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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

Purchase of Iron Ore Concentrate

THE IRON ORE CONCENTRATE PURCHASE AGREEMENT

On 31 October 2011, Fushun Deshan (as the vendor) and Aoniu Mining (as the purchaser) entered into an iron ore concentrate purchase agreement, pursuant to which Aoniu Mining agreed to purchase from Fushun Deshan 70,000 tons of Iron Ore Concentrate for a total consideration of approximately RMB60.9 million.

GENERAL

As the equity interest of Fushun Deshan is wholly owned by Mr. He Baoxian, the father-in-law of Mr. Yang (one of the Directors and controlling shareholders of the Company), Fushun Deshan is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of a Director and a controlling shareholder of the Company and the transaction between Fushun Deshan and Aoniu Mining (a wholly-owned subsidiary of the Company) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Purchase is expected to be more than 0.1% but less than 5%, the Purchase is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

Having made due and reasonable inquiries, the Directors (including the independent non-executive Directors) are of the opinion that the Iron Ore Concentrate Purchase Agreement was entered into after arm's length negotiations, on normal commercial terms and conducted in the ordinary and usual course of business, and its terms and conditions are fair and reasonable and are in the interests of the Shareholders as a whole.

THE IRON ORE CONCENTRATE PURCHASE AGREEMENT

Summary of the major terms of the iron ore concentrate purchase agreement

Date of agreement	:	31 October 2011
Parties	:	Aoniu Mining, as the purchaser Fushun Deshan, as the vendor
Iron ore concentrate	:	70,000 tons of Iron Ore Concentrate
Consideration	:	approximately RMB60.9 million
Payment method	:	the consideration will be paid by weekly installment in cash by reference to the actual Purchase volume

Basis of Consideration

Pursuant to the iron ore concentrate purchase agreement entered into between Fushun Deshan (as the vendor) and Aoniu Mining (as the purchaser) on 31 October 2011, Aoniu Mining agreed to purchase from Fushun Deshan 70,000 tons of Iron Ore Concentrate for a total consideration of approximately RMB60.9 million. The consideration was determined by taking into account the market price of Iron Ore Concentrate and via arm's length negotiation between the parties, and it would be subject to adjustment by reference to the sales price of Iron Ore Concentrate by Aoniu Mining to Fushun New Steel Co., Ltd. (撫順新鋼鐵有限責任公司), an independent third party not connected with the Company. The consideration will be paid by the internal fund of the Company and the payment will not be sourced from the proceeds of the global offering of the shares of the Company in September 2011. To the best knowledge of the Directors and as confirmed by Fushun Deshan, the average original purchase price paid by Fushun Deshan for the Iron Ore Concentrate under the Purchase was approximately RMB820/ton, the then prevailing market price for such product.

The Directors (including the independent non-executive Directors), after taking into account the above considerations, and having made due and reasonable enquiries in light of the above factors, are of the view that the Purchase is conducted on terms no less favorable than those available from independent third parties, and the terms of the Purchase are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Reasons for the Purchase

As a principal sales channel of the Company, Aoniu Mining entered into an iron ore concentrate sales agreement with Fushun New Steel Co., Ltd., pursuant to which Aoniu Mining will enjoy certain additional premium if the sales amount surpasses a certain threshold in 2011. With the Iron Ore Concentrate purchased from Fushun Deshan, the Company can better fulfil its obligations under the iron ore concentrate sales agreement with Fushun New Steel Co., Ltd. and further its profitability by

obtaining additional premium on top of earning the difference between the sales price to Fushun New Steel Co., Ltd. and the purchase price from Fushun Deshan. Meanwhile, the Purchase benefited Fushun Deshan in terms of helping it to build up sales channels in the iron ore concentrate market.

Having made due and reasonable inquiries, the Directors (including the independent non-executive Directors) are of the opinion that the iron ore concentrate purchase agreement was entered into after arm's length negotiations, on normal commercial terms and conducted in the ordinary and usual course of business of the Company, and its terms and conditions are fair and reasonable and are in the interests of the Shareholders as a whole.

General Information

The Company and its subsidiaries are the largest independent privately-owned iron ore concentrate producer in Northeastern China, and their primary business operations include iron ore mining and the production and sale of iron ore concentrates.

Aoniu Mining is a wholly owned subsidiary of the Company principally engaged in the iron ore mining and processing.

Fushun Deshan is a company wholly owned by Mr. He Baoxian principally engaged in the trading of iron ore, coke and building materials. As at the date of this announcement, Mr. Yang is one of the Directors and controlling shareholders of the Company. Mr. He Baoxian is Mr. Yang's father-in-law.

As Fushun Deshan is a company wholly owned by Mr. He Baoxian, the father-in-law of Mr. Yang (one of the Directors and controlling shareholders of the Company), Fushun Deshan is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of a Director and a controlling shareholder of the Company and the transaction between Fushun Deshan and Aoniu Mining (a wholly-owned subsidiary of the Company) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Purchase is expected to be more than 0.1% but less than 5%, the Purchase is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules. Mr. Yang and Ms. Yang have material interests in the Purchase and both of them have abstained from voting on the Board resolution in respect of the Purchase.

Definition

“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 with limited liability and a wholly-owned subsidiary of the Company
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Company”	China Hanking Holdings Limited, a joint stock company with limited liability incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange under the stock code 03788
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules

“Directors”	the directors of the Company
“Fushun Deshan”	Fushun Deshan Trading Co., Ltd. (撫順德山貿易有限公司), a company established in the PRC. The equity interest in Fushun Deshan is wholly owned by Mr. He Baoxian (何寶賢), Mr. Yang’s father-in-law
“Iron Ore Concentrate”	the iron ore concentrate with a TFe of no less than 66% and a silicon dioxide content of no more than 8%
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Yang”	Mr. Yang Jiye (楊繼野), one of the Directors and controlling shareholders of the Company
“Ms. Yang”	Ms. Yang Min (楊敏), one of the Directors and controlling shareholders of the Company and the mother of Mr. Yang
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchase”	the proposed purchase of Iron Ore Concentrate by Aoniu Mining from Fushun Deshan
“Shareholders”	Registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
China Hanking Holdings Limited
Zheng Xuezhi
Executive Director and Chief Financial Officer

Shenyang, PRC, 31 October 2011

As at the date of this announcement, the executive Directors are Mr. Pan Guocheng, Mr. Zheng Xuezhi, Mr. Lu Zengxiang, Mr. Xia Zhuo and Mr. Huang Jinfu; the non-executive Directors are Ms. Yang Min, Mr. Yang Jiye and Mr. Mao Guosheng and the independent non-executive Directors are Mr. Chen Yuchuan, Mr. Wang Ping and Mr. Johnson Chi-King Fu.