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罕王
HANKING

CHINA HANKING HOLDINGS LIMITED
中國罕王控股有限公司

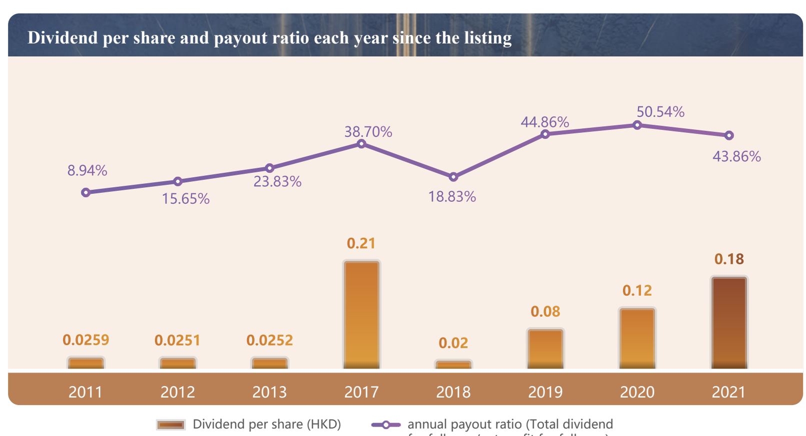
(incorporated in the Cayman Islands with limited liability)

(Stock code: 03788)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS HIGHLIGHTS *NOTES*

1. Significant increase of 74.55% in profit for the year, with a proposed dividend of HKD0.12 per Share



The profit for the year of the Group in 2021 increased significantly to RMB659,403,000, representing a year-on-year increase of RMB281,631,000 or 74.55%. This was attributable to the increase in the gross profit of high-purity iron per metric ton and the increase in the gross profit of iron ore concentrates per metric ton due to the rise in the average selling price in 2021, as well as the continued value creation through technological innovation and extension of the value chain of the Company.

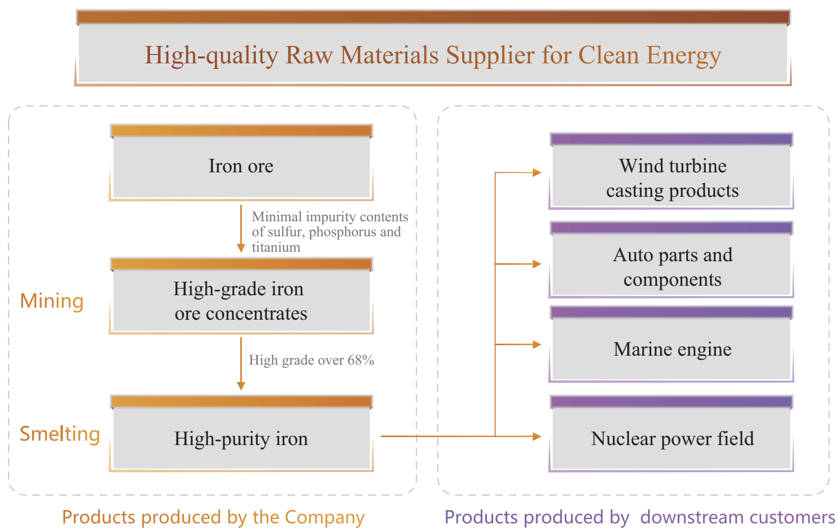
Notes:

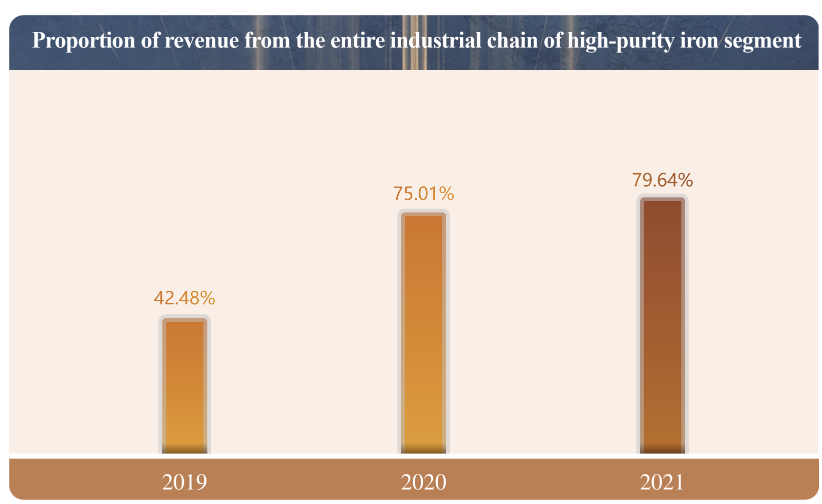
1. *In this announcement, cost data (being information which is not required to be disclosed under the International Accounting Standards) has not been reviewed by the auditor of the Company.*
2. *Due to rounding, numbers presented throughout this announcement may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

According to the "Dividend Distribution Plan for Shareholders for the Next Three Years (2020-2022)" of the Company, the Company's profit distribution is made in the form of interim and annual distributions, with the amount of dividends accounting for not less than 30% of the Group's total net profit for the period. The Board recommended the payment of a final dividend of HKD0.12 per share for the year ended 31 December 2021 to shareholders. For ten years since its listing, the dividend paid by the Company amounted to HKD1,288 million (including the final dividend of 2021), exceeding the total proceeds of HKD828 million from IPO.

