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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS HIGHLIGHTS *NOTES*

1. **Significant increase in profit for the year, with a proposed dividend of HKD0.08 per Share**

   In 2020, due to the substantial increase in the output and sales volume of high-purity iron and the year-on-year increase in the average selling price of iron ore concentrates, the Group's profit for the year increased significantly to RMB377,772,000, representing an increase of RMB80,829,000 or 27.22% as compared with the profit for the year of 2019. According to the "dividend distribution plan for shareholders for the next three years (2020-2022)" of the Company, the Board recommended the payment of a final dividend of HKD0.08 per Share for the year ended 31 December 2020 to shareholders.

Notes:

1. *In this announcement, cost data (being information which are not required to be disclosed under the International Accounting Standard) have not been reviewed by the auditor of the Company.*

2. *Due to rounding, numbers presented throughout this announcement may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

2. Mergers and acquisitions enhance production capacity, and the high-purity iron business further expands its leading position in the industry

Hanking is the largest supplier in the wind power ductile casting iron market in China for its high-purity iron[Note 3], and the ductile casting high-purity iron produced contains minimal impurity contents and non-ductile elements such as sulfur, phosphorus, titanium and manganese, and features high tensile strength and high corrosion resistance. The downstream customers are mainly domestic manufacturing enterprises of parts and components for high-end equipment such as wind turbines, automobiles, marine engines, and nuclear equipment in China. In December 2020, the Company completed the acquisition of Benxi Yuqilin New Materials Company Limited, which enhanced the annual production capacity of high-purity iron from 660 thousand metric tons to 930 thousand metric tons accordingly, thereby continuously consolidating the Group's leading position in the raw material market for wind power ductile casting iron.

Note 3: According to the industrial report provided by Hatch Associates Ltd., Hanking D.R.I.is the largest manufacturing enterprise in the wind power ductile casting iron market in China. The sales volume of its main product, namely wind power ductile casting iron, accounts for more than 50% of total sales volume in China.

3. Both gold and iron ore resources have increased significantly to ensure sustainable development

In 2020, the Company implemented multiple drilling explorations for the PGO gold project, which increased the gold resources of the Coolgardie project by 73% to 347,000 ounces, thereby increasing the Company's total gold resources to 2,142,000 ounces. Based on the preliminary exploration and other preparatory efforts, the gold business is undergoing a feasibility study, and it plans to commence construction in 2021.

Upon exploration, Maogong Mine increased its resources by 16,320 thousand metric tons, representing a year-on-year increase of 72%. Some of the six newly-added ore bodies are seen extending upward and not yet closed. There is still room for increasing reserves. The Group has commenced mining and production at Maogong Mine since 1996, and it has been continuously extending the service life of the mine by increasing the amount of resources through exploration over the years. Maogong Mine is one of the important sources of profit for the Group. The increase in resources in this exploration will further guarantee the Group's profitability and the sustainable development of Hanking's high-purity iron segments.

4. Providing assistance in the fight against the pandemic, safety and environmental protection

In the face of the pandemic, China Hanking will continue to practice its "people-first" social responsibility. On the one hand, it has overcome the significant impact of the COVID-19 pandemic to solve production problems. On the other hand, by devoting great efforts in containing the COVID-19 pandemic, it has recorded zero infection among all employees of the Company, and made a donation of RMB9,085,000 for the provision of assistance in the pandemic fight.

Remaining true to its original aspirations, the Group has always adhered to the principles of "safety, community harmony and green mine" and always attaches great importance to safety and environmental protection in its corporate governance. The Group has achieved zero fatality, casualty, environmental pollutions, occupational morbidity rate and fires for four consecutive years.

MAJOR FINANCIAL DATA AND INDICATORS

	For the year end 31 December		
	2020	2019	Change
Revenue (RMB thousand)	**2,675,912**	2,251,882	18.83%
Profit for the year attributable to owners of the Company (RMB thousand)	**379,440**	296,574	27.94%
Earnings per share (RMB cent)	**20.8**	16.2	28.40%
Final dividend (HKD per share)	**0.08**	0.08	0.00%
Net margin	**14.12%**	13.19%	Up by 0.93 percentage point
Return on net assets	**38.17%**	25.16%	Up by 13.01 percentage points

The board (the "**Board**") of directors (the "**Directors**") of China Hanking Holdings Limited (the "**Company**" or "**Hanking**" and its subsidiaries, the "**Group**") hereby announced the audited consolidated results of the Group for the year ended 31 December 2020 (the "**2020 Annual Results**"). The 2020 Annual Results have been audited by Deloitte Touche Tohmatsu, the auditor of the Company, and have been reviewed by the audit committee of the Company (the "**Audit Committee**"), and have been approved by the Board on 25 March 2021.

OPERATION REVIEW

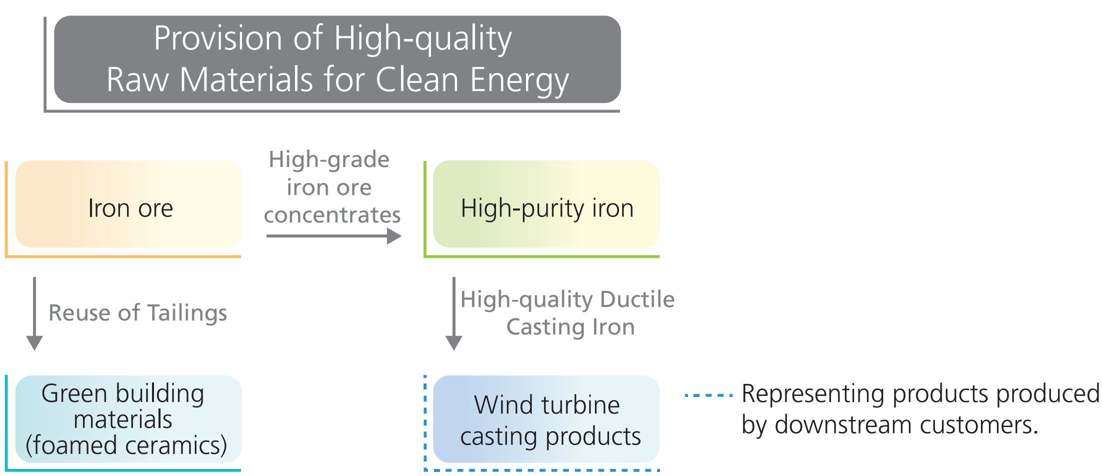
1. SUMMARY OF THE COMPANY'S BUSINESS

Being a fast-growing international mining and metals group of companies, China Hanking Holdings Limited is principally engaged in the exploration and development of iron ore, gold mining and precious metal mineral resources in China and Australia, and relies on its own high-quality iron ore resources to produce wind power ductile casting iron.

The Group has three business segments: iron ore, high-purity iron and gold mining. Upholding the core value of "people-first and business integrity" and adhering to the principles of "safety, community harmony and green mine", the Group strives to perform the enterprises' social responsibilities.

- ***Domestic Iron Ore and High-purity Iron Business in China***

  Thanks to the advantages of its own high-quality iron ore resources and unique technical process, the average grade of iron ore concentrate produced by Hanking is over 68%. Due to the minimal impurity contents of sulfur, phosphorus and titanium, together with the technical advantages accumulated over the years, high-purity iron products smelted by Hanking enjoy strong corrosion resistance and high tensile strength, thereby well meeting the casting requirements of major equipment in wind power, marine engineering and other sectors. Therefore, the Company's domestic iron ore and high-purity iron business in China provides high-quality raw materials for clean energy wind power component casting enterprises. As at the end of the reporting period, Hanking had an annual production capacity of high-purity iron of 930 thousand metric tons, making it the largest supplier of wind power ductile casting iron in China's market.



- ***Gold Mining Business in Australia***

  The Company has commenced setting up teams in Western Australia since 2010, and established the subsidiary Hanking Australia in 2011, which is headquartered in Perth, the capital of Western Australia. Over the last 10 years, by completing the complete closed loop of acquisition, resource exploration, relaunched production and operation and capitalization in respect of SXO Gold Project, Hanking Australia has developed a gold mining and operation team with outstanding performance and applied its experience to the existing PGO gold project, in an effort to create maximum value for the shareholders.

2. MACRO AND INDUSTRY SITUATION

- In 2020, the COVID-19 pandemic swept the globe, which not only caused a "once-in-a-century" global public health disaster, but also triggered multiple economic, social, political and other crises in various countries. The world economy and globalisation landscape have been extensively reshaped, with various countries generally putting "National security" as a higher priority.

- Benefitting from the proactive pandemic fighting measures, China's economic growth resumed positive in the second quarter and the annual GDP growth rate was 2.3%, rendering it the only major economy in the world with positive economic growth. Mineral resources are the key guarantee for economic development. In 2020, the global metal mining market ushered in a full recovery. Since the pandemic, the enhanced global stimulus policies and the confirmed relatively pessimistic global economy in the medium and long-term have driven the gold price up constantly to the highest level since 2011, while the global gold ETFs (exchange traded fund) have recorded net inflows for 10 consecutive months with the total number of positions reaching a new high. Boosted by fiscal stimulus measures, China's market demand is stronger than expected. However, the unstable supply side has exacerbated the imbalance between supply and demand. As at the end of 2020, the price of iron ore also reached a new high, while the price of iron ore futures on China's Dalian Commodity Exchange exceeded RMB1,000 (US$152.95 equivalent) per metric ton for the first time.

- In 2020, the newly installed grid-connection annual capacity of wind power amounted to approximately 71.7GW, representing a year-on-year increase of 178.4%. Subject to the mission and goal of carbon neutrality, the newly installed capacity of wind power will further increase. Meanwhile, wind power generation is gradually developing toward high-power wind power, and the demand for high-quality raw materials will further increase.

3. IRON ORE BUSINESS

1. Operation status

Benefitting from the advantages of natural resources and technology, the average grade of iron ore concentrates produced by the Group is 68%, with low contents of impurities such as sulfur, phosphorus and titanium, enabling downstream customers to significantly reduce their production costs. In 2020, due to the impact of the COVID-19 pandemic and the closure of ramp in Maogong Mine, the Group's output and sales volume of iron ore concentrates declined. However, by enhancing management efficiency through smart mine construction, the average cash operation cost of iron ore concentrates per metric ton was controlled to RMB331 (2019: RMB330). Benefitting from the increase in the overall price of iron ores and the high quality of the Company's iron ore concentrates which earned additional price increases from downstream customers, the Group's average selling price of iron ore concentrates was RMB819 per metric ton (2019: RMB773 per metric ton), representing an increase of RMB46 per metric ton or 5.95% as compared with that for the corresponding period of last year.

Table 1 – Cash operation costs of the iron ore business

	For the year ended 31 December		
	2020 (RMB/metric ton of iron ore concentrate)	2019 (RMB/metric ton of iron ore concentrate)	Change
Mining	**166**	159	4.40%
Processing	**67**	74	-9.46%
Transportation	**21**	26	-19.23%
Tax	**49**	45	8.89%
Mine management	**28**	26	7.69%
Total	**331**	330	0.30%

Science, innovation and smart mine construction

In 2020, the Company's iron ore business optimized the energy-saving management system with the three-pronged energy-saving approach, namely concepts, technologies and organization, and adopted reasonable and effective measures of energy-saving technology retrofits. The Company's comparable comprehensive energy consumption indicators of two unit products of mineral processing and underground mining were both outperformed the leading data of the industry standard. Among them, the comparable comprehensive energy consumption of underground mining unit product was 1.69kgce/t, which is superior to the standard advanced value of 2.05kgce/t, while the comparable comprehensive energy consumption of the mineral processing unit product was 1.76kgce/t, which is superior to the standard advanced value of 2.4kgce/t.

