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 2018

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2018:

- revenue from the Group's continuing operations amounted to approximately RMB1,165,491,000, representing an increase of approximately RMB109,728,000 or 10.39% as compared to the corresponding period of last year;

- the profit for the year of continuing operations was approximately RMB184,922,000, representing an increase of approximately RMB54,861,000 or 42.18% from that of the same period of last year. Among which, the profit for the year of iron ore business was approximately RMB231,831,000, representing an increase of approximately RMB63,132,000 or 37.42% from that of the same period of last year, and the net profit margin was 19.93%, representing an increase of approximately 4 percentage points year-on-year;

- earnings per Share of continuing operations were RMB10.1 cents, representing an increase of RMB3.0 cents or 42.25% as compared to the corresponding period of last year; and

- the Board proposed a final dividend of HK$0.02 per Share (2017: HK$0.01 per Share) for the year ended 31 December 2018, representing a year-on-year increase of 100%.

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 2018 (the "**2018 Annual Results**"). The 2018 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 27 March 2019.

OPERATION REVIEW

1. Promoting the development of the gold project

Since our investment in Primary Gold Limited (a company listed on the Australian Securities Exchange (ASX: PGO)) ("**PGO**") in 2014, the Company has been its sole largest shareholder. In the first half of 2018, the Company acquired all of the issued shares of PGO at an offer price of approximately AUD35,386,000 in cash. PGO has JORC Code-compliant resource of approximately 2 million ounces at an average grade of 1.1 gram/ton gold and ore reserve of approximately 0.23 million ounces at an average grade of 3.9 gram/ton gold in order to further consolidate our gold business in Australia. In the second half of 2018, we conducted chemical tests near the Rustlers Roost mine and finished the chemical sampling covering 65 square kilometres, where we found a gold-inauger anomaly that was 4-kilometre long and 1-kilometer wide. This suggested great prospecting potential in the region.

2. Increasing output of high-grade iron ore concentrates resulting in stable revenues

Through continuous development and research as well as constant technology improvements, the output and sales volume of Maogong Mine, the major operating mine of the Group which is located in Fushun County, Fushun City, continued to grow with an improved efficiency. The output of Maogong Mine amounted to 1,316 thousand metric tons in 2018 (2017: 1,129 thousand metric tons), representing a year-on-year increase of 16.56%, which accounted for 73.31% of the Group's output of iron ore concentrates. Driven by the output increase of Maogong Mine, the output of iron ore concentrates of the Group amounted to 1,795 thousand metric tons in 2018, representing a year-on-year increase of 1.76%. In 2018, regarding the iron ore business, the Group continued to push forward the refined management policies and optimize its management model. The net profit margin of the iron ore business was 19.93%, representing a year-on-year increase of approximately 4 percentage points.

3. Commencement of production of the green building materials project ("Green Building Materials Project")

The Green Building Materials Project was approved for launch by the Board at the end of August 2017. It only took one year to complete the incorporation of company and the construction of plant and to realize production. After three months of trial production, Liaoning Hanking Green Building Materials Co., Ltd. (遼寧罕王綠色建材有限公司) ("**Hanking Green Building Materials**") started its official production in November 2018. As at 31 December 2018, Hanking Green Building Materials produced a total of 7,900 cubic meters of partition boards and 13,900 meters of board linings, and sold 2,400 cubic meters of partition boards which achieved a sales revenue of RMB2,090,000.

IRON ORE BUSINESS

According to the statistics of the National Bureau of Statistics, during January to December 2018, the cumulative output of crude steel, steel and iron were 928.26 million metric tons, 1,105.52 million metric tons and 771.05 million metric tons respectively, representing a year-on-year increase of 6.6%, 8.5% and 3.0%.

In 2018, the demand of iron ores recovered with the increasing downstream efficiency. Due to the increased endeavor in environmental protection and safety inspections, the frequency of production activities has decreased which reduced the production of domestic iron ore. The release cycle of new production capacity of iron ores in the four major mines nearly completed, resulting in a steady growth in the marginal supply of iron ores. In 2018, the import volume of iron ore was basically the same as in 2017. According to the Platts Price Index, the lowest and highest price of the iron ore concentrates at a grade of 62% were US$62.5/metric ton and US$79.95/metric ton respectively. After a period of fluctuation and adjustment, the volatility rate is 27%.

In 2019, the increase in imported iron ore concentrates will slow down with the decreasing flexibility of the total supply of domestic iron ore concentrates. Driven by the supply-side structural reform, the demand for medium- and high-grade iron ore will further increase which is beneficial to high-quality iron ore concentrate producers including Hanking.

1. Operation review

The Group completed phase four technology improvement of Maogong Mine as scheduled so as to ensure a steady enhancement in production. The output of Maogong Mine amounted to 1,316 thousand metric tons in 2018 (2017: 1,129 thousand metric tons), representing a year-on-year increase of 16.56%. Due to closed pits in certain mining areas, the output of Aoniu Mine was reduced. However, driven by the production expansion of Maogong Mine, the output of iron ore concentrates by the Group amounted to 1,795 thousand metric tons in 2018, representing a year-on-year increase of 1.76%, while the sales volume of iron ore concentrates amounted to 1,805 thousand metric tons, representing a year-on-year increase of 2.09%.

Table 1 – Output and sales volume of iron ore

	For the year ended 31 December (thousand metric tons)		
	2018	2017	Change
Stripping amount Note 1	**1,256**	2,892	-56.57%
Output of iron ore	**5,877**	5,736	2.46%
Output of iron ore concentrates	**1,795**	1,764	1.76%
Sales volume of iron ore concentrates	**1,805**	1,768	2.09%

Note 1: The decrease in stripping amount was mainly due to the completion of open pit mining.

The iron ore business of the Company is situated at the famous iron ore metallogenic belt of Anshan to Benxi where iron ore resource is rich and in good quality. Over the past couple of years, the Company has been working hard to improve the quality of its iron ore concentrate products. The Company produced iron ore concentrates at a stable grade of approximately 69% with low content of sulfur, phosphorus and other impurity substance, enabling our clients to significantly reduce their production costs. Therefore, the Company reached new annual sales agreements with our major customers at the beginning of 2018, increasing the sales price of iron ore concentrates by RMB21 per metric ton. Benefiting from the rising sales price and a favourable market condition, the Group's average sales price of iron ore concentrates was RMB645 per metric ton in 2018 (2017: RMB597 per metric ton), representing an increase of RMB48 per metric ton or 8.04% as compared with that for the corresponding period of last year.

Open pit mining completed in 2018, attributing an increase of 11.72% in consolidated mining costs. In order to ensure a stable production, the large-scale processing equipment parts such as high-pressure rolls was replaced which resulted in a year-on-year increase in processing costs. As the open-pit mining areas were closed, a year-on-year increase of 41.67% in mine management expense was attributable to the termination compensation incurred from the dismissal of production personnel of the Group and the investment in greening expenditures. The above-mentioned main reasons resulted in an average cash operation costs of per metric ton of iron ore concentrates of RMB315 (2017: RMB284), representing a year-on-year increase of 10.92%. Through technology improvement, Hanking conducted various measures to control costs, including increasing the iron ore output of high-quality Maogong Mine, optimizing the management model that encourages the initiation of teams and individuals and strengthening the inventory management and thus continued to maintain the low-cost competitive advantages of the Company.

Table 2 – Cash operation costs of the iron ore business

	For the year ended 31 December		
	2018 ***(RMB/ metric ton of iron ore concentrate)***	2017 *(RMB/ metric ton of iron ore concentrate)*	Change
Mining	**143**	128	11.72%
Processing	**81**	77	5.19%
Transportation	**19**	19	–
Tax	**38**	36	5.56%
Mine management	**34**	24	41.67%
Total	**315**	284	10.92%

In 2018, the gross profit of the iron ore business was approximately RMB512,429,000 (2017: RMB480,546,000), the gross profit rate was 44.05% (2017: 45.52%), the net profit was RMB231,831,000 (2017: RMB168,699,000), and the net profit rate was 19.93% (2017: 15.98%), with an EBITDA of approximately RMB503,501,000 (2017: RMB519,769,000). The profit margin of EBITDA was 43.28% (2017: 49.23%), representing a year-on-year decrease of approximately 6 percentage points, which was mainly due to the increase in cost caused by decrease in proportion of open-pit mining and the increase in administrative expenses during the year.

In 2018, the capital expenditure of the iron ore business mainly included the expenditure of phase four technology improvement and expansion. As of 31 December 2018, the capital expenditure of iron ore business was approximately RMB241,661,000 (2017: RMB176,391,000), mainly including expenditure for plants, machines and equipment and properties as well as expenditure for acquisition of land of approximately RMB219,872,000 and approximately RMB18,511,000 respectively. The capital commitment amounted to approximately RMB29,382,000 (2017: RMB65,388,000).

2. Operating mines

1) Maogong Mine

Maogong Mine is located in the township of Shiwen, Fushun County, Fushun City, and is operated by Maogong branch of Fushun Hanking Aoniu Mining Co., Ltd. (撫順罕王傲牛礦業股份有限公司) ("**Aoniu Mining**"), a subsidiary of the Company. Maogong Mine owns mining licenses covering areas totaling 2.37 square kilometers and exploration permits covering areas totaling 8.85 square kilometers, and has extensive infrastructures including paved roads, water and electricity supplies.

An independent third party conducted underground mining according to the mining design of Maogong Mine made by the Company. Based on the technology improvement in 2015, 2016 and 2017, the Company implemented phase four technology improvement on the processing plant of Maogong Mine in 2018, and therefore laid a foundation for further increase in the output of the Maogong Mine in the future.

Table 3 – Operation breakdown of Maogong Mine

Maogong Mine	For the year ended 31 December		
	2018	2017	Change
Output of iron ore concentrates (thousand metric tons)	**1,316**	1,129	16.56%
Sales volume of iron ore concentrates (thousand metric tons)	**1,317**	1,129	16.65%
Mining costs (RMB per metric ton of iron ore concentrate)	**191**	182	4.95%
Of which, underground mining by contractor *Note 1*	**143**	131	9.16%
Processing costs (RMB per metric ton of iron ore concentrate) *Note 2*	**111**	103	7.77%
Government tax (RMB per metric ton of iron ore concentrate)	**39**	40	-2.50%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 3*	**14**	10	40.00%

Note 1: The increase of underground mining cost for per metric ton of iron ore concentrates by contractor was mainly due to the increase of drivage quantity.