2. Become a new energy material supplier of wind power with high quality iron ore concentrates

In 2021, the sales revenue of the Company's high-purity iron business increased to RMB2,489,976,000, representing a year-on-year increase of RMB482,698,000 or 24.05%, and accounting for 79.64% of the Group's total revenue. Benefiting from self-produced high-quality iron ore concentrates and the accumulation of smelting technology, the ductile casting iron produced by the Group have excellent performance and 85% or more of the products are sold to downstream wind power casting enterprises, transforming the Company from a bulk resource manufacturer to a new energy material supplier. The extension of the business value chain has both increased the overall results of the Group and helped to balance the risk of fluctuations resulted by the price cycle of bulk products in the Group's operating.





3. Gold resources have increased significantly and boosted 6% increase in recovery rate of processing

Through exploration, resources of the Mt Bundy Gold Project, the core asset of the Company's gold business, increased by about 67% to over 3 million ounces as compared to that of 2018 when acquisition was made; reserves increased by approximately 703% to over 1.4 million ounces and has become one of the largest reserves and lowest strip ratio (1.55:1) untapped open-pit mines in Australia, and was awarded as a "major project" by the Northern Territory Government of Australia.

Through innovations in the gold processing process, the recovery rate of processing of the Rustlers Roost open-pit gold deposit, the core project of the Mt Bundy Gold Project, has increased from 85% to 91%; the high recovery rate of gold will reduce the operating cost per ounce by approximately 4%, and increase the total gold production by approximately 4%.

4. Safety and Environmental Protection

The Group has always adhered to the principles of "safety, harmony and green" and always attaches great importance to safety and environmental protection in its corporate governance. The Group operated safely with no fatality, casualty, environmental pollutions, occupational morbidity or fire occurred for five consecutive years.

MAJOR FINANCIAL DATA AND INDICATORS

	For the year ended 31 December		
	2021	2020	Change
Revenue (RMB thousand)	**3,126,648**	2,675,912	16.84%
Profit for the year (RMB thousand)	**659,403**	377,772	74.55%
Earnings per share (RMB cent)	**33.9**	20.8	62.98%
Final dividend (HKD per share)	**0.12**	0.08	50.00%
Net margin	**21.09%**	14.12%	up 6.97 percentage points
Return on net assets	**48.27%**	38.17%	up 10.10 percentage points

The board (the "**Board**") of directors (the "**Directors**") of China Hanking Holdings Limited (the "**Company**" or "**Hanking**" and its subsidiaries, the "**Group**") hereby announced the audited consolidated results of the Group for the year ended 31 December 2021 (the "**2021 Annual Results**"). The 2021 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 22 March 2022.

OPERATION REVIEW

1. Summary of the Company's Business

The Group upholds the core value of "people-first and business integrity", adheres to the principles of "safety, harmony and green", and strives to perform the enterprises' social responsibilities.

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

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

- ***Gold Business in Australia***

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

2. High-purity Iron Business

(1) Industry situation

In 2021, the increased on-grid installed capacity of wind power in China was 47.57GW, representing a year-on-year decrease of 34%. In particular, offshore wind power sprung up, with annual increased installed capacity of 16.90GW, representing a year-on-year increase of 452%. The newly installed capacity of onshore wind power was 30.67GW, representing a year-on-year decrease of 55%. With the continuous reduction in the cost of wind machines, the wind power industry has entered a rapid growth stage. In 2021, China's total installed capacity of the offshore wind power ranked first in the world. During the period of 14th Five-Year Plan, the installed capacity of the offshore wind power is expected to increase. According to the plan, the increase in the installed capacities of offshore wind power in Jiangsu, Guangxi, Guangdong, Zhejiang, Tianjin and Shandong during the period of the 14th Five-Year Plan will reach 43.28GW, 5.25 times as compared with 8.25GW of the increased installed capacities of offshore wind power during the period of the 13th Five-Year Plan.

(2) Operation status

The product mix of the Group's high-purity iron business is mainly wind power ductile casting iron, supplemented by other ductile casting irons. This benefits from the advantages of raw materials and production process possessed by the Group.

1) Raw material guarantee

Firstly, the grade of iron ore concentrates produced by the Group's own mines is over 68%, with low contents of impurities such as sulfur, phosphorus and titanium, which guarantees the quality of the high-purity iron produced from the source.

2) High technology

Hanking D.R.I. (a subsidiary of the Company) was granted national patents and was qualified as a national high and new technology enterprise (國家高新技術企業) and shall be eligible to pay enterprise income tax at a preferential rate of 15%. The ductile casting iron produced by the Company's self-developed patent technology is able to replace foreign imported products, and 85% or more is sold to domestic wind turbine casts enterprises. The pig iron used for low TI upgraded wind power type ductile casting is recognized as "technologically advanced" products by Liaoning Provincial Industry and Informatization Department.

3) Quality assurance

With the long-term stable product quality and the reputation accumulated in the industry for many years, Hanking D.R.I. has many large customers who have been cooperating with us for more than five years, and has formed a production mode of "production based on sales". According to the different percentages of trace elements in products, the products of the Company are subdivided into 52 categories, and according to the customer's order requirements, the Company carries out whole process testing of trace element indexes covering from the initial raw materials, the semi-finished products at the production stage, to the final products, and establishes a routine mechanism for the verification of different analysis methods of trace elements to ensure the precision of pig iron determination and the quality of pig iron delivered from the factory. The passing rate of pig iron delivered from the factory during the year reached 100%.