In 2020, the Company's iron ore business was approved to establish a "Liaoning Province Professional Technological Innovation Center for Iron Ore Resource Development and Utilization". While enhancing product quality and extending its industrial chain, the Company has promoted technological innovation with industrialization through the establishment of a technological innovation system for the utilization of all-component resources, aiming to achieve overall breakthroughs in the iron ore resource development industry in Liaoning Province and even across the country. During the year, the iron ore business has been authorized to obtain certificate patents for 10 inventions, including 9 utility models and 1 invention patent. Continuous research and development investment has promoted the innovation and upgrade of the iron ore business.

In 2020, the smart management and control system of the Company's iron ore business has achieved smart production management and control, and continued to promote smart corporate management. Leveraging advanced sensor equipment and big data related technologies to save manpower, enhance efficiency, and improve safety management standards, the Company also has laid the foundation for digital modeling, simulation, evaluation, early warning and optimization of resources, planning, design, production and management, eventually achieving a clean, efficient, green, and intrinsically safe smart mine.

Benefitting from Hanking's iron mine insistence on scalization, standardization, mechanization, informationization and scientification of mine construction for many years, Maogong Mine was awarded the honorary title of "Top Ten Plant and Mine" of the 7th Metallurgical Mining, while Mr. Sun Guangxue, General Manager of Maogong Mine was elected as the "Top Ten Plant and Mine Managers" of the 7th Metallurgical Mining.

Table 2 – Operation breakdown of iron ore business

	For the year ended 31 December		
	2020	2019	Change
Output of iron ore concentrates (thousand metric tons)	**1,483**	1,860	-20.27%
Of which: Output of Maogong Mine (thousand metric tons)	**1,283**	1,600	-19.81%
Output of Aoniu Mine (thousand metric tons)	**200**	260	-23.08%
Sales volume of iron ore concentrates (thousand metric tons)	**1,462**	1,840	-20.54%
Revenue (RMB thousand)	**1,196,907**	1,422,623	-15.87%
Average selling price (RMB per metric ton)	**819**	773	5.95%
Average cost of sales (RMB per metric ton)	**401**	374	7.22%
Gross profit (RMB thousand)	**610,208**	734,612	-16.93%
Gross margin	**50.98%**	51.64%	Down by 0.66 percentage point

As part of the iron ore concentrates produced by the iron ore business was sold to Hanking D.R.I., a subsidiary of the Company, the sales revenue of the iron ore business accounted for 37.06% of the revenue before elimination during the reporting period while the gross profit accounted for 64.73% of the Group's gross profit before elimination.

Development and capital expenditure

The iron ore resources of the iron ore business are situated at the famous iron ore metallogenic belt of Anshan to Benxi where iron ore resource is rich and in good quality. Therefore, the Company is committed to identifying any new ores in the existing mines and surrounding areas in order to have high-quality resources at a lower cost. In 2020, the capital expenditure of the iron ore business was mainly used for the extension of mining rights, expansion expenditure and equipment investment. The expansion and extension of the mining rights certificates of Maogong Mine and Shangma Mine were completed while the infrastructure construction of Shangma Mine was pushed forward as planned, thereby providing guarantee for sustainable development.

For the year ended 31 December 2020, the capital expenditure of iron ore business was approximately RMB136,517,000 (2019: RMB146,624,000), mainly representing expenditure for intangible assets corresponding to the increase in mining rights as well as expenditure for plants, machines and equipment and properties. The capital commitment amounted to approximately RMB7,969,000 (2019: RMB15,523,000).

2. *Operating mines*

1) Maogong Mine

Maogong Mine is located in the township of Shiwen, Fushun County, Fushun City, and has extensive infrastructures, with an annual ore processing capacity of 3 million tons for its processing plant. Maogong Mine was awarded the title of National Green Mine. Maogong Mine currently owns approximately 1.98 square kilometers of mining rights and 5.55 square kilometers of exploration rights licenses, and is applying for expansion of the mining rights with a view to expanding the scope of iron ore resources explored through exploration rights into the mining rights certificates.

The average grade of iron ore concentrates produced by Maogong Mine is 69.16%. In the first half of 2020, the minimum stoping section of the main ore body of Maogong Mine was -80m section, while the minimum construction section of mining preparation was -100m section. In an effort to avoid cross operations focused in subsequent excavation, deep drilling, and stoping, Maogong Mine planned in advance to carry out the downward extension of the ramp in a timely manner, and the construction has been completed to -120m section.

2) Aoniu Mine

Aoniu Mine is located in the township of Hou'an, Fushun County, Fushun City, and is operated by the Company through its subsidiary Aoniu Mining. Aoniu Mine owns mining licenses covering areas totaling approximately 1.81 square kilometers and has extensive infrastructures including paved roads, water and electricity supplies. Aoniu Mine was awarded the title of National Green Mine.

In 2020, Aoniu Mine filling project officially entered the production stage, which was also the first filling project in the iron ore system of Liaoning Province. Aoniu Mine has increased its ore volume by approximately 0.30 million metric tons through exploration and recovery at bottom of boundary residual mine, and certain ore bodies will continue to be recycled in 2021 with a view to extending the service life of the mine.

3) Shangma Mine

Shangma Mine is located at the center of the iron ore belt in Fushun City, adjacent to Aoniu Mine, with approximately 6.72 square kilometers of mining rights certificates and approximately 30.13 million metric tons of iron ore resources. In 2020, the first phase of the infrastructure construction of Shangma Mine was carried out as planned, with 3,650 meters of total excavation length completed throughout the year, and the construction is expected to be completed in early 2022, when the production of iron ore concentrates will be initiated.

3. Resources and reserves

The Company delineates prospecting areas for exploration in the surrounding area of the existing mining areas and within the scope of prospecting rights. In 2020, Maogong Mine completed a total of 31 surface drilling holes and drilled approximately 19,800 meters, which increased ore resource of approximately 16.32 million metric tons, and certain ore bodies have not stopped going upward, and there is still more room for increasing reserves; Aoniu Mine and Shangma Mine completed a total of 31 surface drilling holes and drilled approximately 8,703 meters. Exploration expenditure was approximately RMB12,486,000 in total.

As at the end of 2020, the Group owned approximately 100,234 thousand metric tons of iron ore resources.

Table 3 – Iron ore resources as at the end of 2020

Mines	Indicated		Inferred		Total	
	Metric ton	TFe (%)	Metric ton	TFe (%)	Metric ton	TFe (%)
Aoniu Mine	13,492,733	30.44	20,762,810	31.89	34,255,543	31.32
Maogong Mine	19,498,690	34.75	16,352,560	35.18	35,851,250	34.95
Shangma Mine	16,575,310	31.77	13,552,060	31.98	30,127,370	31.87
Total	49,566,733[1]	32.58	50,667,430[2]	32.98	100,234,163	32.78

1 The resources amount includes 29,666,099 metric tons of the resources amount which does not show on the mining licenses.

2 The resources amount includes 37,333,240 metric tons of the resources amount which does not show on the mining licenses.

Note 1: For the estimation of iron ore resources, firstly, the industrial parameters were determined in accordance with the requirements of the general standard of the geological exploration profession in the PRC "Geological and Exploration Standards for Iron, Manganese and Chrome Deposits" (DZ/T0200-2002); and then the "Geological Block" method was selected based on the geological characteristics of the ore bodies to estimate the amount of ore resources using the volume and specific gravity of ore body in each block. The resources category classification is based on the extent of geological exploration work carried out and comparable to the JORC Code.

Note 2: The figures do not imply precision and may not add up due to rounding. Mineral resources are quoted inclusive of mineral reserves.

As of the end of 2020, the Group owned approximately 31,142 thousand metric tons of JORC Code-compliant iron ore reserves.

Table 4 – Iron ore reserves as at the end of 2020

Mines	Resources category	Increased amount for 2020 (metric ton)	Reserves at the end of 2020 (metric ton)	TFe (%)
Aoniu Mine	Probable Ore Reserve	936,432	2,128,694	31.91
Maogong Mine	Probable Ore Reserve	0	12,437,950	33.45
Shangma Mine	Probable Ore Reserve	-1,548,730	16,575,310	31.77
Total	Probable Ore Reserve	-612,298	31,141,954	32.45

Note: In accordance with the JORC Code, ore resources are the economically mineable portion of the resources obtained through exploration and are determined based on mine feasibility study as well as actual operation parameters from the operations of relevant mines.

4. HIGH-PURITY IRON BUSINESS

After the completion of capacity expansion and technological upgrade for the high-purity iron business in 2019, the production has been stable since 2020. In 2020, the output of high-purity iron amounted to approximately 640 thousand metric tons, representing an increase of 352 thousand metric tons, or 122.22%, as compared to that of last year; the sales volume amounted to 651 thousand metric tons, representing an increase of 363 thousand metric tons, or 126.04%, as compared to that of last year, among which, the sales volume of wind power iron accounted for approximately 84% of the total sales volume. We have become the largest supplier in the wind power ductile casting iron market in China. In terms of downstream customers, apart from domestic enterprises producing wind turbine casts in China, there are also parts and components manufacturers for high-end equipment such as automobiles, marine engine and nuclear equipment. Hanking D.R.I. (a subsidiary of the Company) was granted national invention patents for its high-purity iron products and was qualified as National high and new technology enterprise (國家高新技術企業) and shall be eligible to pay enterprise income tax at a preferential rate of 15%.

During the last 12 months, the price movement of high-purity iron and major raw materials were converging overall with different level of variations. Since the pandemic outbeak in February 2020, the prices of high-purity iron and raw materials have been staying low. The price of raw materials saw a significant increase starting from May and June 2020. Subsequently, the price of high-purity iron also slowly increased. As such, the price hike of raw materials has led to an increase in costs. However, the increase in production volume has caused the decrease in fixed costs of the units, and the technology improvement has resulted in the decrease in units' consumption, the impact on costs from the increase of raw materials price was hence partially offset, with the average cost of sales representing a year-on-year decrease of 3.85% in 2020.

Table 5 – Operation breakdown of high-purity iron business

High-purity iron business	For the year ended 31 December		
	2020	2019	Change
Sales volume (thousand metric tons) *Note 1*	**651**	288	126.04%
Average selling price (RMB per metric ton)	**3,085**	3,319	-7.05%
Average cost of sales (RMB per metric ton)	**2,569**	2,672	-3.85%
Revenue (RMB thousand)	**2,007,278**	956,583	109.84%
Gross profit (RMB thousand)	**335,605**	186,404	80.04%
Gross margin	**16.72%**	19.49%	Down by 2.77 percentage points

Note 1: The suspension of operation for about six months due to technological improvement in 2019 has resulted in a significant decrease in the output and sales volume.

Mergers and acquisitions and development

At the end of 2020, the Company completed the acquisition of Emerald Planet Holdings Limited ("**Emerald Planet**"). Emerald Planet indirectly holds 100% equity interests in Benxi Yuqilin New Materials Company Limited ("**Benxi Yuqilin**"). Benxi Yuqilin has achieved its production capacity indicator of annual production capacity of 270 thousand metric tons of pig iron, which creates synergy with the Company's existing businesses soon after the acquisition. As such, from 2021, the Company's annual production capacity of high-purity iron will be increased from 660 thousand metric tons to 930 thousand metric tons, thereby further amplifying its leading advantages in the high-purity iron market in China. The consideration of the acquisition is HKD224 million and shall be payable by issuing additional 140 million shares of the Company to the existing shareholders of Emerald Planet. The lock-up period of the issued shares will be lifted by phases in three years.