Note 2: Affected by the production cycle, replacement of large parts resulted in an increase in processing costs.

Note 3: The transportation service was provided by independent third parties. Due to changes in customers, the transportation distance extends, resulting in increased cost of transportation.

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 1.8911 square kilometers and has extensive infrastructures including paved roads, water and electricity supplies. Aoniu Mine was awarded the title of National Green Mine.

In 2018, Aoniu Mine was engaged in both open-pit mining and underground mining. An independent third party was engaged to undertake the underground mining works in accordance to the Hanking's mining design plan. The open-pit mining area was closed in the second half of 2018, resulting in a decline in the output of Aoniu Mine. In the second half of 2018, we completed the treatment of filling and reshaping after closure of open-pit mining and will start tree planting in 2019.

Table 4 – Operation breakdown of Aoniu Mine

Aoniu Mine	**For the year ended 31 December**		
	2018	2017	Change
Output of iron ore concentrates (thousand metric tons)	**479**	635	-24.57%
Sales volume of iron ore concentrates (thousand metric tons)	**488**	639	-23.63%
Mining costs (RMB per metric ton of iron ore concentrate) *Note 1*	**177**	161	9.94%
Of which, underground mining by contractor *Note 2*	**83**	59	40.68%
Processing costs (RMB per metric ton of iron ore concentrate) *Note 3*	**124**	131	-5.34%
Government tax (RMB per metric ton of iron ore concentrate) *Note 4*	**33**	29	13.79%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 5*	**33**	34	-2.94%

Note 1: Open pit mining completed in 2018 and hence resulted in increase in consolidated mining costs.

Note 2: In 2018, substantial increase in drivage quantity and decline in iron ore concentrate output resulted in increase in underground mining cost per metric ton by contractor.

Note 3: In 2018, strengthening the maintenance of processing equipment led to reduction in maintenance cost.

Note 4: The output of iron ore concentrate in Aoniu Mining decreased in 2018, resulting in increase in governmental taxes and fees for iron ore concentrates in Aoniu Mine per metric ton.

Note 5: The transportation service was provided by independent third parties.

3) Shangma Mine

Shangma Mine is located at the center of the iron ore belt in Fushun City. Production at Shangma Mine was suspended in 2018. The Company conducted exploration at the area where Shangma Mine is located, which will provide geographic evidence support for subsequent resource development and expansion of mining area.

Based on the principle of centralized operation management of the iron ore business, the assets and undertakings of Shangma Mining was transferred to the Shangma branch of Aoniu Mining. In December 2018, Aoniu Mining entered into the share transfer agreement with an independent third party for the disposal of the entire equity interests in Shangma Mining for a total consideration of RMB4,000,000. The disposal was completed on 29 December 2018. As of 31 December 2018, the consideration has not been received and was included in other receivables.

4) Xingzhou Mine

On 13 April 2017, Aoniu Mining entered into the equity interest transfer agreement with an independent third party to dispose of all its equity interest in Xingzhou Mining. The total consideration of the disposal is RMB360,000,000 with reference to the unaudited total assets of Xingzhou Mining as at 28 February 2017 and the shareholder's loan. Aoniu Mining will receive RMB360,000,000 in cash as a result of the disposal, including the recovery of the shareholder's loan at a sum of RMB340,000,000 and the equity consideration of RMB20,000,000. In the first half of 2018, the above-mentioned disposal was completed, and a gain on disposal of RMB13,732,000 was recognised by the Group. Given the pledge over the mining rights and equipment, the registration of change of mining rights and registration of equity change of Xingzhou Mining are in process. As agreed in the agreement, RMB130,000,000 of the consideration has not been paid. The amount was included in other receivables by the Group.

3. Iron ore resources and reserves

In 2018, Shangma Mine completed a total of 19 surface drilling holes and drilled 5,809.32 meters which increased ore resource of approximately 3.95 million ounces. Maogong Mine completed a total of 16 surface drilling holes and drilled 6,375.12 meters. Aoniu Mine completed 1 drilling hole and drilled 550 meters, laying the foundation for continuous increase in resources. Exploration expenditure was approximately RMB5,645,000.

As of the end of 2018, the Group owned approximately 99,978 thousand metric tons of iron ore resources while the differences from the resource amount at the end of 2017 was mainly due to the reduction in the resource amount owned by Xingzhou Mine that was disposed of. The increased amount in iron ore resources and the resources amount at the end of 2018 for each mine are as follows:

Table 5 – Iron ore resources as at the end of 2018

Mines	**Resources category**	**Increased amount for 2018 (metric ton)**	**Resources amount at the end of 2018 (metric ton)**	**TFe (%)**
Aoniu Mine	Indicated[1]	0	13,607,756	30.34
	Inferred[2]	0	20,610,590	31.89
Subtotal of Aoniu Mine		0	34,218,346	31.27
Maogong Mine	Indicated	0	23,761,821	32.79
	Inferred	0	5,978,499	30.15
	Inferred*	0	217,700	22.47
Subtotal of Maogong Mine		0	29,958,020	32.19
Shangma Mine	Indicated[3]	9,698,997	17,821,400	30.34
	Inferred[4]	-5,747,000	17,980,200	30.14
Subtotal of Shangma Mine		3,951,997	35,801,600	30.24
Total[5]	Indicated	9,698,997	55,190,977	31.39
	Inferred	-5,747,000	44,569,289	30.95
	Inferred*	0	217,700	22.47
Total resources		3,951,997	99,977,966	31.17

* *Represents low-grade ore body*

1 The resources amount includes approximately 11,364 thousand metric tons of the resources amount which does not show on the mining licenses.

2 The resources amount includes approximately 16,164 thousand metric tons of the resources amount which does not show on the mining licenses.

3 The resources amount includes approximately 13,607 thousand metric tons of the resources amount which does not show on the mining licenses.

4 The resources amount includes approximately 13,253 thousand metric tons of the resources amount which does not show on the mining licenses.

5 The resources amount includes portion 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 2018, the Group owned 43,827 thousand metric tons of JORC Code-compliant iron ore reserves while the differences from the resource amount at the end of 2017 was mainly due to the reduction of the reserved amount owned by Xingzhou Mine that was disposed of. The increased amount in iron ore reserves for each mine and the reserves at the end of 2018 are as follows:

Table 6 – Iron ore reserves as at the end of 2018

Mines	**Reserves category**	**Increased amount for 2018 (metric ton)**	**Reserves at the end of 2018 (metric ton)**	**TFe (%)**
Aoniu Mine	Probable Ore Reserve	0	2,243,717	25.21
Maogong Mine	Probable Ore Reserve	0	23,761,821	27.32
	Probable Ore Reserve*	0	72,567	22.47
Shangma Mine	Probable Ore Reserve	5,381,097	17,821,400	25.51
Subtotal	Probable Ore Reserve	5,381,097	43,826,938	26.48
	Probable Ore Reserve*	0	72,567	22.47
Total	Probable Ore Reserve and Probable Ore Reserve*	5,381,097	43,899,505	26.47

* *Represents low-grade ore body*

Note: In accordance with the JORC Code, ore reserves 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. Green Building Materials Project

Continuously upholding the principles of "safety, community harmony and green mine", the Group strives to improve resource utilization and mitigate impacts of production activities on the environment by ways of recycling and technology upgrade. The iron tailings produced by Maogong Mine of the Company had low sulfur and phosphorus content and high silicon and aluminum content, making it perfect to be used as the main raw materials for the production of foamed ceramics.

The Green Building Materials Project was approved for launch by the Board at the end of August 2017. In October 2017, Hanking Green Building Materials was established. In August 2018, the first production line began production with an annual production capacity of 60,000 cubic meters which adopted the tunnel kiln technology and mainly produced foamed ceramics partition boards. Such products are mainly used as external wall insulation board and interior wall board due to its light, fireproof, anti-flaming, moisture-proof, insulation, sound-proof and other properties, and can be used as new wall materials to replace the existing wall materials in the domestic market and has huge market potential. In 2018, Hanking Green Building Materials produced 7,900 cubic meters of partition boards and 13,900 meters of board linings, and sold 2,400 cubic meters of partition boards, which achieved a sales revenue of approximately RMB2,090,000.

Foamed ceramics partition boards of Hanking Green Building Materials have completed the ISO9001 Quality Management System Certification. Hanking Green Building Materials also participated in the establishment of enterprise standards for foamed ceramics partition boards and applied for 11 patents, and will continue to invest in research and development and consolidate its technological leadership.

GOLD BUSINESS

In the first half of 2018, the continued increase in the US dollar index suppressed the gold price. However, US stocks declined sharply since the fourth quarter while the yield on three-year and five-year US Treasury inverted. The United States suspended the tightening of its monetary policies. International gold price rebounded from August and the London gold price closed at US$1,278 per ounce at the end of the year and continued to rise steadily in early 2019.

1. Low-cost acquisition of PGO gold project

Pursuant to the established strategy, the Company has been proactively developing the precious metal sector, in an effort to create maximum value for the shareholders.

The Company has been the single largest shareholder of PGO since 2014, which is an Australian listed gold company. PGO owned interests in the Coolgardie gold project in Western Australia and the Toms Gully gold project and the RustlersRoost gold project in the Northern Territory.

In February 2018, with the approval of the Board of the Company, Hanking Australia Investment Pty Ltd ("**Hanking Australia Investment**") initiated the acquisition of PGO. On 20 February 2018, Hanking Australia Investment and PGO, through friendly negotiations, have entered into (i) a Bid Implementation Agreement, under which Hanking Australia Investment has agreed to make a recommended conditional takeover bid for all of the issued shares of PGO at an offer price of AUD0.0575 per share in cash; and (ii) in conjunction with the Bid Implementation Agreement, the loan and facility agreement, pursuant to which Hanking Australia Investment has agreed to provide PGO with an unsecured loan facility of AUD1.5 million to assist PGO in funding its short term working capital needs and other approved project activities during the offer period.