Table 1 – Operation breakdown of high-purity iron business

	For the year ended 31 December		
	2021	2020	Change
Sales volume (thousand metric tons)	**614**	651	-5.68%
Average selling price (RMB per metric ton)	**4,056**	3,085	31.47%
Average cost of sales (RMB per metric ton)	**3,470**	2,569	35.07%
Revenue (RMB thousand)	**2,489,976**	2,007,278	24.05%
Gross profit (RMB thousand)	**359,768**	335,605	7.20%
Gross margin	**14.45%**	16.72%	Down 2.27 percentage points

In 2021, after adjusting the production plan due to the power limitation, the Company produced 583,000 metric tons of high-purity iron for the year, representing a decrease of 57,000 metric tons or 8.91%, as compared to that of the previous year. In 2022, with the production capacity increase of two smelting blast furnaces, the Company planned to produce 800,000 metric tons of high-purity iron.

With the decrease in output, the Company communicated deeply with its long-term customers to understand their inventories and to meet their demands by arranging supply management in a planned manner. In 2021, the sales volume of high-purity iron was 614,000 metric tons, representing a decrease of 37,000 metric tons or 5.68%, as compared to that of the previous year, among which, the sales volume of wind power iron accounted for approximately 85.10% of the total sales volume. We have become the largest supplier in the wind power ductile casting iron market in China. In terms of downstream customers of the Company, apart from domestic enterprises producing wind turbine casts in China, there are also parts and components manufacturers for high-end equipment such as automobiles, marine engine and nuclear equipment.

In recent years, the Company is actively exploring to expand the production capacity of high-purity iron products. On 12 November 2020, the Company and the shareholders of Emerald Planet Holdings Limited (the "**Target Company**", together with its subsidiaries, collectively the "**Target Group**") (the "**Vendors**") entered into an agreement for acquisition , pursuant to which the Company conditionally agreed to acquire the entire issued share capital of the Target Company at a consideration of HKD224 million. The Target Company indirectly holds 100% equity interests in Benxi Yuqilin New Materials Company Limited (本溪玉麒麟新材料有限公司) ("**Benxi Yuqilin**"). It is agreed in the acquisition agreement that an amount of RMB100 million of the debt balance of the Target Group will be served as the guarantee for the profit commitment given to the Company. The Vendors have undertaken to the Company that the audited consolidated net profit attributable to the equity holders of Benxi Yuqilin, for the year ended 31 December 2021 shall be equal to or not less than RMB50 million ("**Profit Commitment**"). Details are set out in the announcement of the Company dated 12 November 2020. As at 31 December 2021, upon the preliminary examination, the Profit Commitment of Benxi Yuqilin has been achieved.

For the year ended 31 December 2021, capital expenditures of the high-purity iron business amounted to RMB42,568,000 (2020: RMB158,887,000), mainly for expenditures of property, plant and equipment.

3. Iron Ore Business

(1) Industry situation

As an important raw material for infrastructure facilities, fluctuations in the supply and demand of iron ore have long been subject to both macroeconomic and policy influences. In 2021, under the combined influence of various factors such as global economic recovery, low supply elasticity of the industry and resilience of the demand side, the overall iron ore futures prices showed a pattern of "rising in fluctuation – falling from a high level – stabilizing and rebounding". In May 2021, iron ore spot prices once rose above RMB1,600 per metric ton, reaching a record high.

In 2021, China imported a total of 1,124,315,000 metric tons of iron ore, down 3.9% year-on-year, but the import value increased by RMB338.52 billion or 39.6%, to RMB1.2 trillion. In February 2022, the "Guidance on Promoting High-Quality Development of the Iron and Steel Industry" jointly issued by the Ministry of Industry and Information Technology, National Development and Reform Commission, and Ministry of Ecology and Environment emphasized the need to strengthen the basic guarantee capacity of domestic mineral resources, promote the development of key domestic mining resources, support the construction of intelligent mines and green mines, strengthen the standardized management of the iron ore industry, and establish iron ore production capacity reserve and mineral land reserve system.

(2) Operation Status

Smart Mine System

The iron mining subsidiary of the Company has joined hands with the network technology company and the state key laboratory in the university to carry out smart mine construction for nearly three years. The smart mine system consists of an industrial internet of things system (whole process intelligent control system, personnel and vehicle positioning system, six underground safety systems, tailing pond safety monitoring system, etc.), an intelligent operation management decision and control integration system, an enterprise resource planning system (ERP) and a business intelligence (BI) system, which realize horizontal and vertical deep integration and intelligence of mine business and lead the mining industry to develop in the direction of high efficiency, greenization and intelligence.

Through continuous technical transformation and management upgrade, both Maogong Mine and Aoniu Mine of the Company have been awarded the title of “National Green Mine” in China . Our subsidiaries engaged in iron ore business have been awarded the titles of “Professional, Advanced and Specialised New Enterprise” in Liaoning Province, “Provincial Enterprise Technology Center” in Liaoning Province, “High and New Technology Enterprise” at the national level, and “Technology Innovation Center for Comprehensive Utilisation of Iron Ore Resources” in Liaoning Province.

In 2021, the Group’s iron ore concentrate output and sales volume decreased due to the closure of the ramp in Maogong Mine, but through the smart mine construction to improve management efficiency, the Group was able to control the average cash operating cost of iron ore concentrate per metric ton to RMB374 (2020: RMB331), representing an increase of RMB43 per metric ton or 12.99% as compared with that for the corresponding period of last year, mainly due to the increase in taxes per metric ton as a result of the increase in selling price of iron ore concentrate per metric ton. Benefiting from the overall increase in iron ore prices and the additional price increase from downstream customers due to the high quality of the Company’s iron ore concentrates, the average selling price of the Group’s iron ore concentrates was RMB1,200 per metric ton (2020: RMB819 per metric ton), representing an increase of RMB381 per metric ton or 46.52% as compared with that for the corresponding period of last year.