For the year ended 31 December 2020, the capital expenditure of the high-purity iron business amounted to approximately RMB158,887,000 (2019: RMB179,479,000), mainly due to the increase in plants, machines and equipment, properties and right-of-use assets resulting from the acquisition of Benxi Yuqilin. The capital commitments amounted to approximately RMB3,120,000 (2019: RMB3,694,000).

5. GOLD BUSINESS IN AUSTRALIA

1. Operation overview

The gold mine business of Hanking in Australia is a platform for the development of and investment in gold mines established by the Company in Australia. The currently owned PGO gold project was acquired in 2018. Major assets of the PGO project and the progress during the reporting period are as follows:

The Coolgardie gold deposit

The Coolgardie gold deposit is on a 3,000ha tenement package in the heart of the Western Australia Goldfields and has received all approvals for mine production. Hanking Australia designed and implemented two drill-hole programs in 2020. The programs not only increased the project gold resource by 73% to 347,000 ounces but also significantly improved the confidence in the resource and the continuity of gold mineralization. Furthermore, the gold mineralization is open along strike and depth and most of the holes were drilled to a depth of less than 200 meters from surface. The near surface multiple lodes are suitable for open-cut bulk mining. Hanking Australia will seek opportunities to develop this project.

Mt Bundy gold deposit

The Mt Bundy gold deposit in the Northern Territory has 1.80 million ounces of gold resources with an average grade of 1.0 grams per metric ton. As both the strike direction and deep extension of the ore body are not closed, there is a potential to have expanded resources. We own the Tom's Gully gold deposit and the Rustlers Roost gold deposit. Tom's Gully gold deposit was approved by the environmental review in 2020 and commenced the process of obtaining mining approval. The Rustlers Roost gold deposit has a single ore body resource of 1.332 million ounces, 77% of which are JORC resources of the control level. In 2020, Hanking Australia Investment has carried out exploration works and commenced the environmental assessment, and basically completed various works in relation to preliminary feasibility study such as processing tests (recovery rate of processing), milling tests and slope stability tests as well as estimation of operation costs and reserves. The Company has planned to commence construction for the Rustlers Roost gold deposit in 2021.

For the year ended 31 December 2020, the capital expenditure of the gold business was RMB29,626,000 (2019: RMB11,506,000), which was mainly used in the environmental impact assessment and exploration expenses of the gold mines.

2. *Resources and reserves*

As of the end of 2020, the Group had JORC Code-compliant resources of approximately 2.14 million ounces of gold at an average grade of 1.0 gram/ton and ore reserve of approximately 0.23 million ounces of gold at an average grade of 3.9 gram/ton.

Table 6 – Gold mine resources as at the end of 2020

	Measured			Indicated			Inferred			Total		
	thousand metric tons	gram/ton	thousand ounces	thousand metric tons	gram/ton	thousand ounces	thousand metric tons	gram/ton	thousand ounces	thousand metric tons	gram/ton	thousand ounces
Coolgardie project	431	1.3	18	5,957	1.0	193	3,500	1.2	136	9,889	1.1	347
Mt Bundy project												
Rustlers Roost	–	–	–	36,611	0.9	1,028	12,990	0.7	304	49,601	0.8	1,332
Tom's Gully	–	–	–	835	9.0	242	265	8.5	73	1,100	8.9	315
Quest 29	–	–	–	2,190	1.4	98	1,205	1.3	50	3,395	1.4	148
Sub-total	–	–	–	39,636	1.1	1,368	14,460	0.9	427	54,096	1.0	1,795
Total	431	1.3	18	45,593	1.1	1,561	17,960	1.0	563	63,985	1.0	2,142

Note: The figures do not imply precision and may not add up due to rounding.

Table 7 – Gold mine reserves as at the end of 2020

	Resource Category	thousand metric tons	gram/ton	thousand ounces
Coolgardie project	Proved	267	1.5	13
	Probable	802	1.8	45
	Total	1,069	1.7	58
Mt Bundy project	Proved	–	–	–
	Probable	775	6.9	175
	Total	775	6.9	175
Total	Proved	267	1.5	13
	Probable	1,577	4.3	220
	Total	**1,844**	**3.9**	**233**

3. Share Option Scheme

In order to motivate the employees to participate in the development of the Company in concerted efforts, the Company adopted the share option scheme of Hanking Australia Investment (the "**Scheme**") on 25 January 2019. The Scheme will be expired on 25 January 2023. The Scheme mandate limit is 10% of the shares of Hanking Australia Investment in issue on the date on which the Scheme was adopted. The maximum number of shares of Hanking Australia Investment to be issued upon the exercise of options that may be granted under the Scheme is 21,000,000 shares.

On 27 April and 10 December 2020, Hanking Australia Investment granted 3,950,000 and 1,800,000 options (the "**Options**"), respectively, to subscribe for 5,750,000 shares in the share capital of Hanking Australia Investment (each an "**HAI Share**") to certain employees of Hanking Australia Investment (the "**Grantees**"). Among the Options, the exercise price for 2,950,000 Options is AUD0.286 per HAI Share, the exercise price for 1,000,000 Options is AUD0.3 per HAI Share and the exercise price for 1,800,000 Options is AUD0.39 per HAI Share. The exercise price was determined and approved by the board of directors of Hanking Australia Investment in accordance with the recommendation of the independent tax adviser, the fair market price and the performance of the staff. The number of shares accounts for approximately 2.67% of the total share capital upon the exercise of the Options of Hanking Australia Investment after the full exercise of the Options. The Options granted have an exercisable term of four years from the date of grant.

None of the Grantees is a Director, chief executive or substantial shareholders or any of their respective associates (as defined under the Listing Rules).

6. OTHER BUSINESSES – Green Building Materials Project

In 2020, Hanking Green Building Materials continued to increase its investment in scientific research and obtained 1 invention patent, 5 new utility patents and applied for 6 new patents. The tailings and foamed ceramics engineering center in Liaoning Province and the postdoctoral innovative experiment base in Liaoning Province established a cooperative laboratory and technology application center with Northeast University and Shenyang Jianzhu University. In 2020, Hanking Green Building Materials participated in the compilation of industry standards, such as participating in the compilation and amendment of the GB23451 National Standard for foamed ceramics and composite panels and the partitions atlas in 10J113 National Standard, as well as serving as the editor-in-chief for compilation of the technological codes for CECS foamed ceramics composite wall panels, and participating in the compilation of the technological codes for the application of CECS lightweight foamed ceramics exterior wall cladding and the technological codes for the application of CECS foamed ceramics decoration components.

In 2020, the total production volume of qualified foamed ceramics products is 15,090 cubic meters, thereby gradually building a domestic sales network and achieving sales revenue of approximately RMB25,686,000 (2019: RMB13,200,000).

7. PROSPECT AND COUNTERMEASURES

2021 is the first year of the commencement of the Fourteenth Five-Year Plan and Vision 2035. According to the proposed Fourteenth Five-Year Plan, the manufacturing industry shall meet the "autonomous and controllable, safe and efficient" requirement. President Xi Jinping stated in his speech at the United Nations General Assembly that China will strive to achieve carbon neutrality by 2060, which is a further stepped-up goal compared to the commitment previously made in Paris Agreement about fulfilling peak carbon emission in 2030 and the target of achieving 50% of non-fossil energy consumption in 2050 as expected in the Energy Production and Consumption (2016-2030) promulgated by the State Council. As the overall long-term goal towards the development of non-fossil energy in China has been stepped up, wind power, which is a type of energy that has already achieved grid parity in many regions, will play an important role. The development of wind power industry has a promising prospect. Along with its large-scale development, wind power demands high-quality raw materials. As the largest supplier in the wind power ductile casting, the Group will benefit from the overall industry development in the long run.

The Group owns high-quality iron ore resources and will continue to increase its resources reserve through exploration of self-owned mines and the surrounding areas. In 2021, the Group plans to produce 1,000 thousand metric tons of iron ore concentrates and stabilize the production cost of the iron ore business, so as to promote the construction of Shangma Mine. It plans to produce 900 thousand metric tons of high-purity iron, in order to provide high-quality raw materials for the large-scale wind turbines in China.

In 2021, the gold business of the Group will proceed with exploration to increase the resources reserves of existing mines. At the same time, the feasibility study for the projects will be completed. The construction for the projects is expected to be commenced in 2021.

The Board would like to emphasize that due to the uncertainties in metal prices, the domestic raw materials market and the production environment, the above plans are made solely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes in the situation.

SAFETY, ENVIRONMENTAL PROTECTION, EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2020, the Group had a total of 1,576 employees (as of 31 December 2019: a total of 1,534 employees). For the year ended 31 December 2020, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to approximately RMB148,798,000 (2019: RMB155,302,000). Employee costs included basic salary, commission and bonus, housing allowance, pension, medical insurance, occupational injury insurance and other insurances required by the government. In accordance with the remuneration policy of the Company, the income of employees is related to the performance of individual employees and the operating performance of the Company. The Company carried out performance assessment to motivate employees, so as to enhance its operating performance. In order to improve the overall quality and professional skills of the employees, the Group has developed and implemented the Administrative System on Training.

For details on safety, environmental protection and employee development of the Group for the year 2020, please refer to the Environmental, Social and Governance Report of the Company for the year 2020 to be published on the website of the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") www.hkexnews.hk and the Company's website www.hankingmining.com.

FINANCIAL REVIEW

1. Revenue, Cost of Sales, Gross Profit

For the year of 2020, revenue from the Group's continuing operations was RMB2,675,912,000, representing an increase of RMB424,030,000, or 18.83% as compared to last year, mainly due to: 1) the increase of approximately 363 thousand metric tons in sales volume of high-purity iron during the year and the increase in revenue of approximately RMB1,202,853,000 as a result of the increase in output following the completion of the technological improvement of the high-purity iron business in 2019 but the decrease of approximately RMB234/metric ton in selling price of high-purity iron as compared to last year resulted in a decrease in revenue of approximately RMB152,158,000; 2) the sales volume of iron ore concentrates in 2020 amounted to 1,462 thousand metric tons, representing a decrease of 378 thousand metric tons as compared to last year, resulting in a decrease in revenue of RMB292,517,000 but the increase of RMB46/metric ton in selling price of iron ore concentrates as compared to last year resulted in an increase in revenue of RMB66,801,000; and 3) the fact that following the Group's successful acquisition of high-purity iron business last year, revenue from iron ore concentrates sold to the high-purity iron business has become the Group's internal revenue and is required to be eliminated at the group consolidation level. In 2020, the internal sales volume of iron ore concentrates in the Group was 679 thousand metric tons, representing an increase of 505 thousand metric tons as compared to last year, resulting in an increase in eliminated revenue of RMB413,435,000 under intersegment elimination for the year as compared to last year.