On 10 April 2018, the above-mentioned acquisition was approved by the Foreign Investment Review Board of Australia and HGM Resources Pty Ltd ("**HGM**"),, a wholly-owned subsidiary of Hanking Australia Investment, announced the conditions precedent for the off-market takeover bid of all the shares of PGO have been satisfied. On 26 April 2018, HGM held an interest in 93.71% of the shares in PGO. As HGM has a relevant interest in more than 90% of shares of PGO, HGM would proceed with compulsory acquisition of all of the outstanding shares of PGO (including shares issued on the exercise of unlisted options of PGO within six weeks after the notice of compulsory acquisition) on 26 April 2018 in accordance with the compulsory acquisition process under Part 6A.1 of the Corporations Act of Australia. In June 2018, the acquisition of all issued shares of PGO was completed. The total consideration for the acquisition of PGO was approximately AUD35,386,000. The acquisition price of PGO by the Company, i.e. AUD5.75 cents per share, was lower than AUD8.8 cents per share, the evaluation price by an Australian independent agency. Compared with the SXO project sold, the project resources of PGO are more concentrated which is beneficial to the management and cost reduction.

2. Operation after the Acquisition

Located approximately 90 kilometers south of Darwin, Northern Territory, Toms Gully Project owned by PGO is a high-grade gold mine for underground mining with JORC2012 resources of 315,000 ounces at the grade of 8.9 gram/ton. In August 2013, PGO completed the feasibility study on the gold mine and recorded a JORC probable reserve of 175,000 ounces at the grade of 6.9 gram/ton (gold price was AUD1,550/ounce). Following the acquisition of PGO, our Australia team of the Company overcame the previous limitation of the feasibility study on the Toms Gully gold project and adopted an innovative mining design. Currently, PGO is expediting the approval for the Toms Gully gold project and it is expected to commence the construction of underground mining project and the repair of a processing plant in the second half of 2019.

Meanwhile, our Australia team has also stepped up the geological exploration work to pave way for increasing resources in the future. We conducted chemical tests near the Rustlers Roost mine and finished the chemical sampling covering 65 square kilometres, where we found a gold-in-auger anomaly that was 4-kilometre long and 1-kilometer wide. This suggested great prospecting potential in the region.

As PGO gold mine project is still under preparation for production, no sales were recorded for the gold business in 2018. For the twelve months ended 31 December 2018, the capital expenditure of the gold business was RMB215,771,000 (2017: RMB84,332,000), which was mainly for the acquisition of PGO project and exploration expenses.

3. Resources and reserves

As at the end of 2018, PGO had JORC Code-compliant resources of approximately 2 million ounces of gold at an average grade of 1.1 gram/ton and ore reserve of approximately 0.23 million ounces of gold at an average grade of 3.9 gram/ton.

Table 7 – Gold mine resources as at the end of 2018

	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	690	1.4	30	1,816	1.6	95	1,304	1.8	76	3,811	1.6	201
Mt Bundy project												
Rustlers Roost	–	–	–	36,611	0.9	1,028	12,990	0.7	304	49,601	0.8	1,332
Toms 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	690	1.4	30	41,452	1.1	1,463	15,764	1.0	503	**57,907**	**1.1**	**1,996**

Table 8 – Gold mine reserves as at the end of 2018

	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	1,557	4.3	220
	Total	**1,844**	**3.9**	**233**

4. Other business in Australia

As at 31 December 2018, Hanking Australia Investment also held the equity interests in two listed companies in Australia with a fair value of RMB9,359,000. Hanking Australia Investment is currently monitoring other gold mine projects and seeking new opportunities for mergers and acquisitions.

5. Incentive scheme

On 17 December 2018, the Company entered into an agreement with Best Fate Limited ("**Best Fate**"), pursuant to which the Company agreed to transfer 3% shares of Hanking Australia Investment to Best Fate at the consideration of AUD1,260,000 (equivalent to approximately RMB6,232,338). The beneficial owners of Best Fate are the executive Directors of the Company and/or directors of Hanking Australia Investment. Following the completion of share transfer, the total number of issued shares of Hanking Australia Investment would be held by the Company and the directors and management of Hanking Australia Investment as to 94% and 6% respectively. Details of which are set out in the announcement of the Company dated 17 December 2018.

Moreover, at the extraordinary general meeting of the Company held on 25 January 2019, the adoption of the share option scheme of Hanking Australia Investment and the relevant mandate limit were approved. The scheme mandate limit is 10% of the shares of Hanking Australia Investment in issue as at the adoption date of the scheme. The scheme will be valid for 48 months from the date of adoption. Details of which are set out in the circular of the Company dated 9 January 2019.

The above incentive schemes were designed to recognize the contribution of the Australian management team and provide an award and incentive, so that they would continue to diligently contribute to the long-term development of Hanking Australian Investment.

NICKEL BUSINESS

On 5 July 2018, the Company entered into a share sale and purchase agreement with Tuochuan Capital Limited and Mr. Yang Jiye, pursuant to which the Company has agreed to sell, and Tuochuan Capital Limited has agreed to purchase, 70% equity interests of Hanking (Indonesia) for a total consideration of RMB350,000,000. Mr. Yang Jiye acted as the guarantor of Tuochuan Capital Limited. Pursuant to the agreement, Tuochuan Capital Limited may at its discretion pay the purchase price by cash in one lump sum to the Company within twelve months after the completion date and shall, at the same time, also pay the interest accrued on the purchase price from the completion date to the payment date at the interest rate of 5.6% annually. Details of which are set out in the circular of the Company dated 6 August 2018. The transaction was approved by independent shareholders of the Company at the extraordinary general meeting held on 24 August 2018. As at the date of this announcement, given that certain conditions precedent remained outstanding, the transaction was not completed and the nickel business was presented in the consolidated accounts of the Group as assets held for sale.

Prospect and Countermeasures

In 2019, the Group plans to produce 1,850 thousand metric tons of iron ore concentrates. It will achieve steady production of the iron ore business, increase resources reserve, enhance corporate management, lower production cost and continue to improve profitability. On the other hand, the Green Building Materials Project plans to produce 50,000 cubic metres of foamed ceramics and expand market sales. It will also push forward the research and development of deep processing products and promote resources recycling.

The gold business will proceed with exploration to increase the resources reserves of existing mines and restart gold production in 2019. In the meantime, it will implement merger and acquisition strategy with reference to the market, projects under monitoring and its own funding capability.

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 at 31 December 2018, the Group had a total of 880 employees (as at 31 December 2017: a total of 978 employees).

As at 31 December 2018, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to approximately RMB119,442,000 (2017: RMB136,785,000). 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. In 2018, the Group has organized a number of internal and external training for its employees. For further details on this aspect, please refer to the Environmental, Social and Governance Report issued by the Company for the year 2018.

FINANCIAL REVIEW

1. Revenue, Cost of Sales, Gross Profit

For the year of 2018, revenue from the Group's continuing operations was RMB1,165,491,000, representing an increase of RMB109,728,000 or 10.39% over the corresponding period of last year, mainly due to: 1) an increase of RMB48/metric ton in the selling price of iron ore concentrates over the corresponding period of last year, resulting in an increase in revenue of RMB85,373,000; and 2) an increase of 37,000 metric tons or 2.11% in the sales volume of iron ore concentrates over the corresponding period of last year, resulting in an increase in revenue of RMB22,265,000.

For the year of 2018, cost of sales incurred by the Group's continuing operations amounted to RMB655,189,000, representing an increase of RMB79,972,000 or 13.90% over the corresponding period of last year, mainly attributable to: 1) the decrease in proportion of open-pit mining of iron ores from last year and the subsequent year-on-year increase in unit cost of sales of iron ore concentrates, which resulted in the increase of RMB63,624,000 in cost of sales; and 2) the increase in sales volume of iron ore concentrates from the corresponding period of last year, which resulted in an increase of RMB12,131,000 in the cost of sales.

For the year of 2018, gross profit of the Group's continuing operations was RMB510,302,000, representing an increase of RMB29,756,000 or 6.19% over the corresponding period of last year. As compared to the corresponding period of last year, gross profit margin of the Group's continuing operations decreased from 45.52% to 43.78% in 2018.

2. Other Income, Other Gains and Losses

For the year of 2018, other income from the Group's continuing operations was RMB4,174,000, representing a decrease of RMB140,000 or 3.25% over the corresponding period of last year. Other income mainly represented interest income.

For the year of 2018, other losses of the Group's continuing operations were RMB66,217,000, representing an increase of RMB63,844,000 or 2,690.43% over the corresponding period of last year. This was mainly attributable to the completion of open pit mining at Aoniu Mine during the year, which led the Group to make provisions for impairment of long-term assets amounting to RMB64,188,000, as compared to no such provisions in 2017. For details of provisions for impairment of long-term assets, please refer to note 14 to the consolidated financial statements. Other losses mainly consisted of the provision for asset impairment, foreign exchange losses, fair value gain on financial assets at FVTPL, loss from disposal of properties, plants and equipment, and other overheads.

3. Distribution and Selling Expenses, Administrative Expenses

For the year of 2018, the distribution and selling expenses of the Group's continuing operations were RMB38,082,000, representing an increase of RMB3,616,000 or 10.49% as compared to the corresponding period of last year, which was mainly due to the increase in sales volume of iron ore concentrates from the corresponding period of last year and the increase in transportation cost as a result of the change in transport distance. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2018, the administrative expenses of the Group's continuing operations were RMB182,461,000, representing an increase of RMB50,086,000 or 37.84% as compared to the corresponding period of last year. The increase was mainly attributable to the increase in labour expenses due to the dismissal of employees after the completion of open pit mining at Aoniu Mine and the increase in the workforce after the acquisition of the gold business in Australia. 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, inventory depreciation reserves, provisions for bad debts and others.

4. Finance Costs and Income Tax Expense

For the year of 2018, the finance costs of the Group's continuing operations were RMB90,582,000, representing a decrease of RMB14,511,000 or 13.81% as compared to the corresponding period of last year. Finance costs included interest expenses on bank borrowing, discount expenses and other finance expenses. The decrease in finance costs from the corresponding period of last year was mainly due to a decrease of RMB28,407,000 in interest expenses as a result of a decrease in bank borrowings, as well as an increase of RMB13,242,000 in discount interest expenses as a result of an increase in discounting of bank acceptance bills.

For the year of 2018, the income tax credit of the Group's continuing operations was RMB52,792,000, representing a decrease in the income tax expenses of RMB132,809,000 or 165.98% over the corresponding period of last year. Income tax expense included the total amount of current tax payable and deferred tax. The decrease in income tax expenses for the year was mainly due to the decrease in current income tax charge as a result of internal restructuring of the iron ore business and deductible loss from the disposal of Xingzhou Mining, and the increase in income tax credit for the year from the deferred tax assets recognized in respect of the timing differences arising from deductible losses, etc.