Table 2 – Cash operation costs of the iron ore business

	For the year ended 31 December		
	2021	2020	Change
	(RMB/metric ton of iron ore concentrate)	*(RMB/metric ton of iron ore concentrate)*	
Mining	**167**	166	0.60%
Processing	**70**	67	4.48%
Transportation	**21**	21	0.00%
Tax Note 1	**74**	49	51.02%
Mine management Note 2	**42**	28	50.00%
Total	**374**	331	12.99%

Note 1: The increase in selling price of iron ore concentrate per metric ton resulted in the increase in taxes per metric ton.

Note 2: The decrease in iron ore concentrate production resulted in an increase in fixed expenses apportioned to the iron ore concentrate per metric ton.

Table 3 – Operation breakdown of iron ore business

	For the year ended 31 December		
	2021	2020	Change
Output of iron ore concentrates (thousand metric tons)	**1,052**	1,483	-29.06%
Sales volume of iron ore concentrates (thousand metric tons)	**1,087**	1,462	-25.65%
Revenue (RMB thousand)	**1,304,377**	1,196,907	8.98%
Average selling price (RMB per metric ton)	**1,200**	819	46.52%
Average cost of sales (RMB per metric ton)	**428**	401	6.73%
Gross profit (RMB thousand)	**839,776**	610,208	37.62%
Gross margin	**64.38%**	50.98%	Up 13.40 percentage points

For the year ended 31 December 2021, the capital expenditure of iron ore business was approximately RMB126,022,000 (2020: RMB136,517,000), mainly representing expenditure for plants, machines and equipment and properties. The capital commitment amounted to approximately RMB44,311,000 (2020: RMB7,969,000).

3. *Resources and reserves*

Exploration activities

The iron ore resources of the iron ore business of the Company are situated at the well-known iron ore metallogenic belt of Anshan to Benxi where iron ore resource is rich and in good quality. Therefore, the Company is committed to identifying new ores in the existing mines and surrounding areas in order to have high quality resources at a lower cost. In 2021, the Company's iron ore business integrated geological technicians from various mines, formed a geological exploration project department and adopted a new direction and measures for the identification of mines. At the beginning of May 2021, the Company started to carry out deep engineering control and anomaly verification at Shangma Mine. 38 drill holes were completed by the end of December, and a new breakthrough was made in discovering valuable hidden ore bodies at its depth. At present, the extension and depth of some of the ore bodies have been roughly controlled, and the mineralization pattern in the area has been initially summarised, which provides a basis for guiding the deep identification of the mining area and its periphery, and predicts that the magnetic anomaly zone in the mining area still has a very considerable potential for mineralization. In 2022, the Company will continue to focus on geological exploration work in the Shangma and Maogong mining areas and continue to promote the calculation of resources based on the existing exploration results.

As of the end of 2021, the Group owned approximately 96,190 thousand metric tons of iron ore resources.

Table 4 – Iron ore resources as at the end of 2021

Mines	**Indicated**		**Inferred**		**Total**	
	Metric ton	**TFe (%)**	**Metric ton**	**TFe (%)**	**Metric ton**	**TFe (%)**
Aoniu Mine	12,983,099	32.45	20,476,550	31.80	33,459,649	32.05
Maogong Mine	16,253,150	34.70	16,352,560	35.20	32,605,710	34.95
Shangma Mine	16,575,310	31.77	13,552,060	31.12	30,127,370	31.48
Total	45,811,559 [1]	33.00	50,381,170 [2]	32.72	96,192,729	33.02

[1] The resources amount includes 22,270,759 metric tons of the resources amount which does not show on the mining licenses.

[2] The resources amount includes 30,811,630 metric tons of the resources amount which does not show on the mining licenses.

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

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

As of the end of 2021, the Group owned approximately 23,540 thousand metric tons of JORC Code iron ore reserves.

Table 5 – Iron ore reserves as at the end of 2021

Mines	**Resources category**	**Increased amount for 2021 (metric ton)**	**Reserves at the end of 2021 (metric ton)**	**TFe (%)**
Aoniu Mine	Probable Ore Reserve	286,260	1,619,060	32.46
Maogong Mine	Probable Ore Reserve	0	9,192,410	33.49
Shangma Mine	Probable Ore Reserve	0	12,729,330	31.18
Total	Probable Ore Reserve	286,260	23,540,800	32.17

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

4. Gold Business in Australia

(1) Industry situation

In 2021, gold prices started the year with a decline and fell below USD1,700 per ounce in the first quarter and have since fluctuated at the USD1,800 level due to a combination of factors such as global monetary policy, inflation levels, the degree of economic recovery and global pandemic affecting gold prices. On 31 December 2021, the most actively traded contract for NYMEX gold futures closed at USD1,828.6 per ounce, down approximately 3.5% from the year-end close in 2020. Higher inflationary expectations and a tense geopolitical situation pushed gold prices higher into 2022.

Hanking Australia is the Company's established gold mineral development and investment platform in Australia and currently owns the PGO Project, which was acquired in 2018. The PGO Project consists of the Mt Bundy Gold Project in the Northern Territory and the Coolgardie Gold Project in Western Australia.