For the year of 2020, cost of sales incurred by the Group's continuing operations amounted to RMB1,757,929,000, representing an increase of RMB396,724,000 or 29.15% as compared to last year, among which, 1) cost of sales incurred by high-purity iron business increased by approximately RMB901,494,000, mainly attributable to the fact that sales volume of high-purity iron increased by approximately 363 thousand metric tons as compared to last year; 2) cost of sales incurred by iron ore concentrates decreased by approximately RMB101,312,000, mainly attributable to the fact that sales volume of iron ore concentrates decreased by approximately 378 thousand metric tons as compared to last year; and 3) the fact that following the Group's successful acquisition of high-purity iron business in the corresponding period of last year, revenue from iron ore concentrates sold to the high-purity iron business has become the Group's internal revenue and is required to be eliminated at the group consolidation level. In 2020, the internal sales volume of iron ore concentrates in the Group was 679 thousand metric tons, representing an increase of 505 thousand metric tons as compared to last year, resulting in an increase in eliminated cost of sales of RMB409,135,000 under intersegment elimination for the year as compared to last year.

For the year of 2020, gross profit of the Group's continuing operations was RMB917,983,000, representing an increase of RMB27,306,000 or 3.07% over last year. As compared to last year, gross margin of the Group's continuing operations decreased from 39.55% to 34.31% in 2020.

Analysis on the revenue by major products

	For the year ended 31 December 2020 *RMB'000*					For the year ended 31 December 2019 *RMB'000*				
	Iron Ore Concentrates	**High-purity Iron**	**Others**	**Intersegment elimination**	**Total**	Iron Ore Concentrates	High-purity Iron	Others	Intersegment elimination	Total
Revenue	**1,196,907**	**2,007,278**	**25,686**	**-553,959**	**2,675,912**	1,422,623	956,583	13,200	-140,524	2,251,882
Cost of sales	**586,699**	**1,671,673**	**28,753**	**-529,196**	**1,757,929**	688,011	770,179	23,076	-120,061	1,361,205
Gross profit	**610,208**	**335,605**	**-3,067**	**-24,763**	**917,983**	734,612	186,404	-9,876	-20,463	890,677
Gross margin	**50.98%**	**16.72%**	**-11.94%**	**–**	**34.31%**	51.64%	19.49%	-74.82%	–	39.55%

2. Other Income, Other Gains and Losses, Expected Credit Losses

For the year of 2020, other income from the Group's continuing operations was RMB9,559,000, representing an increase of RMB2,852,000 or 42.52% over last year. Other income mainly represented interest income.

For the year of 2020, other losses of the Group's continuing operations were RMB22,629,000, representing an increase of RMB15,172,000 or 203.46% over last year. The increase was mainly attributable to the increase in the Group's donation expenses under the impact of the pandemic in 2020. Other losses mainly consisted of the impairment loss of assets, foreign exchange losses, disposal gains or losses of available-for-sale financial assets, net income or loss from disposal of properties, plants and equipment, and other overheads, etc.

For the year of 2020, the expected credit loss of the Group's continuing operations was RMB5,079,000, representing an increase of RMB2,663,000 or 110.22% as compared to last year, mainly due to the fact that the Group has, upon more due consideration, made provision for an impairment loss on receivables under expected credit loss model under the impact of the pandemic in 2020.

3. Distribution and Selling Expenses, Administrative Expenses

For the year of 2020, the distribution and selling expenses of the Group's continuing operations were RMB134,041,000, representing an increase of RMB38,949,000 or 40.96% as compared to last year, which was mainly due to 1) the increase in sales volume of high-purity iron business of approximately 363 thousand metric tons as compared to last year resulted in an increase of RMB54,410,000 in the distribution and selling expenses; and 2) the decrease in sales volume of iron ore concentrates of approximately 378 thousand metric tons as compared to last year resulted in a decrease of RMB16,326,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2020, the administrative expenses of the Group's continuing operations were RMB193,385,000, representing a decrease of RMB5,497,000 or 2.76% as compared to last year. Administrative expenses included remuneration paid to the management and administrative staff of the Group, depreciation and amortization, leasing and office expenses, business development expenses, professional consultation and service expenses, taxation expenses, bank charges and others.

4. Finance Costs and Income Tax Expense

For the year of 2020, the finance costs of the Group's continuing operations were RMB86,105,000, representing a decrease of RMB12,582,000 or 12.75% as compared to last year. Finance costs included interest expenses on bank borrowing, discount expenses and other finance expenses. The decrease in finance costs for the year as compared to last year was mainly due to a decrease in interest expenses as a result of a decrease in borrowings.

For the year of 2020 the income tax expense of the Group's continuing operations was RMB97,312,000, representing a decrease of RMB55,133,000 or 36.17% as compared to the income tax charge last year. Income tax expense included the total amount of current tax payable and deferred tax. The decrease in income tax charge for the year was mainly attributable to the payment of RMB44,481,000 made last year for the under provision relating to the prior years.

5. Profit for the Year and Total Comprehensive Income

Based on the aforesaid reasons, the profit for the year from the Group's continuing operations for the year of 2020 was RMB377,772,000, representing an increase of RMB45,611,000, or 13.73% as compared to last year.

Loss for the year from the Group's discontinued operations for the year of 2019 was RMB35,218,000, which mainly represented the operating loss made before the completion of disposal of the nickel mine project and the nickel mine project's cumulative translation reserve reclassified to profit or loss upon disposal.

Based on the profit for the year, and affected by the changes in fair values of financial assets measured at fair value through other comprehensive income and foreign currency translation etc., the total comprehensive income of the Group for the year of 2020 was RMB385,423,000, representing an increase of RMB36,034,000 or 10.31% as compared to last year.

6. Property, Plant and Equipment, Inventories, Intangible Assets

As at 31 December 2020, the net value of property, plant and equipment of the Group was RMB957,108,000, representing a decrease of RMB900,000 or 0.09% as compared to the end of last year.

As at 31 December 2020, the inventories of the Group were RMB322,973,000, representing an increase of RMB86,793,000 or 36.75% as compared to the end of last year, mainly due to the increase in inventories of finished goods in the high-purity iron segment.

As at 31 December 2020, the intangible assets of the Group were RMB400,206,000, representing an increase of RMB83,094,000 or 26.20% as compared to the end of last year. The increase was mainly due to the mining rights of the iron ore concentrates obtained and the exploration expense of the gold mines during the year.

7. Trade and Other Receivables, Trade and Other Payables

As at 31 December 2020, trade receivables of the Group were RMB91,083,000, representing a decrease of RMB8,379,000 as compared to the end of last year.

As at 31 December 2020, other receivables of the Group were RMB126,628,000, representing a decrease of RMB108,937,000 as compared to the end of last year, which was mainly due to the recovery of the remaining disposal proceeds of Xingzhou Mining of RMB105,000,000 during the year.

According to the requirements of IFRS 9 Financial Instruments, the Group has classified the bills receivables as the receivables at fair value through other comprehensive income based on the characteristics of the business model and contractual cash flow. The fair value and expected credit losses were assessed by the Group at the end of the reporting period, with the changes in the fair value included in other comprehensive income and the expected credit losses included in other income or profit or loss.

As at 31 December 2020, bills receivables of the Group (bank acceptance bills) were RMB86,246,000, representing an increase of RMB57,586,000 as compared to the end of last year, of which undiscounted and unendorsed bank acceptance bills were RMB32,666,000. Such bills can be discounted at any time to satisfy the capital requirement.

As at 31 December 2020, trade payables of the Group were RMB87,565,000, representing a decrease of RMB8,380,000 as compared to the end of last year. As at 31 December 2020, other payables of the Group were RMB201,166,000, representing an increase of RMB52,851,000 as compared to the end of last year, mainly due to the debts to third parties that shall be assumed upon the acquisition of Benxi Yuqilin.

8. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2020 is set out below.

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net cash flows from operating activities	**939,571**	665,437
Net cash flows from investing activities	**(497,179)**	71,724
Net cash flows from financing activities	**(301,262)**	(1,081,020)
Net increase (decrease) in cash and cash equivalents	**141,130**	(343,859)
Cash and cash equivalents at the beginning of the year	**38,146**	381,256
Effect of changes in foreign exchange rate on cash and cash equivalents	**1,968**	749
Cash and cash equivalents at the end of the year	**181,244**	38,146

The net cash inflow from operating activities during the year of 2020 was RMB939,571,000. The amount was mainly attributed to the profit before tax of RMB475,084,000, together with depreciation and amortization of RMB228,467,000, finance costs of RMB86,105,000 and net changes in trade and other receivables and payables of RMB235,398,000, which were offset by income tax expenses paid of RMB89,128,000.

For the year of 2020, the net cash outflow from investing activities amounted to RMB497,179,000. The amount mainly included the amount of RMB61,667,000 paid for the addition of plant and equipment as well as acquisition of properties in order to achieve expansion of production capacity and technological upgrade, the amount of RMB55,417,000 paid for the acquisition of intangible assets, the amount of RMB56,100,000 paid for the acquisition of subsidiaries, the net placement of borrowings and bills deposits of RMB431,167,000 and the recovered amount of RMB105,000,000 from the remaining sales of Xingzhou Mining.

For the year of 2020, the net cash outflow from financing activities was RMB301,262,000, which was mainly from the new bank borrowings of RMB780,000,000, the repayment of bank borrowings of RMB747,500,000, the settlement of loan interest of RMB83,566,000, the payment made for share repurchase of RMB19,244,000 and the payment of dividend of RMB193,837,000.

9. Cash and Borrowings

As at 31 December 2020, the available cash and cash equivalents of the Group amounted to RMB213,910,000, representing an increase of RMB158,254,000 or 284.34% as compared to the end of last year.

Breakdown of Available Cash and Cash Equivalents

	31 December 2020	31 December 2019	Changes	
			Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Bank balance and cash	**181,244**	38,146	143,098	375.13%
Bank acceptance bills (undiscounted)	**32,666**	17,510	15,156	86.56%
Available cash and cash equivalents	**213,910**	55,656	158,254	284.34%

As at 31 December 2020, bills payables and borrowings of the Group amounted to RMB707,900,000 and RMB733,763,000, respectively, and the amount net of borrowings and bills deposits was RMB821,352,000, representing a decrease of RMB17,767,000 or 2.12% as compared to the end of the last year.

Breakdown of Borrowings and Bills Payables

	31 December 2020	31 December 2019	Changes	
			Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Borrowings – due within one year	**591,000**	662,500	-71,500	-10.79%
Borrowings – due after one year	**142,763**	38,763	104,000	268.30%
Subtotal	**733,763**	701,263	32,500	4.63%
Bills payables	**707,900**	327,000	380,900	116.48%
Total	**1,441,663**	1,028,263	413,400	40.20%
Less: borrowings and bills deposits	**620,311**	189,144	431,167	227.96%
Net borrowings and bills payables	**821,352**	839,119	-17,767	-2.12%

Save for the information disclosed above or otherwise in this announcement, the Group has no outstanding mortgage, pledge, debentures or other loan capital issued or agreed to be issued, bank overdrafts, loans, liabilities under acceptance or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities. The Directors have confirmed that, save as disclosed above, there was no material change in the debts or contingent liabilities of the Group since 31 December 2019.

10. Gearing Ratio and Net Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group decreased from 65.08% as at 31 December 2019 to 64.29% as at 31 December 2020.

As at 31 December 2020, the net gearing ratio of the Group was 54.99%. The net gearing ratio is calculated by dividing net borrowings and bills payables net of borrowings and bills deposits as well as bank balance and cash by owners' equity.

11. Major Risks

Commodity price risk: The prices of the Group's products are influenced by international and domestic market prices and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the turnover and the comprehensive income of the Group.