5. Changes in Fair Values of Available-for-Sale Investments

After the application of IFRS 9 Financial Instruments on 1 January 2018, the Group classified the available-for-sale investments as financial assets at fair value through profit or loss in the consolidated statement of financial position, with the changes in fair value entirely recognised in the statement of profit or loss. For 2018, the Group recorded fair value gain on financial assets at FVTPL amounting to RMB7,883,000.

6. Profit for the Year and Total Comprehensive Income

Based on the reasons mentioned above, the profit for the year of the Group's continuing operations was RMB184,922,000 for the year of 2018, representing an increase of RMB54,861,000 or 42.18% as compared to RMB130,061,000 for the corresponding period of last year.

Loss for the year of the Group's discontinued operations was RMB10,882,000 for the year 2018, which mainly represented the operating loss of nickel mines of the discontinued operation. The Group recorded a profit of RMB734,926,000 for the corresponding period of last year, which mainly comprised profit made in 2017 before the disposal of SXO Gold Project, the gains on the disposal of SXO Gold Project and the operating loss of nickel mines.

Based on the profit for the year, and affected by the changes in fair values of receivables at fair value through other comprehensive income and foreign currency translation etc., the total comprehensive income was RMB148,153,000 for the year of 2018, representing a decrease of RMB739,985,000 or 83.32% as compared to the corresponding period of last year.

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

As of 31 December 2018, the net value of property, plant and equipment of the Group was RMB710,054,000, representing a decrease of RMB155,367,000 or 17.95% as compared to the end of the previous year, which was mainly due to the reclassification of assets relating to the nickel business to assets classified as held for sale, as a result of the disposal of the nickel business approved at the general meeting in the year.

As of 31 December 2018, the inventories of the Group were RMB73,294,000, representing a decrease of RMB16,375,000 or 18.26% as compared to the end of the previous year.

As of 31 December 2018, the intangible assets of the Group were RMB279,270,000, representing a decrease of RMB397,167,000 or 58.71% from the end of last year, which was mainly due to the increase in mining right and exploration assets of RMB214,212,000 following the completion of acquisition of PGO in Australia during the year, and the disposal of the nickel business approved at the general meeting in the year, which led to the reclassification of assets relating to the nickel business to assets classified as held for sale.

8. Trade, Bills and Other Receivables, Trade, Bills and Other Payables

As of 31 December 2018, trade receivables of the Group were RMB164,114,000, representing a decrease of RMB53,330,000 over the end of last year, mainly attributable to the decrease in balance of trade receivable of the iron ore concentrates.

As of 31 December 2018, bills receivables of the Group (bank acceptance bills) were RMB275,014,000, representing a decrease of RMB148,058,000 over the end of last year.

As of 31 December 2018, other receivables of the Group were RMB278,391,000, representing an increase of RMB98,572,000 over the end of last year, which was mainly due to the recognition of the remaining disposal proceeds receivable amounting to RMB130,000,000 during the year after the completion of the disposal of Xingzhou Mining.

After the application of IFRS 9 Financial Instruments on 1 January 2018, the Group has classified the bill receivables as 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 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 gains or losses.

As of 31 December 2018, trade payables of the Group were RMB12,404,000, representing a decrease of RMB13,555,000 over the end of last year. As of 31 December 2018, bills payables of the Group were RMB420,000,000, representing an increase of RMB391,500,000 over the end of last year. As of 31 December 2018, other payables of the Group were RMB132,653,000, representing a decrease of RMB316,975,000 over the end of last year, which was mainly due to the decrease of RMB230,000,000 in other payables as a result of the completion of disposal of Xingzhou Mining.

9. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2018 is set out below.

	For the year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Net cash flows from operating activities	**974,644**	344,134
Net cash flows from investing activities	**(450,432)**	853,823
Net cash flows from financing activities	**(580,739)**	(860,405)
Net (decrease) increase in cash and cash equivalents	**(56,527)**	337,552
Cash and cash equivalents at the beginning of the year	**394,911**	70,162
Assets reclassified as held for sale	**(8,980)**	(6,113)
Effect of changes in foreign exchange rate on cash and cash equivalents	**(740)**	(6,690)
Cash and cash equivalents at the end of the year	**328,664**	394,911

The net cash inflow from operating activities during the year of 2018 was RMB974,644,000. The amount was mainly attributed to the profit before tax of RMB123,272,000, together with depreciation and amortization of RMB173,480,000, long-term asset impairment loss of RMB64,188,000, finance costs of RMB91,184,000, a decrease of approximately RMB122,593,000 in trade, bills and other receivables and an increase of approximately RMB391,500,000 in bills payables.

For the year of 2018, the net cash outflow from investing activities amounted to RMB450,432,000. The amount mainly included the amount of RMB169,988,000 paid for the acquisition of PGO in Australia, the amount of RMB204,846,000 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, and the amount of RMB32,810,000 paid for the acquisition of intangible assets.

For the year of 2018, the net cash outflow from financing activities was RMB580,739,000, which was mainly from the new bank borrowings of RMB1,056,082,000, the repayment of bank loans of RMB1,575,476,000, the settlement of loan interest of RMB50,932,000 and the payment of dividend of RMB14,962,000.

10. Cash and Borrowings

As of 31 December 2018, bank balance and cash of the Group amounted to RMB328,664,000, together with pledged bank deposits of RMB44,280,000, representing a decrease of RMB71,215,000 or 16.03% in aggregate as compared to the end of last year.

As of 31 December 2018, the balance of bank borrowings of the Group was RMB1,108,500,000, representing a decrease of RMB498,807,000 as compared to the end of last year. Among which, excluding the entire amount of margin lending, the balance of bank borrowings amounted to RMB770,500,000. 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 2017.

11. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group decreased from 64.35% as at 31 December 2017 to 58.17% as at 31 December 2018.

12. 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 Indonesia and Australia. Their assets and liabilities are denominated in Indonesian Rupiah and AUD respectively, 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.

13. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings of the Group are secured by the mining rights certificates. As of 31 December 2018, the aggregate net carrying value of the pledged mining rights amounted to RMB16,054,000.

As of 31 December 2018, the Group had no material contingent liabilities.

14. Capital Commitment

As at 31 December 2018, the capital commitment of the Group was RMB37,636,000, representing a decrease of RMB27,752,000 or 42.44% over that of last year. The capital commitment mainly consisted of the amount of RMB457,000 for the underground mining works of Maogong Mine, the amount of RMB28,925,000 for the underground mining works of Shangma Mine and the exploration expense of the gold mine in Australia of RMB8,254,000.

15. Capital Expenditure

The Group's capital expenditure increased from approximately RMB260,723,000 in 2017 to approximately RMB457,432,000 in 2018. Expenditure incurred in 2018 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB221,431,000; (ii) expenditure for intangible assets amounting to RMB217,490,000; (iii) expenditure for land amounting to RMB18,511,000. Among which, the expenditure for intangible assets was mainly attributable to the increase in mining rights and exploration assets due to the acquisition of PGO in Australia.

16. 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 of 31 December 2018.

17. Material Acquisitions and Disposals of Subsidiaries and Associated Companies

In February 2018, Hanking Australia Investment, a subsidiary of the Company, and PGO, a company listed on the Australian Securities Exchange, through friendly negotiations, have entered into (i) the Bid Implementation Agreement, under which Hanking Australia Investment has agreed to make a recommended conditional takeover bid for all of the issued shares of PGO at an offer price of AUD0.0575 per share in cash; and (ii) in conjunction with the Bid Implementation Agreement, the Loan and Facility Agreement, pursuant to which Hanking Australia Investment has agreed to provide PGO with an unsecured loan facility of AUD1,500,000 to assist PGO in funding its short term capital needs and the working capital needs of other approved projects during the offer period. On 8 June 2018, the acquisition of all of PGO's shares was eventually completed. The total consideration for the acquisition of PGO was AUD35,386,000. Please refer to the "Low-cost acquisition of PGO gold project" on page 11 of this announcement for details.

Aoniu Mining, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party on 13 April 2017 to dispose of all its equity interests in Xingzhou Mining. The total consideration of the disposal was RMB360,000,000 with reference to the unaudited total assets of Xingzhou Mining and the shareholder's loan as at 28 February 2017. Aoniu Mining will receive RMB360,000,000 as a result of the disposal, including the recovery of the shareholder's loan at a sum of RMB340,000,000 and the equity consideration of RMB20,000,000. During the year, the above-mentioned disposal was completed, and a gain on disposal of RMB13,732,000 was recognised by the Group. Given the pledge over the mining rights and equipment, the registration of change of mining rights and registration of equity change of Xingzhou Mining are in process. As agreed in the agreement, RMB130,000,000 of the consideration has not been paid. The amount was included in other receivables by the Group.

On 5 July 2018, the Company entered into a share sale and purchase agreement with Tuochuan Capital Limited and Mr. Yang Jiye (as the guarantor), pursuant to which, the Company has agreed to sell, and Tuochuan Capital Limited has agreed to purchase, 70% equity interests of Hanking (Indonesia) for a total consideration of RMB350,000,000. It is expected that the Company will record a premium of approximately RMB130,000,000 as a result of the disposal. As the purchaser of the transaction is a controlling shareholder of the Company, the difference between the sale price and the profit attributable to the Company (i.e. the above-mentioned premium arising from the disposal) shall be credited to capital surplus. Accordingly, the Company will not record any profit or loss as a result of the disposal. The transaction was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 24 August 2018. As of 31 December 2018, as one of the conditions precedent of the transaction, i.e. 99% equity interests of Fushun Hanking Ginseng & Iron Trading Company Limited* (撫順罕王人參鐵貿易有限公司) having been pledged to the Company, was not satisfied, the transaction did not proceed to completion. The relevant assets and liabilities of the nickel mines in Indonesia have been classified as assets classified as held for sale and liabilities associated with assets classified as held for sale and are separately presented in the consolidated statement of financial position. Please refer to "Nickel Business" on page 15 of this announcement for details.

Save as aforesaid, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the year of 2018.