(2) Operation status of Mt Bundy Gold Project

As the core asset of the gold business, the Company implemented extensive exploration on the Mt Bundy Gold Project in 2021 with significant results: a 67% increase in gold resources to over 3 million ounces as compared to that of the time when acquisition was made; and a 703% increase in reserves to over 1.4 million ounces. The project has become one of the largest reserves and lowest strip ratio (1.55:1) untapped open-pit mines in Australia. And, new drilling has shown a high probability of locally locating high-grade ore bodies on the mineralized zone of the project, and Hanking Australia is in the process of designing additional and extended drilling. The project was awarded as a "major project" by the Northern Territory Government in 2021, demonstrating the scale of the project and the importance and strong government support for the project.

Development preparations for the mines under the Mt Bundy Gold Project are also advancing simultaneously. The environmental impact assessment for the gold mining deposit of Tom's Gully Project has been approved and is in the approval process for the mine operation plan. The flagship Rustlers Roost and the satellite Quest 29 open-pit gold deposits of the Mt Bundy Gold Project are in the final stages of environmental impact assessment approval. The definitive feasibility study for the Rustlers Roost deposit completed an important part of the process; with continued optimization of the processing process, the recovery rate of processing was increased from 85% in the pre-feasibility study stage to 91%. This will result in a less than 1% increase in project capital expenditure, but will reduce operating costs per ounce of gold by approximately 4% and increase gold output by approximately 4%, significantly improving the overall economic value of the project. Mine development preparations are also being carried out simultaneously, including the construction of a new bridge, the application of the drainage system and the maintenance of transportation roads.

(3) Sale of Coolgardie Gold Project

The Company acquired the project in 2018 with an initial investment cost of AUD3.8 million. Since the acquisition, the Company has invested approximately AUD2.0 million in exploration and other activities, increasing the project's gold resource by 73% from 200,000 ounces to 340,000 ounces, and has obtained all approvals for mine production. On 23 August 2021, the Company sold the project to an independent third party at a consideration of AUD14.0 million, resulting in a gain on disposal of approximately AUD7.7 million. This transaction further demonstrates the Company's ability to create value for shareholders through exploration and allows our Australian team to focus on our core asset, the Mt Bundy Gold Project.

For the year ended 31 December 2021, the capital expenditure of the gold business was RMB64,639,000 (2020: RMB29,626,000), which was mainly used in the exploration and development of the gold mines.

4. Resources and reserves

As of the end of 2021, the Group had JORC Code resources of approximately 3.006 million ounces of gold at an average grade of 0.9 gram/ton and reserve of approximately 1.405 million ounces of gold at an average grade of 1.0 gram/ton.

Table 6 – Gold mine resources as at the end of 2021

	Indicated			Inferred			All Resources		
	Tonnes *(Mt)*	Grade *(g/t Au)*	Contained Metal *(Koz Au)*	Tonnes *(Mt)*	Grade *(g/t Au)*	Contained Metal *(Koz Au)*	Tonnes *(Mt)*	Grade *(g/t Au)*	Contained Metal *(Koz Au)*
Mt Bundy Project									
Rustlers Roost	63.4	0.8	1,533	28.4	0.5	491	91.9	0.7	2,023
Quest 29	8.3	1.0	261	5.9	1.1	207	14.2	1.0	468
Tom's Gully	2.3	6.3	459	0.3	6.1	55	2.5	6.3	514
Total	74	0.9	2,253	35	0.7	753	109	0.9	3,006

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

Table 7 – Gold mine reserves as at the end of 2021

	Resource Category	Tonnes *(Mt)*	Grade *(g/t Au)*	Contained Metal *(Koz Au)*
Mt Bundy Project				
Rustlers Roost	Probable	42.1	0.8	1,130
Quest 29	Probable	2.8	1.1	100
Tom's Gully	Probable	0.8	6.9	175
Total	Probable	**45.7**	**1.0**	**1,405**

5. *Share Option Scheme*

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

On 27 April and 10 December 2020, Hanking Australia granted 3,950,000 and 1,800,000 options (the "**Options**"), respectively, to subscribe for 5,750,000 shares in the share capital of Hanking Australia (each an "**HA Share**") to certain employees of Hanking Australia (the "**Grantees**"). Among the Options, the exercise price for 2,950,000 Options is AUD0.286 per HA Share, the exercise price for 1,000,000 Options is AUD0.3 per HA Share and the exercise price for 1,800,000 Options is AUD0.39 per HA Share. The exercise price was determined and approved by the board of directors of Hanking Australia based on the recommendation of the independent tax adviser, the fair market price and the performance of the staff. The number of shares accounts for approximately 2.67% of the total share capital upon the exercise of the Options of Hanking Australia after the full exercise of the Options. The Options granted have an exercisable term of four years from the date of grant. As the shares of Hanking Australia are not publicly listed on any stock exchange as at the date of this announcement, no information with respect to the closing price of the shares of Hanking Australia is available. As at 31 December 2021, no Option granted had been exercised, cancelled or lapsed.

Subject to shareholders' approval, no Option may be granted to any person if the total number of HA Shares issued and to be issued upon the exercise of Options granted and to be granted under the Scheme and any other share option scheme of Hanking Australia to such grantee in any 12-month period exceeds 1% of the total issued HA Shares from time to time.

Subject to any specification at the time of grant of the Options, the Scheme does not contain any minimum period(s) for which an Option must be held before it can be exercised.

No amount is required to be paid by the Grantee for acceptance of an offer for the grant of an Option.

