the Shanghai Tuoao in accordance with the Capital Injection Agreement
“Capital Injection Agreement”	the Capital Injection Agreement dated 21 November 2019 entered into among the Company, Golden Resource, Best Fate, Shanghai Tuoao and Hanking Australia Investment, in respect of the Capital Injection made by Shanghai Tuoao

“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 and whose shares are listed on the Stock Exchange (stock code: 03788)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Qiu”	Dr. Qiu Yumin, an executive Director of the Company
“Existing Shareholders”	the existing shareholders of Hanking Australia Investment before the Capital Injection which comprise the Company, Golden Resource and Best Fate
“Golden Resource”	Golden Resource Pty Ltd, a company established in Australia with limited liability, which is controlled by Dr. Qiu
“Group”	the Company and its subsidiaries
“Hanking Australia Investment”	Hanking Australia Investment Pty Ltd, a company established in Australia with limited liability and a non wholly-owned subsidiary of the Company
“JORC Code”	JORC Code, 2012 Edition as published by Australasian Joint Ore Reserves Committee
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Wenbin, a 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
“PGO”	Primary Gold Limited, a company established in Australia with limited liability and a non wholly-owned subsidiary of the Company

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shanghai Tuobao”	Shanghai Tuobao Industry Limited* (上海拓澳實業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company.
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, the exchange rate AUD1.00 = RMB4.7758 as of 21 November 2019 based on the rate published by the State Administration of Foreign Exchange of the PRC has been used for currency conversions. This is for illustration purpose 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 at any other exchange rates.

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

Shenyang, the PRC, 21 November 2019

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

* *For identification purpose only*