State policy risk: The Group owns assets in China and Australia, which may amend their policies according to any changes in the macro environment from time to time. Changes in policies are beyond the control of the Group, which will have a material effect on the operation of the Group.

Interest rate risk: The interest rate risk in the fair value of the Group mainly relates to the bank borrowings. The management of the Group will continue to monitor the loan portfolio and interest rate risks of the Group, and may consider taking appropriate measures to hedge material interest rate risks when necessary.

Foreign exchange risk: As of the date of this announcement, the reporting currency of the Group was RMB. Since RMB is not freely convertible, the risk that the Chinese government may take measures to interfere exchange rates may bring effects to the Group's net asset value, profit and the dividends declared to the extent that such dividends are subject to foreign exchange. In addition, the Group owns assets in Australia. Their assets and liabilities are denominated in AUD, which are subject to fluctuation in the foreign exchange rate and may affect the net assets value and profit of the Group to some extent. The management of the Group will continue to monitor the currency matching between the revenue and costs of the Group and exchange risks, and may consider taking appropriate measures to hedge material exchange risks when necessary.

12. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings and bills payables of the Group are secured by bank deposits, property, plant and equipment as well as right-of-use assets. As at 31 December 2020, the net carrying value of the pledged bank deposits, property, plant and equipment and right-of-use assets amounted to RMB620,311,000, RMB48,038,000 and RMB5,681,000, respectively.

As at 31 December 2020, the Group had no material contingent liabilities.

13. Capital Commitment

As at 31 December 2020, the capital commitment of the Group was RMB19,094,000, representing a decrease of RMB7,355,000 or 27.81% as compared to last year. The capital commitment mainly consisted of the amount of RMB7,969,000 for the underground mining works of Shangma Mine, the amount of RMB4,446,000 for the exploration expense of the gold mine in Australia, the amount of RMB3,120,000 for the minor works in the high-purity iron business segment and the amount of RMB3,559,000 for the technological upgrade project with regard to green building materials.

14. Capital Expenditure

The Group's capital expenditure decreased from approximately RMB355,016,000 in 2019 to approximately RMB332,438,000 in 2020. Expenditure incurred in 2020 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB178,528,000; (ii) expenditure for intangible assets amounting to RMB105,890,000; and (iii) increase of RMB48,020,000 in right-of-use assets.

15. Significant Foreign Investments Held

Save for the equity interests in two companies listed on the Australian Securities Exchange held by the Group, the Group did not hold any other significant investments as at 31 December 2020.

16. Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 12 November 2020, the Company entered into an agreement with the then shareholders of Emerald Planet to acquire the entire equity interest in Emerald Planet and its subsidiaries at a consideration of HKD224,000,000 (equivalent to RMB186,538,000) which will be settled by allotment and issuance of the Consideration Shares under general mandate. Emerald Planet and its subsidiaries are principally engaged in the production and sale of high-purity iron in China. The acquisition of Emerald Planet was completed on 30 November 2020. This acquisition has given rise to a goodwill of RMB209,132,000. Please refer to note 11 to the consolidated financial statements for particulars.

Save as aforesaid, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the year of 2020.

OTHERS

1. Dividend

THE "DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS FOR THE NEXT THREE YEARS (2020-2022)" OF THE COMPANY

1. Principle of Formulation

   The profit distribution policy of the Company should be consistent and stable. The Company's profit distribution shall focus on providing investors with reasonable investment return as well as maintaining the sustainable development of the Company. In the next three years, the Company will actively distribute profits in form of cash. This plan is formulated in compliance with the relevant laws, regulations and the Articles of Association, and on the premise that the consistency and stability of the profit distribution policy have been maintained.

2. Formulation of Dividend Plan

   The Board shall comprehensively consider factors such as the characteristics of the industry in which the Company operates, conditions of business operation, profitability and the strategic evolvement plan for the future, and formulate dividend plan upon the conclusion of each accounting year according to the procedures stipulated in the Articles of Associations, provided that the amount of dividend shall account for at least 30% of the Group's total net profit for the period.

3. Forms of Profit Distribution

   The Company will make interim and annual profit distribution. The Company may distribute profits in form of cash, a combination of cash and shares or other forms that may be permitted by the laws and regulations. Where the conditions for cash dividends are satisfied, the Company shall prioritize the distribution of cash dividends. Where the Company distributes profit by way of dividends on shares, the decision shall be made based on genuine and reasonable grounds such as the Company's growth potentials and dilution of net assets per shares.

The Board recommended the payment of the final dividend for the year ended 31 December 2020 to the shareholders of the Company, with HKD0.08 per share of the Company (the "**Share**"). The payment of the dividend will be conditional upon the approval of the shareholders at the annual general meeting of the Company to be held on Thursday, 27 May 2021. It is expected that the final dividend will be paid to the shareholders by 15 June 2021.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Thursday, 27 May 2021. The register of members of the Company will be closed from Thursday, 20 May 2021 to Thursday, 27 May 2021 (both days inclusive) to determine the entitlement to attend and vote at the annual general meeting during which period no transfer of shares will be registered. In order to attend and vote at the 2021 annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 18 May 2021.

In order to determine the shareholders who are entitled to receive the final dividend, the register of members of the Company will also be closed from Wednesday, 2 June 2021 to Monday, 7 June 2021, both days inclusive, during which period no transfer of shares will be registered. For unregistered shareholders who wish to be eligible to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 June 2021. Shareholders whose names appear on the register of members of the Company on Monday, 7 June 2021 will be entitled to receive the final dividend.

3. Management Contracts

For the year ended 31 December 2020, there is no contract entered into by the Company relating to its management and administration or subsisting during the year which is substantial to the entire or any part of the business of the Group.

4. Purchase, Redemption or Sale of Listed Securities of the Company

For the year ended 31 December 2020, the Company or its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

5. Restricted Share Award Scheme

The Company adopted a Restricted Share Award Scheme on 29 August 2019, which shall be valid and effective for a period of 10 years. The maximum number of award shares that may be granted under this scheme in aggregate shall be no more than 90,000,000 Shares.

The purpose and objective of this scheme is (i) to recognize and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the selected participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the selected participants directly to the shareholders of the Company through ownership of Shares.

As of the date of this announcement, the trustee, as instructed by the Board, purchased a total of 15,596,000 Shares on the market at a total consideration of HKD26,357,180. The trustee holds these Shares pursuant to the rules of the scheme and the terms of the deed of trust.

As of the date of this announcement, no Shares have been granted to the selected participants under this scheme.

6. Non-competition Agreement Compliance

The Company signed a non-competition agreement (the "**Non-Competition Agreement**") with the controlling shareholders on 16 June 2011. In accordance with the Non-Competition Agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether to exercise such option and pre-emptive right, as well as entitled to conduct annual review of implementation of the agreement on behalf of the Company. During the year of 2020, each controlling shareholder of the Company has made annual confirmation of compliance with the Non-Competition Agreement, and the independent non-executive Directors of the Company have also reviewed the implementation of the Non-Competition Agreement, and confirmed that the controlling shareholders of the Company have fully abided by the agreement without any breach of the agreement.

7. Compliance with Corporate Governance Code

Save as disclosed herein, during the period from 1 January 2020 to 31 December 2020, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, meanwhile, the Company has complied with most of the best practices as recommended therein.

With effect from 20 March 2018, Mr. Yang Jiye, the chairman of the Board, has assumed the role of CEO and President of the Company. Although this is not in compliance with the requirements under code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Company believes that vesting the roles of both chairman of the Board and CEO in Mr. Yang Jiye can provide strong and consistent leadership and enable more effective planning and better execution of long-term business strategies, which is beneficial to the overall development of the Company. The Company will decide whether to appoint another person as the CEO based on the business operation if and when appropriate. As required under the decision-making framework of the Company, all significant decisions shall be made by all Directors to ensure the balance of power and authority.

8. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

9. Significant Legal Proceedings

For the year ended 31 December 2020, the Group has not been involved in any significant legal proceedings or arbitration. To the knowledge of the Directors, there are no significant legal proceedings or claims pending or threatened.

10. Audit Committee

The Audit Committee has reviewed the announcement for 2020 Annual Results and the consolidated financial statements for the year ended 31 December 2020 of the Company.

11. Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited and agreed by Deloitte Touche Tohmatsu with unqualified opinion.

12. Publication of Annual Report

The 2020 annual report of the Company containing all applicable information required by the Listing Rules, together with the Environmental, Social and Governance Report, will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.hankingmining.com in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*4*	**2,675,912**	2,251,882
Cost of sales		**(1,757,929)**	(1,361,205)
Gross profit		**917,983**	890,677
Other income	*5*	**9,559**	6,707
Other gains and losses	*6*	**(22,629)**	(7,457)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*7*	**(5,079)**	(2,416)
Distribution and selling expenses		**(134,041)**	(95,092)
Administrative expenses		**(193,385)**	(198,882)
Research and development expenses		**(11,219)**	(10,244)
Finance costs	*8*	**(86,105)**	(98,687)
Profit before tax	*9*	**475,084**	484,606
Income tax expense	*10*	**(97,312)**	(152,445)
Profit for the year from continuing operations		**377,772**	332,161
Discontinued operation			
Loss for the year from discontinued operation		**–**	(35,218)
Profit for the year		**377,772**	296,943
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**7,651**	10,686
Fair value gain on:			
– receivables measured at fair value through other comprehensive income ("**FVTOCI**")		**–**	9,849
Reclassification of cumulative translation reserve upon disposal of a foreign operation to profit or loss		**–**	31,911

	NOTES	Year ended 31 December **2020** *RMB'000*	2019 *RMB'000*
Other comprehensive income for the year		**7,651**	52,446
Total comprehensive income for the year		**385,423**	349,389
Profit (loss) for the year attributable to owners of the Company:			
– Continuing operations		**379,440**	334,171
– Discontinued operation		**–**	(37,597)
Profit for the year attributable to owners of the Company		**379,440**	296,574
(Loss) profit for the year attributable to non-controlling interests			
– Continuing operations		**(1,668)**	(2,010)
– Discontinued operation		**–**	2,379
(Loss) profit for the year attributable to non-controlling interests		**(1,668)**	369
		377,772	296,943
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**386,802**	348,039
Non-controlling interests		**(1,379)**	1,350
		385,423	349,389
Basic earnings per share (RMB cent per share)	*13*		
From continuing and discontinued operations		**20.8**	16.2
From continuing operations		**20.8**	18.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	31 December 2020 RMB'000	31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment		**957,108**	958,008
Goodwill		**209,132**	–
Intangible assets		**400,206**	317,112
Right-of-use assets		**196,445**	180,229
Financial assets at fair value through profit or loss ("**FVTPL**")		**3,221**	3,179
Deferred tax assets		**19,694**	11,188
Deposits on acquisition of property, plant and equipment		**7,083**	1,244
Restricted deposits		**38,049**	36,752
Pledged bank deposits		**50,000**	20,000
		1,880,938	1,527,712
Current assets			
Inventories		**322,973**	236,180
Trade and other receivables	*14*	**217,711**	335,027
Receivables at FVTOCI	*15*	**86,246**	28,660
Financial assets at FVTPL		**–**	1,000
Pledged bank deposits		**570,311**	169,144
Bank balances and cash		**181,244**	38,146
		1,378,485	808,157
Current liabilities			
Trade, bills and other payables	*16*	**996,631**	571,260
Amount due to a related party		**10,996**	44,300
Borrowings	*17*	**591,000**	662,500
Lease liabilities		**4,142**	5,174
Contract liabilities		**40,581**	46,560
Tax liabilities		**86,384**	77,226
Provision		**10,000**	–
Deferred income		**3,000**	–
		1,742,734	1,407,020
Net current liabilities		**(364,249)**	(598,863)