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

5. PROSPECT AND COUNTERMEASURES

Mineral resources are the cornerstones of the Group's business. In terms of domestic business, the Group will proceed with exploration in the existing mines and surrounding areas to continuously enhance the Group's high quality iron ore resources reserves; and continuously optimize its management through smart mine construction to solidify its competitive advantages in high quality and low cost. In 2022, the Group plans to produce 950,000 metric tons of iron ore concentrate to ensure the supply of raw materials for Hanking's high-purity iron business, and to continuously enhance the added value of iron ore concentrate products.

In 2022, the Group plans to produce 800,000 metric tons of high-purity iron, taking advantage of Hanking's resources, production capacity, technology and market advantages in the field of high-purity iron to expand the output and sales volume of high-purity iron, provide high quality raw materials for the wind power industry and explore customers in other high-end manufacturing fields. In the future, the Company will focus on other materials required by the new energy industry, including wind power, and conduct business around new energy materials.

In 2022, the gold business of the Group will proceed with exploration to increase the resources reserves of existing mines, and the Group will focus on the approval of environmental impact assessment, feasibility study and mine development and utilisation plan for the project.

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

SAFETY, ENVIRONMENTAL PROTECTION, EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2021, the Group had a total of 1,725 employees (as of 31 December 2020: a total of 1,576 employees). For the year ended 31 December 2021, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to approximately RMB185,798,000 (2020: RMB148,798,000). The change was mainly attributable to the increase in the number of employees of the Group upon the acquisition of Benxi Yuqilin and the reduction and exemption of the social insurance for the pandemic in 2020 according to the state policy but no reduction and exemption in 2021. Employee costs included basic salary, commission and bonus, housing allowance, pension, medical insurance, occupational injury insurance and other insurances required by the government. In accordance with the remuneration policy of the Company, the income of employees is related to the performance of individual employees and the operating performance of the Company. The Company carried out performance assessment to motivate employees, so as to enhance its operating performance. In order to improve the overall quality and professional skills of the employees, the Group has developed and implemented the Administrative System on Training.

For details on safety, environmental protection and employee development of the Group for the year 2021, please refer to the Environmental, Social and Governance Report of the Company for the year 2021 to be published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkexnews.hk and the Company's website at www.hankingmining.com.

FINANCIAL REVIEW

1. Revenue, Cost of Sales, Gross Profit

For the year of 2021, revenue from the Group was RMB3,126,648,000, representing an increase of RMB450,736,000 or 16.84% as compared to last year, mainly due to the fact that the selling price of high-purity iron in 2021 increased by approximately RMB971/metric ton as compared to last year, resulting in an increase in revenue of approximately RMB596,295,000 but the decrease of 37 thousand metric tons in sales volume of high-purity iron for the year affected by power rationing policy resulted in a decrease in revenue of approximately RMB113,597,000.

For the year of 2021, cost of sales incurred by the Group amounted to RMB1,911,303,000, representing an increase of RMB153,374,000 or 8.72% as compared to last year, mainly due to the increase in unit cost with the impact of the increase in price of raw materials of high-purity iron business.

For the year of 2021, gross profit of the Group was RMB1,215,345,000, representing an increase of RMB297,362,000 or 32.39% over last year. As compared to last year, gross margin of the Group increased from 34.31% to 38.87% in 2021.

Analysis on the revenue by major products

	For the year ended 31 December 2021 *RMB'000*				For the year ended 31 December 2020 *RMB'000*			
	Iron Ore Concentrates	**High-purity Iron**	**Others**	**Total**	Iron Ore Concentrates	High-purity Iron	Others	Total
Iron Ore Concentrates	**619,219**	**–**	**–**	**619,219**	640,168	–	–	640,168
High-purity Iron	**–**	**2,438,960**	**–**	**2,438,960**	–	1,975,469	–	1,975,469
Others	**3,230**	**44,086**	**21,153**	**68,469**	2,646	31,943	25,686	60,275
Total	**622,449**	**2,483,046**	**21,153**	**3,126,648**	642,814	2,007,412	25,686	2,675,912

Note: The above revenue was eliminated by the internal transactions among various segments. The internal transactions mainly included the purchase of iron ore concentrates by high-purity iron segment from iron ore segment. Such transations have been eliminated when consolidating the financial statements.

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

For the year of 2021, other income of the Group was RMB17,537,000, representing an increase of RMB7,978,000 or 83.46% over last year. Other income mainly represented interest income.

For the year of 2021, other losses of the Group were RMB14,474,000, representing a decrease of RMB8,155,000 or 36.04% over last year. The decrease was mainly attributable to the fact that the Group received gains of RMB35,950,000 as a result of disposal of the Coolgardie Gold Project in 2021. In addition, other business segments made provision for an impairment loss of long-term assets of RMB22,269,000 affected by operation condition. Other losses mainly consisted of the impairment loss of assets, foreign exchange losses, disposal gains or losses of available-for-sale financial assets, net gain from disposal of subsidiaries, net gain or loss from disposal of properties, plants and equipment, and other overheads, etc.

For the year of 2021, the expected credit loss of the Group was RMB2,865,000, representing a decrease of RMB2,214,000 or 43.59% as compared to last year, mainly due to the fact that the Group has, upon more due consideration, made provision for an impairment loss on receivables under expected credit loss model as affected by the pandemic in 2020.