18. Significant Subsequent Events

An extraordinary general meeting of the Company was held on 25 January 2019, during which the share option scheme and the relevant mandate limit was approved and adopted by Hanking Australia Investment, a subsidiary of the Company. The scheme is designed to recognize the contributions of selected key persons (including the employees and directors of Hanking Australia Investment and its related bodies corporates, and any person the board of directors of Hanking Australia Investment determines to be a key person when issuing or granting the options) to the Company, and provide an incentive for and to motivate them to remain in their employment with the Company. 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 scheme shall be valid and effective for a period of 48 months from the date of adoption. Details of which are set out in the circular of the Company dated 9 January 2019.

OTHERS

1. Dividend

The Board recommended the payment of the final dividend for the year ended 31 December 2018 to the shareholders of the Company, with HK$0.02 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, 30 May 2019.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Thursday, 30 May 2019. The register of members of the Company will be closed from Thursday, 23 May 2019 to Thursday, 30 May 2019 (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 2019 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 22 May 2019.

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 Tuesday, 16 July 2019 to Friday, 19 July 2019, 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 15 July 2019. Shareholders whose names appear on the register of members of the Company on Friday, 19 July 2019 will be entitled to receive the final dividend.

3. Management Contracts

For the year ended 31 December 2018, 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

The Company repurchased a total of 966,000 Shares on 19, 20, 23 and 24 July 2018 and cancelled such Shares on 3 August 2018. On 10 and 11 December 2018, the Company repurchased a total of 1,205,000 Shares and cancelled such Shares on 28 December 2018.

Save as disclosed above, for the year ended 31 December 2018, the Company or its subsidiaries did not sell or redeem any listed securities of the Company.

5. 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 2018, 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.

6. Compliance with Corporate Governance Code

Save as disclosed herein, during the period from 1 January 2018 to 31 December 2018, 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 of Hong Kong Limited (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 of the Company, 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.

7. 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 2018.

8. Significant Legal Proceedings

For the year ended 31 December 2018, 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.

9. Audit Committee

The audit committee under the Board of the Company has reviewed the announcement for Annual Results for 2018 and the consolidated financial statements for the year ended 31 December 2018.

10. Auditor

The consolidated financial statements for the year ended 31 December 2018 have been audited by Deloitte Touche Tohmatsu with unqualified opinion.

11. Publication of Annual Report

The 2018 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 2018

	NOTES	Year ended 31/12/2018 RMB'000	Year ended 31/12/2017 RMB'000 (Restated)
Continuing operations			
Revenue	3	**1,165,491**	1,055,763
Cost of sales		**(655,189)**	(575,217)
Gross profit		**510,302**	480,546
Other income	4	**4,174**	4,314
Other gains and losses	5	**(66,217)**	(2,373)
Distribution and selling expenses		**(38,082)**	(34,466)
Administrative expenses		**(182,461)**	(132,375)
Research and development expenses		**(5,004)**	(475)
Finance costs	6	**(90,582)**	(105,093)
Profit before tax	7	**132,130**	210,078
Income tax credit (expense)	8	**52,792**	(80,017)
Profit for the year from continuing operations		**184,922**	130,061
Discontinued operations			
(Loss) profit for the year from discontinued operations	10	**(10,882)**	734,926
Profit for the year		**174,040**	864,987
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans		**–**	(79)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on:			
– receivables measured at fair value through other comprehensive income ("**FVTOCI**")		**(5,172)**	–
– available-for-sale investments		**–**	6,306
Reclassification adjustment for cumulative gain included in investments revaluation reserve upon disposal of available-for-sale investments		**–**	(10,229)
Reclassification adjustment for cumulative loss included in investments revaluation reserve upon impairment of available-for-sale investments		**–**	5,034
Exchange differences arising on translation of foreign operations		**(20,715)**	2,175
Reclassification of cumulative translation reserve upon disposal of a foreign operation to profit or loss		**–**	19,944
		(25,887)	23,230

	NOTES	**Year ended 31/12/2018 RMB'000**	Year ended 31/12/2017 RMB'000 (Restated)
Other comprehensive (expense) income for the year, net of income tax		**(25,887)**	23,151
Total comprehensive income for the year		**148,153**	888,138
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		**185,230**	129,862
– from discontinued operations		**(5,570)**	747,301
Profit for the year attributable to owners of the Company		**179,660**	877,163
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		**(308)**	199
– from discontinued operations		**(5,312)**	(12,375)
Loss for the year attributable to non-controlling interests		**(5,620)**	(12,176)
		174,040	864,987
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**158,360**	901,811
Non-controlling interests		**(10,207)**	(13,673)
		148,153	888,138
EARNINGS PER SHARE	*13*		
From continuing and discontinued operations			
Basic (RMB cents)		**9.8**	47.9
Diluted (RMB cents)		**N/A**	47.9
From continuing operations			
Basic (RMB cents)		**10.1**	7.1
Diluted (RMB cents)		**N/A**	7.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	NOTES	31/12/2018 RMB'000	31/12/2017 RMB'000
Non-current Assets			
Property, plant and equipment		**710,054**	865,421
Intangible assets		**279,270**	676,437
Prepaid lease payments		**117,480**	137,314
Available-for-sale investments		**–**	21,778
Financial assets at fair value through profit or loss (“**FVTPL**”)		**9,359**	–
Deferred tax assets		**72,516**	10,189
Loan receivable		**10,000**	11,300
Deposits on acquisition of property, plant and equipment		**1,498**	49,199
Restricted deposits		**21,102**	3,797
Pledged bank deposits		**3,020**	–
		1,224,299	1,775,435
Current Assets			
Inventories		**73,294**	89,669
Prepaid lease payments		**28,226**	29,761
Trade, bills and other receivables	*15*	**442,505**	820,335
Receivables at FVTOCI	*16*	**275,014**	–
Tax recoverable		**–**	339
Available-for-sale investments		**–**	406,794
Financial assets at FVTPL		**459,993**	–
Pledged bank deposits		**20,158**	45,451
Bank balances and cash		**328,664**	394,911
		1,627,854	1,787,260
Assets classified as held for sale	*10*	**831,448**	369,955
		2,459,302	2,157,215
Current Liabilities			
Trade, bills and other payables	*17*	**565,057**	504,087
Contract liabilities		**3,167**	–
Borrowings	*18*	**1,108,500**	1,151,887
Consideration payable		**–**	65,180
Tax liabilities		**77,215**	84,614
Obligation under a finance lease		**2,638**	–
		1,756,577	1,805,768
Liabilities associated with assets classified as held for sale	*10*	**351,237**	23,687
		2,107,814	1,829,455
Net Current Assets		**351,488**	327,760
Total Assets less Current Liabilities		**1,575,787**	2,103,195

	NOTES	31/12/2018 RMB'000	31/12/2017 RMB'000
Capital and Reserves			
Share capital	*19*	**148,960**	149,137
Reserves		**1,203,483**	1,066,320
Equity attributable to owners of the Company		**1,352,443**	1,215,457
Non-controlling interests		**188,407**	186,381
Total Equity		**1,540,850**	1,401,838
Non-current Liabilities			
Borrowings	*18*	**–**	455,420
Consideration payable		**–**	241,100
Rehabilitation provision		**23,648**	1,580
Retirement benefit obligations		**–**	1,558
Deferred tax liabilities		**–**	1,699
Obligation under a finance lease		**11,289**	–
		34,937	701,357
		1,575,787	2,103,195

1. GENERAL

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**"). Its parent and ultimate parents are Bisney Success Limited, Tuochuan Capital Limited and China Hanking (BVI) Limited. Its ultimate controlling shareholders are 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 shares of the Company have been listed on the Stock Exchange with effect from 30 September 2011.

The Company is an investing holding company.

An operating segment regarding gold business (the "**Gold Business**") was discontinued in the previous year along with the completion of the Group's disposal of Hanking Australia Pty Ltd ("**Hanking Australia**") with its subsidiaries in 2017. However, the Group resumed its operation in the Gold Business upon the successful acquisition of Primary Gold Limited ("**PGO**"), an independent third party and a public company previously listed on Australian Securities Exchange, in 2018. Further details are set out in note 9.

During the year ended 31 December 2018, the Group's nickel ore exploration, mining, smelting and sale business in Indonesia ("**Nickel Business**") was discontinued upon Hanking (Indonesia) Mining Limited ("**Hanking (Indonesia)**") and its subsidiaries being classified as held for sale as disclosed in note 10.

In terms of continuing operations, the Company and its subsidiaries (the "**Group**") as at 31 December 2018 are engaged in 3 principal activities:

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

(ii) Gold Business; and

(iii) building materials production and sale.

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

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

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time in the current year:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014-2016 Cycle*
Amendments to IAS 40	*Transfers of Investment Property*

Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *RMB'000*	**IFRS 9** *RMB'000*	**IFRS 15** *RMB'000*	1 January 2018 (Restated) *RMB'000*
Non-current assets				
Available-for-sale investments	21,778	(21,778)	–	–
Financial assets at FVTPL	–	21,778	–	21,778
Deferred tax assets	10,189	1,612	–	11,801
Current assets				
Trade, bills and other receivables	820,335	(631,376)	–	188,959
Receivables at FVTOCI	–	624,924	–	624,924
Available-for-sale investments	406,794	(406,794)	–	–
Financial assets at FVTPL	–	406,794	–	406,794
Net current assets	327,760	(6,452)	–	321,308
Current liabilities				
Trade, bills and other payables	504,087	–	(127)	503,960
Contract liabilities	–	–	127	127
Total assets less current liabilities	2,103,195	(4,840)	–	2,098,355
Capital and reserves				
Reserves	1,066,320	(4,840)	–	1,061,480
Equity attributable to owners of the Company	1,215,457	(4,840)	–	1,210,617
Total equity	1,401,838	(4,840)	–	1,396,998

3. REVENUE

A. For the year ended 31 December 2018

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

	For the year ended 31 December 2018		
	Iron	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods (recognised at a point in time)			
Iron ore concentrates	**1,160,761**	**–**	**1,160,761**
Building materials	**–**	**2,090**	**2,090**
Raw and leftover materials	**2,640**	**–**	**2,640**
Total	**1,163,401**	**2,090**	**1,165,491**
Geographical markets			
Mainland China	**1,163,401**	**2,090**	**1,165,491**

(ii) Performance obligations for contracts with customers

The Group produces and sales iron ore concentrates, buildings materials (i.e., foamed ceramics) and raw and leftover materials directly to customers.