	NOTES	31 December 2020 RMB'000	31 December 2019 RMB'000
Total assets less current liabilities		**1,516,689**	928,849
Capital and reserves			
Share capital	*18*	**160,203**	148,321
Reserves		**994,913**	656,356
Equity attributable to owners of the Company		**1,155,116**	804,677
Non-controlling interests		**8,839**	10,984
Total equity		**1,163,955**	815,661
Non-current liabilities			
Borrowings	*17*	**142,763**	38,763
Lease liabilities		**5,966**	4,158
Provision		**54,005**	55,267
Other long-term liabilities		**50,000**	15,000
Amount due to a third party	*11A*	**100,000**	–
		352,734	113,188
		1,516,689	928,849

1. GENERAL INFORMATION

China Hanking Holdings Limited (the "**Company**") is a limited company incorporated in the Cayman Islands on 2 August 2010 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2011. In the opinion of the Directors (as defined in note 2), Bisney Success Limited, Tuochuan Capital Limited and China Hanking (BVI) Limited, shareholders of the Company, are the ultimate parents of the Company as they are collectively controlled by the Company's ultimate controlling shareholders, Mr. Yang Jiye, who is also the chief executive officer, president and executive director of the Company, and Ms. Yang Min, who resigned as the executive director on 18 March 2016 (collectively, the "**Controlling Shareholders**"). The address of the registered office of the Company in Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investing holding company. During the year ended 31 December 2020, the Company and its subsidiaries (the "**Group**") are engaged in the following three principal activities:

(i) iron ore exploration, mining, processing and sale ("**Iron Ore Business**");

(ii) high-purity iron smelting and processing and sale ("**High-purity Iron Business**"); and

(iii) gold exploration, mining, processing and sale.

During the year ended 31 December 2020, the Group completed the acquisition of the 100% equity interests of Emerald Planet Holdings Limited ("**Emerald Planet**") and its subsidiaries ("**Emerald Planet Group**") which principally engaged in High-purity Iron Business at a consideration of Hong Kong Dollars ("**HKD**") 224 million (equivalent to RMB186,538,000) which was regarded as a business combination using the acquisition method. Further details of the acquisition are set out in note 11 (A).

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

New and amendments of IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contracts*[2]
Amendments to IFRS standards	*Annual Improvements to IFRS standards 2018-2020*[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Company (the "**Directors**") consider that the application of these new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Going Concern Assessment

The Directors have given careful consideration to the going concern of the Group in light of the fact that as at 31 December 2020, the Group's current liabilities exceeded its current assets by RMB364,249,000. In addition, as at 31 December 2020, the Group had capital commitments contracted for but not provided in the consolidated financial statements amounting to RMB19,094,000.

As at 31 December 2020, the Group had available conditional banking facilities of RMB201,837,000 ("**Conditional Facilities**"). The utilisation of these Conditional Facilities are subject to approval on a case-by-case basis. The Directors are confident that the Group would be successful in obtaining approval in respect of these Conditional Facilities according to its historical successful experience and the relevant terms and conditions to drawdown.

Taking into account the above factors, the Directors are of the opinion that, together with the other financial resources available to the Group, including cash and cash equivalents on hand and the anticipated cash flow from the operations, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months commencing from the end of the reporting period. Hence, the consolidated financial statements have been prepared on a going concern basis.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers from continuing operations

A. For the year ended 31 December 2020

	For the year ended 31 December 2020			
	Iron Ore Business	**High-purity Iron Business**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Sales of goods (recognised at a point in time)				
Iron ore concentrates	**640,168**	**–**	**–**	**640,168**
High-purity iron	**–**	**1,975,469**	**–**	**1,975,469**
Building materials	**–**	**–**	**25,320**	**25,320**
Raw and leftover materials	**2,646**	**31,943**	**366**	**34,955**
Total	**642,814**	**2,007,412**	**25,686**	**2,675,912**
Geographical markets				
Mainland China	**642,814**	**2,007,412**	**25,686**	**2,675,912**

B. For the year ended 31 December 2019

	For the year ended 31 December 2019			
	Iron Ore Business	High-purity Iron Business	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of goods (recognised at a point in time)				
Iron ore concentrates	1,283,231	–	–	1,283,231
High-purity iron	–	936,053	–	936,053
Building materials	–	–	12,642	12,642
Raw and leftover materials	3,541	15,857	558	19,956
Total	1,286,772	951,910	13,200	2,251,882
Geographical markets				
Mainland China	1,286,772	951,910	13,200	2,251,882

(ii) Performance obligations for contracts with customers

The Group produces and sales iron ore concentrates, high-purity iron, foamed ceramics and raw and leftover materials directly to customers in its continuing operations.

Revenue is recognised when control of the goods has transferred, being the time when the goods are delivered and accepted. Following acceptance, the customers have the ability to direct the use of, and obtain substantially all the benefits from the goods. Therefore, the Directors have justified that the performance obligation in respect of the sales of goods is satisfied at a point in time and recognised revenue at a point in time. The normal credit term is 7 days for iron ore concentrates, 60 days for high-purity iron and 30 days for building materials upon acceptance. The Group may request certain of its customers to place up to 100% of the contract sum as deposits in respect of sales of iron ore concentrates and high-purity iron, depending on the background, historical experience of and business relationship with them. The deposit received is accounted for as "contract liabilities". The related performance obligation is expected to be satisfied within one year.

5. OTHER INCOME

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
Continuing operations		
Bank interest income	**6,239**	4,547
Government grants	**3,320**	228
Release of financial guarantees provided to related parties	**–**	1,751
Others	**–**	181
	9,559	6,707

6. OTHER GAINS AND LOSSES

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
Continuing operations		
(Loss) gain on disposal of property, plant and equipment	**(3,526)**	603
Gain on disposal of intangible assets	**–**	189
Fair value (loss) gain on financial assets at FVTPL	**(43)**	4,179
Net foreign exchange loss	**(1,639)**	(3,010)
Impairment loss on property, plant and equipment	**(3,886)**	(17,469)
Gain on disposal of a subsidiary	**259**	–
Impairment of intangible assets	**–**	(833)
Donations	**(9,085)**	–
Provision for contingency	**(10,000)**	–
Others	**5,291**	8,884
	(22,629)	(7,457)

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31/12/2020 ***RMB'000***	Year ended 31/12/2019 *RMB'000*
Impairment losses recognised (reversed) in respect of:		
– trade receivables	**2,615**	(2,565)
– other receivables	**2,464**	4,981
	5,079	2,416

8. FINANCE COSTS

	Year ended 31/12/2020 ***RMB'000***	Year ended 31/12/2019 *RMB'000*
Continuing operations		
Interests on borrowings	**45,438**	69,252
Interests on bills discounted	**32,687**	16,857
Interests on lease liabilities	**496**	226
Interests on loan from a related party	**5,595**	12,352
Interests on rehabilitation provision	**1,889**	–
	86,105	98,687

9. PROFIT BEFORE TAX

Profit before tax from continuing operations has been arrived at after charging (crediting) the following items:

	Year ended 31/12/2020	Year ended 31/12/2019
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**1,675,643**	1,300,700
Auditors' remuneration	**4,016**	3,436
Depreciation of property, plant and equipment	**167,511**	138,125
Depreciation of right-of-use assets	**31,816**	29,073
Amortisation of intangible assets	**29,140**	31,774
Total depreciation and amortisation	**228,467**	198,972
Capitalised in inventories	**(201,796)**	(157,095)
	26,671	41,877
Analysed as:		
– charged in research and development expenses	**346**	1,117
– charged in distribution and selling expenses	**41**	168
– charged in administrative expenses	**26,284**	40,592
	26,671	41,877

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
Salaries and other benefits including staff's bonus	**145,808**	144,063
Retirement benefit scheme contributions *(note)*	**2,376**	11,239
Share-based payment	**614**	–
Total staff costs (including directors)	**148,798**	155,302
Capitalised in inventories	**(60,056)**	(66,435)
	88,742	88,867
Analysed as:		
– charged in research and development expenses	**2,643**	2,892
– charged in distribution and selling expenses	**2,234**	2,162
– charged in administrative expenses	**83,865**	83,813
	88,742	88,867
Research expenditure analysed as:		
– depreciation and amortisation	**3,206**	2,360
– raw materials consumed	**107,990**	76,233
– staff costs	**5,684**	4,472
– technical service fee	**939**	1,684
– others	**4,937**	5,488
	122,756	90,237
Capitalised in inventories	**(111,537)**	(79,993)
	11,219	10,244
Research and development cost charged in profit or loss analysed as:		
– depreciation and amortisation	**346**	1,117
– raw materials consumed	**2,884**	680
– staff costs	**2,643**	2,892
– technical service fee	**469**	567
– others	**4,877**	4,988
	11,219	10,244

Note: According to the policy issued by Liaoning Province in March 2020, retirement benefits scheme contributions, work injury and unemployment insurance from February to December 2020 were exempted for small and medium enterprises. As certain subsidiaries of the Group meet the stipulated requirements, accordingly, these subsidiaries are eligible to enjoy such concession.

10. INCOME TAX EXPENSE

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**(92,948)**	(44,456)
Under provision in prior years *(note)*	**(5,338)**	(44,481)
	(98,286)	(88,937)
Deferred tax:		
Current year	**4,400**	(39,418)
Attributable to changes in tax rate	**(3,426)**	(24,090)
Total income tax expense recognised in the current year	**(97,312)**	(152,445)

Note: The under provision in 2019 represented the reversed of deductible temporary differences being recognised in 2018 upon acquiring back of a subsidiary in 2019 due to certain regulatory reasons.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years except disclosed as below.

On 22 July 2019, Fushun Hanking Aoniu Mining Co, Ltd ("**Aoniu Mining**") obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% for a period of three years starting from 2019 to 2021 according to EIT Law.

On 10 October 2017, Fushun Hanking Direct Reduced Iron Co, Ltd ("**Hanking D.R.I.**"). obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% for a period of three years starting from 2017 to 2019 according to EIT Law. On 15 September 2020, Hanking D.R.I. reapplied and obtained the qualification of "High Technology Enterprise" status for another 3 years that entitled it a preferential tax rate of 15% for a period of three years starting from 2020 to 2022.

The Company and certain subsidiaries located in Hong Kong and Australia had no provision for corporate tax as there were no assessable profits arising from these jurisdictions for both years.