3. **Distribution and Selling Expenses, Administrative Expenses**

For the year of 2021, the distribution and selling expenses of the Group were RMB105,893,000, representing a decrease of RMB28,148,000 or 21.00% as compared to last year, which was mainly due to 1) the decrease in sales volume of high-purity iron business of 37,000 metric tons as compared to last year resulted in a decrease of RMB19,449,000 in the distribution and selling expenses; and 2) the decrease in sales volume of iron ore concentrates of 375,000 metric tons as compared to last year resulted in a decrease of RMB8,505,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2021, the administrative expenses of the Group were RMB206,776,000, representing an increase of RMB13,391,000 or 6.92% as compared to last year. The increase was mainly attributable to the increase in economic compensation arising from dismission of employees due to suspending operation of Aoniu Mine. Administrative expenses included remuneration paid to the management and administrative staff of the Group, depreciation and amortization, leasing and office expenses, business development expenses, professional consultation and service expenses, taxation expenses, bank charges and others.

4. Finance Costs and Income Tax Expense

For the year of 2021, the finance costs of the Group were RMB78,419,000, representing a decrease of RMB7,686,000 or 8.93% as compared to last year. Finance costs included interest expenses on bank borrowing, discount expenses and other finance expenses. The decrease in finance costs for the year as compared to last year was mainly due to a decrease in interest expenses as a result of a decrease in borrowings.

For the year of 2021, the income tax expense of the Group was RMB153,440,000, representing an increase of RMB56,128,000 or 57.68% as compared to the income tax charge last year. Income tax expense included the total amount of current tax payable and deferred tax.

5. Profit for the Year and Total Comprehensive Income

Based on the aforesaid reasons, the profit for the year of the Group for the year of 2021 was RMB659,403,000, representing an increase of RMB281,631,000 or 74.55% as compared to last year.

Based on the profit for the year, and affected by the changes in fair values of financial assets measured at fair value through other comprehensive income and foreign currency translation etc., the total comprehensive income of the Group for the year of 2021 was RMB637,098,000, representing an increase of RMB251,675,000 or 65.30% as compared to last year.

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

As at 31 December 2021, the net value of property, plant and equipment of the Group was RMB896,022,000, representing a decrease of RMB61,086,000 or 6.38% as compared to the end of last year.

As at 31 December 2021, the inventories of the Group were RMB226,358,000, representing a decrease of RMB96,615,000 or 29.91% as compared to the end of last year, mainly due to the decrease in inventories of the high-purity iron segment.

As at 31 December 2021, the intangible assets of the Group were RMB391,217,000, representing a decrease of RMB8,989,000 or 2.25% as compared to the end of last year.

7. Trade and Other Receivables, Trade and Other Payables

As at 31 December 2021, trade receivables of the Group were RMB78,540,000, representing a decrease of RMB12,543,000 as compared to the end of last year.

As at 31 December 2021, other receivables of the Group were RMB159,346,000, representing an increase of RMB32,718,000 as compared to the end of last year.

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

As at 31 December 2021, bills receivables of the Group (bank acceptance bills) were RMB396,589,000, representing an increase of RMB310,343,000 as compared to the end of last year, of which undiscounted and unendorsed bank acceptance bills were RMB282,251,000. Such bills can be discounted at any time to satisfy the capital requirement.

As at 31 December 2021, trade payables of the Group were RMB128,021,000, representing an increase of RMB40,456,000 as compared to the end of last year. As at 31 December 2021, other payables of the Group were RMB293,539,000, representing an increase of RMB92,373,000 as compared to the end of last year, mainly attributable to the fact that consideration payable originally included in non-current liabilities has been adjusted to other payables in accordance with payment terms.

8. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2021 is set out below.

	For 12 months ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Net cash flows from operating activities	**1,003,573**	939,571
Net cash flows from investing activities	**(489,958)**	(497,179)
Net cash flows from financing activities	**(421,437)**	(301,262)
Net increase in cash and cash equivalents	**92,178**	141,130
Cash and cash equivalents at the beginning of the year	**181,244**	38,146
Effect of changes in foreign exchange rate on cash and cash equivalents	**6,069**	1,968
Cash and cash equivalents at the end of the year	**279,491**	181,244

The net cash inflow from operating activities during the year of 2021 was RMB1,003,573,000. The amount was mainly attributed to the profit before tax of RMB812,843,000, together with depreciation and amortization of RMB204,578,000, finance costs of RMB78,419,000 and the net change in working capital of RMB66,741,000, which were offset by the payment of income tax of RMB134,292,000.

For the year of 2021, the net cash outflow from investing activities amounted to RMB489,958,000. The amount mainly included the amount of RMB64,967,000 received from disposal of the Coolgardie Gold Project, the amount of RMB96,927,000 paid for the addition of plant and equipment as well as acquisition of properties in order to achieve expansion of production capacity and technological upgrade, the amount of RMB87,455,000 paid for the acquisition of intangible assets, the amount of RMB37,672,000 as payment for the purchase of right-of-use assets, the amount of RMB30,000,000 as payment for the investment in an associate and the net placement of borrowings and bills deposits of RMB258,943,000, etc..

For the year of 2021, the net cash outflow from financing activities was RMB421,437,000, which was mainly from the new bank borrowings of RMB453,900,000, the repayment of bank borrowings of RMB551,000,000, the settlement of loan interest of RMB77,715,000, the payment made for share repurchase of RMB9,567,000 and the payment of dividend of RMB215,343,000, etc..

9. Cash and Borrowings

As at 31 December 2021, the available cash and bank acceptance bills of the Group amounted to RMB561,742,000, representing an increase of RMB347,832,000 or 162.61% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

	31 December 2021	31 December 2020	Changes	
			Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Cash and bank balance	**279,491**	181,244	98,247	54.21%
Bank acceptance bills (undiscounted)	**282,251**	32,666	249,585	764.05%
Available cash and bank acceptance bills	**561,742**	213,910	347,832	162.61%

As at 31 December 2021, bills payables and borrowings of the Group amounted to RMB937,000,000 and RMB636,663,000, respectively, and the amount net of borrowings and bills deposits was RMB694,409,000, representing a decrease of RMB126,943,000 or 15.46% as compared to the end of the last year.