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 primary responsibility on the goods and bears the risks of obsolescence and loss in relation to the goods. Therefore, the directors of the Company have justified that the performance obligation in respect of the sales income 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 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, depending on the background, historical experience of and business relationship with them. The deposit received is accounted for as "contract liabilities" since the initial adoption of IFRS 15 on 1 January 2018. The related performance obligation is expected to be satisfied within one year.

Within the year ended 31 December 2018, the Group signed contracts with certain customers which contain variable considerations allowing the customers to adjust additional unit price in the following month based on market price of the previous month. The related revenue from additional unit price would be recognised when the adjustment was made in the following month.

B. For the year ended 31 December 2017

An analysis of the Group's revenue from continuing operations is as follows:

	For the year ended 31/12/2017 *RMB'000* (Restated)
Sales of iron ore concentrates	1,054,975
Sales of raw and leftover materials	788
	1,055,763

4. OTHER INCOME

	Year ended 31/12/2018 ***RMB'000***	Year ended 31/12/2017 *RMB'000* (Restated)
Continuing operations		
Bank interest income	**4,009**	3,021
Government grants *(note)*	**137**	762
Others	**28**	531
	4,174	4,314

Note: Government grants represent unconditional incentive subsidies granted by the PRC local government authorities.

5. OTHER GAINS AND LOSSES

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000* (Restated)
Continuing operations		
(Loss) gain on disposal of property, plant and equipment	**(11,060)**	583
Cumulative gain on disposal of available-for-sale investments reclassified from investments revaluation reserve	**–**	10,229
Fair value gain on financial assets at FVTPL	**7,883**	–
Net foreign exchange loss	**(4,124)**	(6,339)
Gain on disposal of subsidiaries *(note 11)*	**6,779**	–
Recognition of loss allowance on other receivables	**(406)**	–
Impairment loss on property and plant, and prepaid lease payments *(note)*	**(64,188)**	–
Impairment loss of available-for-sale investments	**–**	(5,034)
Others	**(1,101)**	(1,812)
	(66,217)	(2,373)

Note: In 2018, an open pit mining of Aoniu Mining was completed and the directors of the Company considered that the completion of that open pit mining would deteriorate the recoverable amount of these assets in Aoniu Mining, including the building and land use right of its processing plant. After the projection of future cash flows of Aoniu Mining, an impairment loss of RMB53,654,000 for property and plant and an impairment loss of RMB10,534,000 for prepaid lease payment were recognised during the year ended 31 December 2018.

6. FINANCE COSTS

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000* (Restated)
Continuing operations		
Interests on bank and other borrowings	**50,723**	79,130
Interests on bills discounted	**39,205**	25,963
Interest under a finance lease contract	**654**	–
	90,582	105,093

7. PROFIT BEFORE TAX

Profit before tax from continuing operations has been arrived at after charging:

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000* (Restated)
Cost of inventories recognised as an expense	**569,025**	514,310
Auditors' remuneration	**4,100**	2,244
Impairment loss on other receivables recognised	**406**	5,034
Depreciation of property, plant and equipment	**94,275**	98,945
Amortisation of intangible assets	**48,399**	44,606
Release of prepaid lease payments	**28,554**	28,244
Total depreciation and amortisation	**171,228**	171,795
Capitalised in inventories	**(147,078)**	(153,423)
	24,150	18,372
Analysed at:		
– Charged in research expenditure	**1,435**	136
– Charged in administrative expenses	**22,715**	18,236
	24,150	18,372
Salary and other benefits including staff's bonus	**88,022**	71,447
Director's bonus	**15,280**	21
Retirement benefits scheme contributions	**16,140**	16,503
Share-based payment	**–**	3,523
Total staff costs (including directors)	**119,442**	91,494
Capitalised in inventories	**(32,151)**	(43,558)
	87,291	47,936
Analysed at:		
– Charged in research expenditure	**1,958**	186
– Charged in distribution and selling expenses	**1,069**	622
– Charged in administrative expenses	**84,264**	47,128
	87,291	47,936

Profit before tax from continuing operations has been arrived at after charging:

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000* (Restated)
Research expenditure		
– Depreciation and amortisation	**1,435**	136
– Staff costs	**1,958**	186
– Technical service fee	**1,207**	115
– Others	**404**	38
	5,004	475

8. INCOME TAX CREDIT (EXPENSE)

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000* (Restated)
Continuing operations		
Current tax		
PRC Enterprise Income Tax ("**EIT**") – current	**16,412**	66,723
(Over) under provision in prior years	**(234)**	4,895
	16,178	71,618
Deferred tax		
Current year (credit) charge	**(68,970)**	8,399
Total income tax (credit) expense recognised in the current year	**(52,792)**	80,017

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.

Certain subsidiaries located in Hong Kong, Australia and Indonesia had no provision for corporate tax made as there were no assessable profits arising from these jurisdictions for both years.

9. ACQUISITION OF A SUBSIDIARY

On 20 February 2018, Hanking Australia Investment, Pty Ltd. ("**Hanking Australia Investment**"), a non-wholly owned subsidiary of the Group, made a recommended off-market "all cash" open offer ("**Open Offer**") for PGO, a public company listed on the Australian Securities Exchange. As of 8 June 2018, HGM Resources Pty Ltd, a wholly owned subsidiary of Hanking Australia Investment, has acquired all the remaining 594,702,000 shares of PGO at a consideration of AUD0.0575 per share, totaling AUD34,195,000 (equivalent to approximately RMB166,767,000). Since then, PGO became a 100% owned subsidiary of HGM Resources Pty Ltd.

Since PGO currently held exploration and evaluation assets interests in three gold mining projects in western and northern Australia, all of which were not yet in operation, this acquisition transaction is accounted for as an asset acquisition, accordingly.

Consideration transferred

	RMB'000
Cash consideration paid	166,767
Directly attributable cost of acquisition	5,806
Fair value of 51,800,000 shares of PGO previously owned and classified as financial assets at FVTPL *(note)*	14,526
Total consideration	187,099

Assets and liabilities assumed at the date of acquisition:

	RMB'000
Assets	
Property, plant and equipment	1,208
Intangible assets	198,444
Restricted deposits	13,776
Other receivables	1,232
Bank balances and cash	2,585
	217,245
Liabilities	
Other payables	(6,243)
Rehabilitation provision	(23,903)
	(30,146)
Net assets	187,099

Net cash outflow on acquisition of PGO:

	RMB'000
Cash consideration paid	166,767
Add: directly attributable cost paid	5,806
Less: bank balances and cash acquired	(2,585)
	169,998

Note: On 26 April 2018, as a result of the success of the open offer, the Group obtained equity interest in PGO through an Open Offer. The Group's prior interest in PGO prior to open offer classified as financial assets at FVTPL was remeasured at its fair value of AUD2,978,500 (equivalent to RMB14,526,000) on that day and was then derecognised and accounted for as part of the consideration for this acquisition.

10. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Below is a summary of (loss) profit for the years from discontinued operations:

	Year ended 31/12/2018 ***RMB'000***	Year ended 31/12/2017 *RMB'000* (Restated)		
	Nickel Business and total	Nickel Business	Gold Business	Total
(Loss) profit before tax	**(8,858)**	(32,230)	1,092,890	1,060,660
Income tax (expense) credit	**(2,024)**	2,128	(327,862)	(325,734)
(Loss) profit for the year	**(10,882)**	(30,102)	765,028	734,926
(Loss) profit for the year attributable to				
– owners of the Company	**(5,570)**	(16,335)	763,636	747,301
– non-controlling interests	**(5,312)**	(13,767)	1,392	(12,375)
	(10,882)	(30,102)	765,028	734,926

(A) Nickel Business held for sale

On 5 July 2018, the Company entered into a share sale and purchase agreement with Tuochuan Capital Limited and Mr. Yang Jiye (as the guarantor), pursuant to which the Company has agreed to sell, and Tuochuan Capital Limited has agreed to purchase, the entire 70% of equity interest of Hanking (Indonesia) held by the Company for a total consideration of RMB350,000,000. Hanking (Indonesia) and its subsidiaries constitute the Nickel Business of the Group. The transaction was approved by the shareholders on 24 August 2018. The disposal is still underway as at 31 December 2018 as certain proceeding condition has not yet been met. The management of the Group believes that the sale is highly probable to be completed within twelve months after the reclassification. Assets and liabilities of Hanking (Indonesia), which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial positon (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The loss for the year from the discontinued Nickel Business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Nickel Business as a discontinued operation.

	Year ended 31/12/2018 ***RMB'000***	Year ended 31/12/2017 *RMB'000*
Revenue	**42,847**	35,271
Cost of sales	**(30,933)**	(15,932)
Other income	**247**	2,179
Other gains and losses	**7,554**	(3,592)
Distribution and selling expenses	**(8,331)**	(7,727)
Administrative expenses	**(19,640)**	(25,775)
Other expenses	**–**	(3,008)
Finance costs	**(602)**	(13,646)
Loss before tax	**(8,858)**	(32,230)
Income tax (expense) credit	**(2,024)**	2,128
Loss for the year	**(10,882)**	(30,102)

During the year ended 31 December 2018, the Nickel Business paid RMB20.6 million (2017: RMB4.6 million) in respect of operating cash flows and contributed RMB21.8 million (2017: RMB12.0 million) to the Group's financing cash flows.

The major classes of assets and liabilities of the Nickel Business as at 31 December 2018, which have been presented separately in the consolidated statement of financial position, are as follows:

	RMB'000
Property, plant and equipment	175,059
Intangible assets	563,232
Prepaid lease payments	761
Deferred tax assets	6,026
Deposits on acquisition of property, plant and equipment	10,800
Inventories	34,622
Trade and other receivables	31,868
Tax recoverable	100
Bank balances and cash	8,980
Total assets classified as held for sale	831,448
Trade and other payables	43,180
Consideration payable	304,855
Tax liabilities	184
Rehabilitation provision	1,519
Retirement benefit obligations	1,499
Total liabilities associated with assets classified as held for sale	351,237

(B) Disposal of Gold Business

On 15 February 2017, the Company and the non-controlling shareholders (the "**Other Vendors**") of a subsidiary, Hanking Australia, entered into a binding agreement with Shandong Tianye Group Bid Co. Pty Ltd. (the "**Purchaser**"), an independent third party, pursuant to which the Company and the Other Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 100% of the shares in Hanking Australia and its subsidiaries, which carried out all of the Group's Gold Business. The disposal was completed during the year ended 31 December 2017.