The income tax expense for the years in relation to continuing operations can be reconciled to the profit before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2020 ***RMB'000***	Year ended 31/12/2019 *RMB'000*
Profit before tax (from continuing operations)	**475,084**	484,606
Tax at the PRC income tax rate of 25% (2019: 25%)	**(118,771)**	(121,152)
Tax effect of expenses not deductible for tax purpose	**(21,119)**	(21,355)
Tax effect of income not taxable for tax purposes	**338**	2,926
Tax effect of research and development expenses that are additionally deducted	**2,104**	1,921
Deductible temporary differences and tax losses not recognised	**(10,214)**	(13,868)
Utilisation of deductible temporary difference and tax losses previously not recognised	**–**	14,593
Tax effect of concessions granted to Aoniu Mining and Hanking D.R.I.	**59,114**	53,061
Change in opening deferred tax asset resulting from a change in applicable tax rate	**(3,426)**	(24,090)
Under provision in respect of prior years	**(5,338)**	(44,481)
Income tax expense for the year (relating to continuing operations)	**(97,312)**	(152,445)

11. ACQUISITION OF SUBSIDIARIES

A. Acquisition of Emerald Planet Group

On 12 November 2020, the Company and shareholders of Emerald Planet (the "**Vendors**") entered into an agreement for acquisition of 100% equity interests of Emerald Planet at a consideration of HKD224 million (equivalent to RMB186,538,000) which will be settled by allotment and issuance of 140,000,000 shares of the Company to the Vendors under general mandate. The fair value of the 140,000,000 consideration shares of the Company was determined using the closing quoted market price on 30 November 2020 (i.e. the date of acquisition). Emerald Planet Group is principally engaged in production and sale of high-purity iron in the PRC. The acquisition of Emerald Planet Group was completed on 30 November 2020. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	RMB'000
Equity instruments issued	186,538
Total consideration	186,538

Among the total liabilities of Emerald Planet Group, the debt owed by Emerald Planet Group to Beijing Zhuguan Technology Limited* (北京主冠科技有限公司) ("**Beijing Zhuguan**") as at 31 December 2020, ex-equity owner of Benxi Yuqilin (as defined below), which is a subsidiary of Emerald Planet, was RMB116,697,000. Under the arrangement between the equity owners of Beijing Zhuguan and the Vendors, of the debt balance of RMB116,697,000, an amount of RMB100 million ("**Guarantee Debt**") will be served as the guarantee for the profit commitment ("**Profit Commitment**") given to the Company.

The Vendors have jointly undertaken to the Company that the audited consolidated net profit attributable to the equity holders of Benxi Yuqilin New Material Limited* (本溪玉麒麟新材料有限公司) ("**Benxi Yuqilin**"), a wholly owned subsidiary of Emerald Planet, for the year ending 31 December 2021 (the "**Initial Profit Commitment Period**") shall be no less than RMB50 million. Details of the settlement arrangements of the Guarantee Debt are set out below:

(a) If the Profit Commitment can be fulfilled during the Initial Profit Commitment Period, the Emerald Planet Group shall be obliged to settle the Guarantee Debt in full;

(b) If the Profit Commitment cannot be fulfilled during the Initial Profit Commitment Period, the Company also has the right (the "**Right of Extension**") to extend the Initial Profit Commitment Period to for the two years ending 31 December 2022 (the "**Extended Profit Commitment Period**"):

* *English name is for identification purpose only.*

(i) If the Company chooses not to exercise the Right of Extension, Emerald Planet Group shall be responsible for the settlement of the Guarantee Debt in the amount as adjusted down by the shortfall in Profit Commitment, while the Vendor shall be responsible for the settlement of the residual of the Guarantee Debt (the "**Residual Guarantee Debt**") which is in the same amount as the shortfall in Profit Commitment; or

(ii) If the Company chooses to exercise the Right of Extension, the Profit Commitment will be adjusted to an amount equal to or not less than RMB100 million in aggregate for the two years ending 31 December 2022 (the "**Adjusted Profit Commitment**").

If the Adjusted Profit Commitment is fulfilled, Emerald Planet Group shall be responsible for the settlement of the Residual Guarantee Debt. If the Adjusted Profit Commitment is not fulfilled by the end of the Extended Profit Commitment Period, Emerald Planet Group shall be absolved from its obligation to settle the Residual Guarantee Debt and the Vendors shall be responsible for the settlement of the Residual Guarantee Debt.

Based on the financial forecast of Emerald Planet Group, the Directors believe that Emerald Planet Group is able to meet the profit requirement in the Initial Profit Commitment Period. Taking into account the time required to prepare the audited financial information of Benxi Yuqilin for the year ending 31 December 2021, which will exceed twelve months from 31 December 2020, the Guarantee Debt of RMB100 million is reclassified to non-current liability.

The Director are of the opinion that the fair value of such contingent arrangement is insignificant at the year ended 31 December 2020.

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis):

	RMB'000
Assets	
Property, plant and equipment	105,674
Right-of-use assets	36,168
Deposits on acquisition of property, plant and equipment	7,433
Deferred tax assets	7,532
Inventories	72,149
Trade and other receivables	21,477
Bank balances and cash	85
	250,518
Liabilities	
Trade and other paybales	105,851
Contract liabilities	67,261
Amounts due to Beijing Zhuguan under Profit Commitment guarantee	100,000
	273,112
Net liabilities	(22,594)

Goodwill arising on acquisition (determined on a provisional basis):

	RMB'000
Consideration transferred	186,538
Less: recognised amounts of net liabilities acquired	(22,594)
Goodwill arising on acquisition	209,132

Emerald Planet Group is entitled to a high-purity iron production permit which is regulated by the National Development and Reform Commission ("**NDRC**") in PRC. Under the announcement of NDRC published on 23 January 2020, no new application of high-purity iron production permit will be accepted. Goodwill arose on the acquisition of Emerald Planet Group because of its high-purity iron production permit and the synergy effect as the acquisition will allow the Group to expand its annual production capacity of high-purity iron in a more efficient manner. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash inflow on acquisition of Emerald Planet

	RMB'000
Cash consideration paid	–
Less: bank balances and cash acquired	(85)
	85

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB1,096,000 attributable to the additional business generated by Emerald Planet Group. Revenue for the year includes RMB28,332,000 generated from Emerald Planet Group.

Had the acquisition of Emerald Planet Group been completed on 1 January 2020, revenue for the year of the Group from continuing operations would have been RMB2,721,779,000, and profit for the year from continuing operations would have been RMB358,720,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Emerald Planet Group been acquired at the beginning of the current year, the Directors calculated depreciation and amortisation of property, plant and equipment and right-of-use assets based on the recognised amounts of property, plant and equipment and right-of-use assets at the date of the acquisition.

B. Acquisition of Zhenghai Investment Limited

On 2 January 2020, Tuochuan (Hong Kong) Limited ("**Tuochuan (Hong Kong)**"), a wholly owned subsidiary of the Company, entered into a share sale and purchase agreement with the sole shareholder of Zhenghai Investment Limited, an independent third party, pursuant to which the third party agreed to sell, and Tuochuan (Hong Kong) agreed to purchase, the entire 100% of equity interest of Zhenghai Investment Limited, which held 1% equity interests of Ginseng & Iron, for a total consideration of RMB11,800,000. The consideration payable was settled as at 31 December 2020. This transaction is accounted for as acquisition of non-controlling interests through the acquisition of a subsidiary.

Assets acquired at the date of acquisition is as follows:

	RMB'000
Investment in Ginseng & Iron	11,800

Following the completion of the acquisition, Ginseng & Iron became a wholly owned subsidiary of Tuochuan (Hong Kong).

C. Acquisition of Tuochuan (Hong Kong)

On 1 April 2019, the Company and the relevant sellers entered into an agreement in relation to the acquisition of 100% equity interests of Tuochuan (Hong Kong) and its subsidiaries for a consideration of RMB1,020,000,000 (the "**Acquisition**"). Tuochuan (Hong Kong) and its subsidiaries are engaged in the High-purity Iron Business. In preparation for the Acquisition, the entities comprising Tuochuan (Hong Kong) and its subsidiaries underwent a series of group reorganisation. Details of the group reorganisation were set out in the Very Substantial Acquisition circular issued by the Company dated 29 April 2019, which has been published on the website of the Hong Kong Stock Exchange.

In addition, a series of current account offsetting agreements ("**Current Account Offsetting Agreements**") had been entered into among the Company, certain of its subsidiaries, Tuochuan Capital Limited, China Hanking (BVI) Limited, Hanking Investment and Hanking Industrial Group Co., Ltd. on 31 December 2019, pursuant to which the consideration payable for Acquisition of Tuochuan (Hong Kong) of RMB1,020,000,000 will be offset by consideration receivable for the disposal of Hanking (Indonesia) of RMB350,000,000, the consideration payable for the acquisition of Ginseng & Iron of RMB128,700,000, and the net amount due from the related parties including Hanking (Indonesia) and Hanking Investment as at the relevant date which amounted to RMB673,075,000.

After the above-said offsetting arrangements, the Group resulted in a net amount due to Hanking Investment of RMB125,625,000 as at the date of acquisition. The amount is unsecured, interest-free and payable on demand. Subsequently, the Group repaid RMB81,325,000 in 2019 and the remaining RMB44,300,000 in 2020 to Hanking Investment in cash.

In respect of the Acquisition, since Mr. Yang Jiye and Ms. Yang Min are both collectively the Controlling Shareholders of the Company and Tuochuan (Hong Kong), the Acquisition was regarded as a business combination involving entities under common control and was accounted for using principle of merger accounting method.

The Acquisition was completed during the year ended 31 December 2019.

12. DIVIDENDS

	Year ended	
	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2019 Final – HKD0.08 (2018: HKD0.02) per share *(note)*	**132,430**	32,159
2020 Interim – HKD0.04 (2019: nil) per share *(note)*	**61,407**	–
	193,837	32,159

Note:

During the current year, a dividend of HKD0.08 per share amounting to HKD145,600,000 (equivalent to RMB132,430,000) in aggregate in respect of the year ended 31 December 2019 (2019: a dividend of HKD0.02 per share amounting to HKD36,557,000 (equivalent to RMB32,159,000) in aggregate in respect of the year ended 31 December 2018) was declared and paid to the owners of the Company whose names appeared in the register of members of the Company on 8 June 2020. An interim dividend of HKD0.04 per share amounting to HKD72,800,000 (equivalent to RMB61,407,000) in aggregate (2019: nil) was declared and paid to the owners of the Company whose names appear in the Register of Members on 3 November 2020.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HKD0.08 (2019: final dividend in respect of the year ended 31 December 2019 of HKD0.08) per ordinary share, in an aggregate amount of HKD156,800,000 (2019: HKD145,600,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

From continuing and discontinued operations

	Year ended	
	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Profit for the year from continuing and discontinued operations attributable to owners of the Company	**379,440**	296,574
Less: loss for the year from discontinued operation attributable to owners of the Company	**–**	37,597
Profit for the year from continuing operations attributable to owners of the Company, for the purposes of basic earnings per share	**379,440**	334,171

	Number of shares	
	31/12/2020	31/12/2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,827,620,000**	1,826,922,000

The weighted average number of ordinary shares for the year ended 31 December 2020 for the purpose of basic earnings per share has been adjusted for the weighted average effect of 15,596,000 ordinary shares repurchased as restricted shares held for strategic incentive award scheme and an aggregate of 140,000,000 consideration shares are issued in December 2020 (for the year ended 31 December 2019: adjusted for the weighted average effect of 7,829,000 shares repurchased and cancelled in July, August and September, and 2,893,000 ordinary shares repurchased as restricted shares held for strategic incentive award scheme.

From discontinued operation

For the year ended 31 December 2019, basic loss per share for the discontinued operation was RMB2.1 cents, based on the loss for the year from the discontinued operation of RMB37,597,000 and the denominators detailed above for basic earnings per share.

The Company did not have dilutive potential ordinary shares in issue for the year ended 31 December 2020 and 2019.

14. TRADE AND OTHER RECEIVABLES

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Trade receivables		
– Third parties	**102,277**	108,041
Less: Allowance for credit loss	**(11,194)**	(8,579)
	91,083	99,462
Other receivables		
– Advances to suppliers	**15,574**	8,271
– Deposits *(note a)*	**5,560**	5,933
– Deposit for resource tax	**49,160**	64,544
– Other tax recoverable	**6,616**	4,006
– Value-added tax recoverable	**29,665**	27,742
– Staff advance	**10,824**	14,268
– Consideration receivable *(note b)*	**5,619**	110,619
– Prepaid expense	**1,095**	1,336
– Prepayment	**4,253**	–
– Others	**17,416**	15,536
	145,782	252,255
Less: Allowance for credit loss	**(19,154)**	(16,690)
Total other receivables	**126,628**	235,565
Total trade and other receivables	**217,711**	335,027

Notes:

(a) The amount mainly represented various deposits under the sales contracts between the Group and its customers.

(b) The amount mainly included the consideration receivable as a result of the Group's disposal of Fushun Hanking Xingzhou Mining Co., Ltd.* (撫順罕王興洲礦業有限公司)("**Xingzhou Mining**") in the previous years.

The disposal was completed during the year ended 31 December 2018. Up to 31 December 2019, among the total consideration of RMB360,000,000, RMB105,000,000 was not yet settled by the buyer. The consideration receivable has been settled in full by cash during the year ended 31 December 2020.

The Group allows an average credit period of 7 days to its customers of iron ore concentrates, 60 days to its customers of high-purity iron and 30 days to its customers of building materials. However, upon maturity of the credit period, the Group would further negotiate with its customers and may consider to accept a repayment to a later date, based on its customer's history of payments and credit quality, on a case-by-case basis.

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB25,661,000 (2019: RMB19,023,000) which are past due as at the reporting date. Out of the past due balances, amount of RMB3,486,000 (2019: nil) has been past due 90 days or more and is not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group's historical actual loss experience, had assessed that the probability of settlement from their customers was high in respect of those debtors which had been past due over 90 days. The management of the Group considered that the risk of default would became high when those debtors had been past due over 1 year.

The following is an aged analysis of trade receivables, net of allowance for credit loss, presented based on the invoice date.

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
– Within 7 days	**52,780**	69,793
– 8 days to 30 days	**9,983**	29,015
– 31 days to 60 days	**15,863**	654
– 61 days to 90 days	**7,431**	–
– 91 days to 1 year	**5,026**	–
	91,083	99,462

Movement of impairment on trade receivables for the both years under IFRS 9:

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	1,348	9,796	11,144
– Impairment losses recognised	427	973	1,400
– Impairment losses reversed	(119)	(3,846)	(3,965)
– Transfer to credit-impaired	(6)	6	–
As at 31 December 2019	1,650	6,929	8,579
– Impairment losses recognised	**4,214**	**111**	**4,325**
– Impairment losses reversed	**(1,628)**	**(82)**	**(1,710)**
– Transfer to credit-impaired	**(43)**	**43**	**-**
As at 31 December 2020	**4,193**	**7,001**	**11,194**

Movement of allowance for other receivables for the both years under IFRS 9:

	12m ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	–	362	11,347	11,709
– Impairment losses recognised	114	412	4,455	4,981
As at 31 December 2019	114	774	15,802	16,690
As at 1 January 2020				
– Impairment losses recognised	**–**	**2,151**	**541**	**2,692**
– Impairment losses reversed	**(82)**	**(146)**	**–**	**(228)**
As at 31 December 2020	**32**	**2,779**	**16,343**	**19,154**

15. RECEIVABLES AT FVTOCI

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Receivables at FVTOCI comprise:		
Bills receivables *(note)*	**86,246**	28,660

Note: Included in the Group's bills receivables are amounts RMB53,580,000 (2019: RMB11,150,000) being endorsed to certain suppliers for settlement of trade payables on a full recourse basis. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the payables from the endorsement of the bills with full recourse. The financial asset is carried at fair value in the consolidated statement of financial position.

Receivables at FVTOCI endorsed to suppliers with full recourse:

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Carrying amount of transferred assets	**53,580**	11,150
Carrying amount of associated liabilities	**(53,580)**	(11,150)
Net position	**–**	–

The Group's receivables at FVTOCI were bills receivables with the following maturity.

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
– Within 6 months	**500**	1,000
– 6 months to 1 year	**85,746**	27,660
	86,246	28,660

The Group's receivables at FVTOCI were bills receivables with the following ageing based on issue date of the bills.

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
– Within 6 months	**71,450**	28,660
– 6 months to 1 year	**14,796**	–
	86,246	28,660

16. TRADE, BILLS AND OTHER PAYABLES

Payment terms with suppliers are mainly on credit within 90 days and 15 days from the time when the goods are received from suppliers of Iron Ore Business and High-purity Iron Business respectively.

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Trade payables *(note a)*		
– Within 90 days	**77,302**	73,814
– 91 days to 1 year	**3,700**	9,396
– 1 year to 2 years	**3,555**	3,874
– 2 years to 3 years	**526**	8,366
– Over 3 years	**2,482**	495
	87,565	95,945
Bills payables	**707,900**	327,000
Other payables		
Advance receipt of value-added tax from customers	**6,142**	7,440
Other tax payable	**33,585**	19,392
Payable for acquisition of property, plant and equipment	**35,649**	26,056
Outsourced service payable	**10,145**	32,045
Transportation fee payable	**24,422**	16,062
Accrued expense	**5,360**	7,066
Salary and bonus payables	**9,463**	8,057
Interest payable	**1,525**	1,371
Refundable deposits	**4,873**	987
Amounts due to Beijing Zhuguan *(note b)*	**16,697**	–
Amounts due to independent third parties *(note b)*	**33,782**	12,000
Payable for mining rights	**15,000**	–
Others	**4,523**	17,839
	201,166	148,315
Total trade, bills and other payables	**996,631**	571,260

Notes:

(a) The aged analysis of trade payables was presented based on the date of acceptance of the goods at the end of the reporting period.

(b) The balances are unsecured, interest free and repayable on demand.

At the end of both reporting periods, the Group's bills payables were issued by banks with the following maturity.

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 6 months	**337,000**	17,000
6 months to 1 year	**370,900**	310,000
	707,900	327,000

At the end of both reporting periods, the Group's bills payables were issued by banks with the following ageing based on issue date.

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 6 months	**370,900**	310,000
6 months to 1 year	**337,000**	17,000
	707,900	327,000

17. BORROWINGS

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Bank loans	**708,763**	701,263
Other loans *(note a)*	**25,000**	–
	733,763	701,263
Secured and guaranteed	**475,263**	543,763
Secured and unguaranteed	**123,500**	47,500
Unsecured and guaranteed	**135,000**	110,000
	733,763	701,263
Fixed-rate	**733,763**	701,263
The carrying amounts of the above borrowings are repayable *(note b)*:		
Within one year	**591,000**	662,500
More than one year, but not more than two years	**20,263**	20,000
More than two years, but not more than five years	**122,500**	18,763
	733,763	701,263

Notes:

a. It represents other loan received from local government of RMB25,000,000 (2019:nil). The loan carried interest at the benchmark interest rate issued by the People's Bank of China ("**PBOC**") and was repayable within one year.

b. The amounts are based on scheduled repayment dates set out in the respective loan agreements.

The ranges of effective interest rate of the Group's interest-bearing borrowings are as follows:

	31 December 2020	31 December 2019
	%	%
Fixed-rate borrowings	**3.85 – 8.60**	4.35 – 9.60

The secured and guaranteed bank borrowings were guaranteed by the Controlling Shareholders and the companies controlled by them. Among the secured and guaranteed bank borrowings, RMB134,500,000 (31 December 2019: RMB148,000,000) were secured by certain assets and shares of the companies controlled by the Controlling Shareholders. The remaining secured and guaranteed bank borrowings are secured by certain property, plant and equipment, right-of-use assets and shares of subsidiaries of the Group.

The secured and unguaranteed bank borrowings are secured by pledged bank deposits of the Group.

The unsecured bank borrowings of approximately RMB110,000,000 (2019: RMB110,000,000) at 31 December 2020 were guaranteed by the Controlling Shareholders and the companies controlled by them. In addition, such balance was also guaranteed by an independent financial institution. The remaining borrowing of RMB25,000,000 (2019: nil) is guaranteed by Aoniu Mining.

18. SHARE CAPITAL

The amount as at 31 December 2020 and 2019 represented the issued share capital of the Company. Details of movement in share capital of the Company are as follows:

	Number of shares		**Share capital**	
	2020	2019	**2020**	2019
	'000	*'000*	***HKD'000***	*HKD'000*
Ordinary shares of HKD0.1 each				
Authorised				
At 1 January and 31 December	**10,000,000**	10,000,000	**1,000,000**	1,000,000

	Number of shares		**Share capital**	
	2020	2019	**2020**	2019
	'000	*'000*	***RMB'000***	*RMB'000*
Issued and fully paid				
At beginning of year	**1,820,000**	1,827,829	**148,321**	148,960
Consideration shares issued for the acquisition of Emerald Planet *(note)*	**140,000**	–	**11,882**	–
Shares repurchased and cancelled	**–**	(7,829)	**–**	(639)
At end of year	**1,960,000**	1,820,000	**160,203**	148,321

Note:

An aggregate of 140,000,000 consideration shares are allotted and issued to the Vendors by the Company on 15 December 2020 upon completion of the acquisition of Emerlad Planet at the closing quoted market price on 30 November 2020 per consideration share in accordance with their respective proportion held in the Emerald Planet.

All shares in issue rank pari passu in all respects.

During the year ended 31 December 2019, the Company repurchased and cancelled its own ordinary shares through the Stock Exchange as follows:

For the year ended 31 December 2019

Month of repurchase	No. of ordinary shares of HKD0.10 each	Price per share Highest *RMB*	Price per share Lowest *RMB*	Aggregate consideration paid *RMB'000*
July	6,482,000	0.96	0.86	5,707
August	20,000	1.20	1.18	24
September	1,327,000	1.27	1.20	1,654

19. RESTRICTED SHARES HELD FOR STRATEGIC INCENTIVE AWARD SCHEME

On 29 August 2019, the board of directors of the Company (the "**Board**") resolved to adopt a restricted share award scheme (the "**Scheme**") whereby awards of ordinary shares (the "**Shares**") of the Company may be made to eligible participants(the "**Selected Participants**"), pursuant to which existing ordinary shares of the Company will be purchased by a trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme.

The Scheme shall be effective from 29 August 2019 and shall continue in full force and effect for a term of 10 years or until such date of early termination as determined by the Board, whichever is the earlier, after which period no further award shares shall be granted or accepted, but the provisions of the Scheme shall remain in full force and effect in order to give effect to the vesting of award shares granted and accepted prior to the expiration or termination of the Scheme.

From January to November 2020 (November and December 2019), the trustee of the Company's Scheme purchased on the Stock Exchange a total of 12,703,000 (2019: 2,893,000) ordinary shares at a total consideration of approximately RMB19,244,000 (2019: RMB4,362,000) pursuant to the terms of the trust deed under the Scheme.

As at 31 December 2020, no award shares have been granted to any Selected Participants pursuant to the Scheme.

APPRECIATION

The Board of the Company would like to express sincere gratitude to all the employees of the Group for their persistent effort in working, which contributed to the competitive advantage of the Group among the challenging market. We also would like to express our thanks to the government, shareholders of the Company and other related parties for their consistent support and trust to the Group.

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

Shanghai, the PRC, 25 March 2021

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