The consolidated profit for the year from the discontinued Gold Business was set out below.

	For the period from 1 January 2017 to date of disposal *RMB'000*
Profit of Gold Business for the period	29,626
Gain on disposal of Gold Business	763,223
Acceleration of share-based payment charged to profit or loss due to disposal of Hanking Australia *(note 11)*	(27,821)
	765,028

The results of Gold Business for the period from 1 January 2017 to date of disposal, which had been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period from 1 January 2017 to date of disposal *RMB'000*
Revenue	212,702
Cost of sales	(195,219)
Other income	23,740
Administrative expenses	(15,197)
Other gains and losses	5,666
Finance costs	(2,066)
Profit before tax	29,626
Income tax expense *(note)*	–
Profit for the period	29,626

Note: There was no income tax expense for the period as Hanking Australia and its subsidiaries had adequate unrecognised tax loss brought forward.

(C) Disposal of Xingzhou Mining

On 13 April 2017, the board of the Company announced that Aoniu Mining, a wholly-owned subsidiary of the Company, entered into a conditional equity interest transfer agreement with an independent third party to dispose of the Group's 100% equity interest in Xingzhou Mining. Aoniu Mining would receive RMB360,000,000 as a result of the proposed disposal.

The assets and liabilities attributable to Xingzhou Mining, which are expected to be sold within twelve months, have been classified as assets and liabilities associated with assets classified as held for sale and are separately presented in the consolidated statement of financial position as at 31 December 2017. Xingzhou Mining is included in the Group's Iron Business for segment reporting purposes.

Assets and liabilities of Xingzhou Mining classified as held for sale as at 31 December 2017 were as follows:

	RMB'000
Property, plant and equipment	55,492
Intangible assets	173,507
Prepaid lease payments	89,051
Inventories	8,165
Trade and other receivables	33,429
Tax recoverable	4,198
Bank balances and cash	6,113
Total assets classified as held for sale	369,955
Total liabilities associated with assets classified as held for sale	
Trade and other payables	23,687

The disposal was completed during the current year. Further information is detailed in note 14.

11. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2018

Disposal of Xingzhou Mining

As detailed in note 10 (C), the disposal of Xingzhou Mining, which was previously classified as assets and liabilities held for sale, was completed during the year.

A disposal gain after tax of RMB13,732,000 was recognised. Among the total consideration of RMB360,000,000, RMB130,000,000 was not yet settled by the buyer and is included in "other receivables" as at 31 December 2018. The consideration receivable is unsecured, interest free, and repayable on demand.

Disposal of Shangma Mining

Based on the principle of centralized operation management at the Iron Business, the assets and undertakings of Shangma Mining was transferred to the Shangma branch of Aoniu Mining. As such, the mining operation of Shangma mine subsequently operated under Aoniu Mining.

During the year, the Group entered into a share transfer agreement with an independent third party for disposal of its entire 100% equity interest in a subsidiary, Shangma Mining at a cash consideration of RMB4,000,000. The disposal was completed on 29 December 2018 on which date the Group lost control of Shangma Mining. Consideration has not yet been received and is included in "other receivables" as at 31 December 2018. The consideration receivable is unsecured, interest free and will be settled within 12 months.

Analysis of assets and liabilities over which control was lost over Shangma Mining on date of disposal is presented below:

	RMB'000
Loan receivable	1,300
Trade and other receivables	9,108
Bank balances and cash	605
Trade and other payables	(60)
Net assets disposed of	10,953

	Year ended 31/12/2018
Loss on disposal of the subsidiary	
Consideration receivable	4,000
Less: net assets disposal of	(10,953)
Loss on disposal	(6,953)

Net cash outflow arising from disposal of Shangma Mining

	Year ended 31/12/2018 *RMB'000*
Cash flows used in the disposal of a subsidiary	
Cash consideration received	–
Less: bank balances and cash disposal of	(605)
	(605)

For the year ended 31 December 2017

Disposal of Gold Business

As referred to note 10(B), the Group discontinued its Gold Business carried out by Hanking Australia and its subsidiaries during the year ended 31 December 2017. Details relating to the Gold Business on the date of disposal were as follows:

Consideration

	RMB'000
Consideration received:	
Cash received *(note a)*	1,277,579

Analysis of assets and liabilities over which control was lost over Gold Business on date of disposal was presented below:

	RMB'000
Property, plant and equipment	535,737
Intangible assets	136,972
Restricted deposits	17,637
Inventories	60,008
Trade and other receivables	30,437
Bank balance and cash	2,096
Borrowings	(132,909)
Trade and other payables	(140,769)
Amount due to a related party	(273,178)
Rehabilitation provision	(134,731)
Net assets disposed of	101,300

Gain on disposal of Gold Business

	RMB'000
Consideration received *(note b)*	1,277,579
Less: net assets disposed of	(101,300)
Add: non-controlling interests	3,039
Less: transaction costs *(note c)*	(68,289)
Less: capital gain tax *(note d)*	(327,862)
Less: reclassification of cumulative translation reserve upon disposal of a foreign operation to profit or loss	(19,944)
Gain on disposal	763,223

Notes:

(a) Consideration had been fully received in the year ended 31 December 2017.

(b) The final consideration was agreed by the Purchaser, the Company and Other Vendors, after certain working capital adjustments and repayment of all borrowings of Hanking Australia, pursuant to the share sale agreement.

(c) Transaction costs comprised professional fee of RMB44,994,000, payment to settlement of mining rights disputation of RMB14,254,000 and bonus for this transaction to staff of RMB9,041,000.

(d) Given the Company's capital gain tax to the Australia tax authority exceeded 10% of the purchase price, according to the Australia Tax ACT 1953, the Purchaser was required to deduct 10% of the total purchase price as withholding tax and pay to the Australia tax authority directly on behalf of the Company. This 10% withholding tax was the partial payment of the capital gain tax that the Company was obliged to pay to the Australia tax authority. The taxable capital gain was calculated by deducting cost base from the consideration received. Cost base consisted of investment of the Company and transaction cost directly attributable to the disposal. The Australia capital gain tax rate was 30% of capital gain.

Net cash inflow arising on disposal of Gold Business:

	RMB'000
Cash consideration received	1,277,579
Add: receipt of advance previously made to Hanking Australia on date of disposal	273,178
Less: bank balances and cash disposed of	(2,096)
Less: Transaction costs paid	(68,289)
Less: capital gain tax paid	(327,862)
	1,152,510
Analysed at:	
Net cash inflow (outflow) arising on disposal of Gold Business:	
For the year ended 31 December 2017	1,166,751
For the year ended 31 December 2018 *(note)*	(14,241)
	1,152,510

Note: The amount represented the capital gain tax paid during the year ended 31 December 2018.

Cash flows from (used in) Gold Business:

	For the period from 1 January 2017 to date of disposal *RMB'000*
Net cash flows from operating activities	42,252
Net cash flows used in investing activities	(65,258)
Net cash flows used in financing activities	(7,826)
Net cash flows	(30,832)

12. DIVIDENDS

	Year ended	
	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2017 Final – HKD0.01 (2017: nil) per share *(note a)*	**14,962**	–
Special dividend – nil (2017: HKD0.2) per share *(note b)*	**–**	319,774
	14,962	319,774

Notes:

(a) During the current year, a final dividend of HKD1 cent per share amounting to HKD18,300,000 (equivalent to RMB14,962,000) in aggregate was declared and paid to the owners of the Company whose names appear on the register of members of the Company on 5 June 2018.

(b) During the year ended 31 December 2017, a special dividend of HKD0.2 per share amounting to HKD366,000,000 (equivalent to RMB319,774,000) in aggregate in respect of the disposal of Gold Business was declared and paid to the owners of the Company whose names appear in the register of members on 26 May 2017.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HKD0.02 (2017: a final dividend in respect of the year ended 31 December 2017 of HKD0.01) per ordinary share in an aggregated amount of HKD36,590,000 (2017: HKD18,300,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meetings.

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	
	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
		(Restated)
Profit for the year from continuing and discontinued operations attributable to owners of the Company	**179,660**	877,163
Less: profit (loss) for the year from discontinued operation attributable to owners of the Company	**5,570**	(747,301)
Profit for the year from continuing operations attributable to owners of the Company, for the purposes of basic earnings per share	**185,230**	129,862

	Number of shares	
	31/12/2018	31/12/2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,829,505,000**	1,830,000,000

The weighted average number of ordinary shares for the year ended 31 December 2018 for the purpose of basic earnings per share has been adjusted for a total sum of 2,171,000 shares repurchased in July and December 2018.

From discontinued operations

Basic loss per share for the discontinued operation is RMB0.3 cents per share (2017: basic earnings per share RMB40.8 cents (restated) for the discontinued operations), based on the loss for the year from the discontinued operation of RMB5,570,000 (2017: profit for the year from the discontinued operations of RMB747,301,000 (restated)) 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 2018. Diluted earnings per share presented is the same as basic earnings per share for the year ended 31 December 2017.

14. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS WITH DEFINITE USEFUL LIVES

For the purpose of impairment testing, tangible and intangible assets with definite lives in relation to Iron Business have been allocated to 3 individual cash generating units (CGUs).

The basis of the determination of the recoverable amounts of the above units and their major underlying assumptions are summarised below:

Aoniu Mine

The recoverable amount of Aoniu Mining has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period (2017: 4-year), and discount rate of 8% (2017: 8%). Other key assumptions for the value in use calculation's related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. In 2018, an open pit mining of Aoniu Mining was completed and the directors of the Company considered that the completion of that open pit mining would deteriorate the recoverable amount of these assets in Aoniu Mining, including the building and land use right of its processing plant. After the projection of future cash flows of Aoniu Mining, an impairment loss of RMB53,654,000 for property and plant and an impairment loss of RMB10,534,000 for prepaid lease payment were recognised during the year ended 31 December 2018.

Shangma Mine

The recoverable amount of Shangma Mining has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 9-year period (2017: 9-year), and discount rate of 10% (2017: 10%). Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin; such estimation is based on the unit's past performance and management's expectations for the markets development.

Maogong Mine

During the years ended 31 December 2018 and 31 December 2017, management of the Group determines that there is no indicator of impairment on Maogong Mining.

15. TRADE, BILLS AND OTHER RECEIVABLES

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade receivables		
Related parties	**134,257**	142,607
Third parties	**29,857**	74,837
	164,114	217,444
Bills receivables *(note i)*	**–**	423,072
	164,114	640,516
Other receivables		
Advances to suppliers	**11,541**	8,830
Deposits *(note ii)*	**24,699**	44,590
Deposit for resource tax	**81,133**	102,726
Other tax recoverable	**887**	1,107
Value-added tax recoverable	**9,283**	5,475
Staff advance	**6,268**	6,739
Consideration receivables *(note 11)*	**140,121**	–
Others	**4,459**	10,352
Total other receivables	**278,391**	179,819
Total trade, bills and other receivables	**442,505**	820,335

Notes:

(i) On 1 January 2018, the Group adopted IFRS 9 "Financial Instruments". As part of the Group's cash flow management, substantial part of the bills receivables held by the Group were managed within a business model whose objective is both to collect the contractual cash flows and to sell the bills receivables by discounting some of the bills to financial institutions and endorsing some of them to suppliers before the bills are due for payment, and derecognising the bills discounted and endorsed on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Therefore, these bills receivables were measured at FVTOCI which are included in note 16.

(ii) The amount represented various environment protection deposits required under the relevant PRC regulation for fulfilling the environment obligation during the mining process and other deposits related to the mining operations of the Group.

The Group allows an average credit period of 7 days to its customers of iron ore concentrates and nickel ore and 30 days for building materials (2017: 7 days for iron ore concentrates and nickel ore). 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. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Within 7 days	**38,926**	85,560
8 days to 30 days	**96,409**	58,937
31 days to 90 days	**28,247**	71,374
91 days to 1 year	**532**	1,573
	164,114	217,444

According to the credit period policy of the Group, the trade receivables for sales to related and third parties on sales of iron ore concentrates, nickel ore and building materials which have an ageing over the credit period for sales of iron ore concentrates, nickel ore and building materials were regarded as past due.

Ageing of trade receivables which are past due but not impaired is analysed as follows:

	31/12/2017
	RMB'000
Related parties	
8 days to 90 days	90,600
91 days to 1 year	1,573
	92,173
Third parties	
8 days to 90 days	39,711

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. As at 31 December 2017, the Group did not provide any allowance on the remaining past due receivables due from related parties and third parties as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience and settlements collected subsequent to the year end date. The Group does not hold any collateral over these balances. The related parties are those controlled by Ms. Yang Min and Mr. Yang Jiye, who are the Controlling Shareholders of the Group, and have a long history of business transactions with the Group. Settlements are collected on a regular basis. The management is closely monitoring the settlement position and considered those receivables are still considered collectible.

When the trade receivables become due, certain of the Group's customers would arrange settlement by issuing bills to the Group. The Group would then analyse its working capital needs, and consider certain amount of which to be discounted to the banks as to obtain immediate funding for the Group's general working capital purpose or to endorse the bills to settle the Group's trade payables.

As at 31 December 2017, the Group's bills receivables were issued by banks with the following maturity.

	31 December 2017 *RMB'000*
Within 6 months	293,072
6 months to 1 year	130,000
	423,072

As at 31 December 2017, the Group's bills receivables were issued by banks with the following ageing based on issue date of the bills.

	31 December 2017 *RMB'000*
Within 6 months	348,072
6 months to 1 year	75,000
	423,072

As at 31 December 2017, included in the Group's bills receivables were amounts of RMB245,164,000 being transferred to certain banks by discounting the bills on a full recourse basis. If the bills receivables were not paid on maturity, the banks had the right to request the Group to pay the unsettled balance. As the Group had not transferred the significant risks and rewards relating to the bills receivables, it continued to recognise the full carrying amount of the bills receivables and had recognised the cash received as bank borrowings from discounting of the bills receivables with full recourse. The financial asset was carried at amortised cost in the consolidated statement of financial position. Such bills of the Group had been pledged as securities for obtaining the bank borrowings as at 31 December 2017.

Movement of the allowance for doubtful debts on trade receivable for the year ended 31 December 2017

	2017
	RMB'000
1 January	182
Eliminated upon transfer to assets classified as held for sale	(182)
31 December	–

Movement of allowance for doubtful debts on other receivables for the year ended 31 December 2017

	2017
	RMB'000
1 January	9,931
Eliminated upon transfer to assets classified as held for sale	(2,378)
31 December	7,553

Movement of allowance on other receivables for the year ended 31 December 2018 under IFRS 9

	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2017 under IAS 39	–	7,553	7,553
Adjustment upon application of IFRS 9	362	–	362
As at 1 January 2018 – As restated	362	–	7,915
– Impairment losses recognised	–	406	406
As at 31 December 2018	362	7,959	8,321

16. RECEIVABLES AT FVTOCI

	31 December 2018 *RMB'000*
Receivables at FVTOCI comprise:	
Bills receivables *(note)*	**275,014**

Note: Included in the Group's bills receivables are amounts of RMB275,014,000 transferred to certain banks by discounting the bills on a full recourse basis. If the bills are not paid on maturity, the banks and 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 cash received as bank borrowings from the discounting of the bills with full recourse. The financial asset is carried at fair value in the consolidated statement of financial position. Certain receivables at FVTOCI of the Group discounted had been pledged as securities for obtaining the bank borrowings.

As at 31 December 2018, the Group's receivables at FVTOCI were bills receivables with the following maturity.

	31 December 2018 *RMB'000*
Within 6 months	**162,466**
6 months to 1 year	**112,548**
	275,014

As at 31 December 2018, the Group's receivables at FVTOCI were bills receivables with the following ageing based on issue date of the bills.

	31 December 2018 *RMB'000*
Within 6 months	**140,805**
6 months to 1 year	**134,208**
	275,014

17. TRADE, BILLS AND OTHER PAYABLES

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade payables		
Related parties	**3**	357
Third parties	**12,401**	25,602
	12,404	25,959
Bills payables	**420,000**	28,500
	432,404	54,459
Other payables		
Refundable deposits received *(note a)*	**–**	235,227
Payable for acquisition of property, plant and equipment	**27,570**	75,451
Other tax payables	**28,739**	44,252
Loans from independent third parties *(note b)*	**–**	20,274
Outsourced service payable	**31,606**	14,569
Payable for mining rights	**–**	13,764
Accrued expenses	**8,398**	7,975
Salary and bonus payables	**7,101**	6,788
Transportation fee payable	**6,125**	6,609
Payable for acquisition of prepaid lease payments	**–**	6,243
Interest payable	**1,462**	1,644
Advance from customers	**–**	127
Others	**21,652**	16,705
	132,653	449,628
Total trade, bills and other payables	**565,057**	504,087

Notes:

(a) The refundable deposits included mainly the interest-free earnest deposit of RMB230,000,000 received in respect of the Group's proposed disposal of Xingzhou Mining as at 31 December 2017. The deposits had been settled as part of the consideration upon the completion upon the disposal during the year ended 31 December 2018.

(b) The loans were advanced by the independent third parties to KS and KKU, which were unsecured, interest-free and repayable on demand. The loans were provided to the Group in order to support the resumption of the Group's Nickel Business in Indonesia during the year ended 31 December 2017. Such amount was reclassified to liabilities associated with assets classified as held for sale as at 31 December 2018.

Payment terms with suppliers are mainly on credit within 90 days (2017: 90 days) from the time when the goods are received from suppliers. The following is an aged analysis of trade payables based on the date of the goods received at the end of the reporting period.

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Within 90 days	**8,393**	13,307
91 days to 1 year	**2,473**	10,385
1 year to 2 years	**609**	971
2 years to 3 years	**606**	439
Over 3 years	**323**	857
	12,404	25,959

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

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Within 6 months	**20,000**	14,000
6 months to 1 year	**400,000**	14,500
	420,000	28,500

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

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Within 6 months	**400,000**	17,500
6 months to 1 year	**20,000**	11,000
	420,000	28,500

18. BORROWINGS

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Bank loans	**1,108,500**	1,579,454
Other loans *(note a)*	**–**	27,853
	1,108,500	1,607,307
Secured and guaranteed	**752,500**	817,053
Secured and unguaranteed	**288,000**	610,254
Unsecured and guaranteed	**68,000**	180,000
	1,108,500	1,607,307
Fixed-rate	**1,108,500**	1,579,454
Floating-rate	**–**	27,853
	1,108,500	1,607,307
Carrying amount repayable *(note b)*:		
Due within one year	**1,108,500**	1,151,887
More than one year, but not more than two years	**–**	455,420
	1,108,500	1,607,307

Notes:

(a) It represents loans advanced from a government authority for purchase of mining rights. The loan carried interest at the benchmark interest rate issued by the People's Bank of China and was repayable within five years. Such loans had been all settled during the year ended 31 December 2018.

(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:

	2018	2017
	%	%
Fixed-rate borrowings	**5.66-6.09**	4.35-6.09
Floating-rate borrowings	**–**	4.75

The unsecured bank borrowings of approximately RMB68,000,000 (2017: RMB180,000,000) at 31 December 2018 were jointly and severally guaranteed by the Controlling Shareholders of the Group and the companies controlled by them.

Save as the assets pledged as security for bank borrowings, the Controlling Shareholders, together with the companies controlled by them, provided guarantee to secured bank borrowings of the Group of approximately RMB752,500,000 (2017: RMB690,000,000).

19. SHARE CAPITAL

The amount as at 31 December 2018 and 2017 represented the issued share capital of the Company. Details of movement of share capital of the Company are as follows:

	Number of shares		**Share capital**	
	2018	2017	**2018**	2017
	'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**	
	2018	2017	**2018**	2017
	'000	*'000*	***RMB'000***	*RMB'000*
Issued and fully paid				
At beginning of year	**1,830,000**	1,830,000	**149,137**	149,137
Shares repurchased and cancelled	**(2,171)**	–	**(177)**	–
At end of year	**1,827,829**	1,830,000	**148,960**	149,137

All shares in issue rank pari passu in all respects.

During the year, the Company repurchased its own ordinary shares through the Stock Exchange and then cancelled as follows:

Month of repurchase in 2018	No. of ordinary shares of HKD0.10 each	Price per share Highest	Lowest	Aggregate consideration paid
		RMB	*RMB*	*RMB'000*
July	966,000	0.83	0.77	793
December	1,205,000	0.80	0.77	947
	2,171,000			1,740

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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

Shenyang, the PRC, 27 March 2019

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