Breakdown of Borrowings and Bills Payables

	31 December 2021	31 December 2020	Changes	
			Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Borrowings – due within one year	**514,163**	591,000	-76,837	-13.00%
Borrowings – due after one year	**122,500**	142,763	-20,263	-14.19%
Subtotal	**636,663**	733,763	-97,100	-13.23%
Bills payables	**937,000**	707,900	229,100	32.36%
Total	**1,573,663**	1,441,663	132,000	9.16%
Less: borrowings and bills deposits	**879,254**	620,311	258,943	41.74%
Net borrowings and bills payables	**694,409**	821,352	-126,943	-15.46%

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 2020.

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group decreased from 64.29% as at 31 December 2020 to 58.85% as at 31 December 2021.

As at 31 December 2021, the net gearing ratio of the Group was 26.46%. The net gearing ratio is calculated by dividing net borrowings and bills payables net of borrowings and bills deposits as well as bank balance and cash by total equity.

11. Major Risks

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

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

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

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

12. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings and bills payables of the Group are secured by bank deposits, property, plant and equipment as well as right-of-use assets. As at 31 December 2021, the net carrying value of the pledged bank deposits, property, plant and equipment and right-of-use assets amounted to RMB879,254,000, RMB43,784,000 and RMB5,525,000, respectively.

As at 31 December 2021, the Group had no material contingent liabilities.

13. Capital Commitment

As at 31 December 2021, the capital commitment of the Group was RMB45,848,000, representing an increase of RMB26,754,000 or 140.12% as compared to last year. The capital commitment mainly consisted of the amount of RMB44,311,000 for the underground mining works of Shangma Mine and the amount of RMB354,000 for the exploration expense of the gold mine in Australia, etc..

14. Capital Expenditure

The Group's capital expenditure decreased from RMB332,438,000 in 2020 to RMB234,146,000 in 2021, representing a year-on-year decrease of 29.57%. Expenditure incurred in 2021 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB116,084,000; (ii) expenditure for intangible assets amounting to RMB76,272,000; and (iii) increase of RMB41,790,000 in right-of-use assets.

15. Significant Investments Held

As at 31 December 2021, the Group did not hold any significant investments.

16. Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 23 August 2021, the Company entered into a share sale agreement with Beacon Mining Pty Ltd (an independent third party), pursuant to which, the Company agreed to dispose and Beacon Mining Pty Ltd agreed to purchase 100% equity interests in MacPhersons Reward Pty Ltd (the project company for the Coolgardie Gold Project) held by the Company at a consideration of AUD14,000,000 (equivalent to RMB64,967,000) in total. The Group completed the disposal on 23 August 2021. The disposal gains of RMB35,950,000 was recognized as other gains and losses.

Save as aforesaid, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the year of 2021.

OTHERS

1. Dividend

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

1. Principle of Formulation

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

2. Formulation of Dividend Plan

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

3. Forms of Profit Distribution

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

The Board recommended the payment of the final dividend for the year ended 31 December 2021 to the shareholders of the Company, with HKD0.12 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, 26 May 2022. It is expected that the final dividend will be paid to the shareholders by 15 June 2022.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Thursday, 26 May 2022. The register of members of the Company will be closed from Thursday, 19 May 2022 to Thursday, 26 May 2022 (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 2022 annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 18 May 2022.

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 Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be registered. For unregistered shareholders who wish to be eligible to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 1 June 2022. Shareholders whose names appear on the register of members of the Company on Wednesday, 8 June 2022 will be entitled to receive the final dividend.

3. Management Contracts

For the year ended 31 December 2021, there is no contract entered into by the Company relating to its management and administration or subsisting during the year which is substantial to the entire or any part of the business of the Group.

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

For the year ended 31 December 2021, the Company or its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

5. Restricted Share Award Scheme

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

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

As of the date of this announcement, the trustee, as instructed by the Board, purchased a total of 23,889,000 Shares on the market at a total consideration of HKD37,934,630. The trustee holds these Shares pursuant to the rules of the scheme and the terms of the deed of trust.

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

6. Non-competition Agreement Compliance

The Company signed a non-competition agreement (the "**Non-Competition Agreement**") with the controlling shareholders on 16 June 2011. In accordance with the Non-Competition Agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether to exercise such option and pre-emptive right, as well as entitled to conduct annual review of implementation of the agreement on behalf of the Company. During the year of 2021, each controlling shareholder of the Company has made annual confirmation of compliance with the Non-Competition Agreement, and the independent non-executive Directors of the Company have also reviewed the implementation of the Non-Competition Agreement, and confirmed that the controlling shareholders of the Company have fully abided by the agreement without any breach of the agreement.

7. Compliance with Corporate Governance Code

Save as disclosed herein, during the period from 1 January 2021 to 31 December 2021, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, meanwhile, the Company has complied with most of the best practices as recommended therein.

With effect from 20 March 2018, Mr. Yang Jiye, the chairman of the Board, has assumed the role of CEO and President of the Company. Although this is not in compliance with the requirements under code provision C.2.1 (the former 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. As required under the decision-making framework of the Company, all significant decisions shall be made by all Directors to ensure the balance of power and authority. The Company will decide whether to appoint another person as the CEO based on the business operation if and when appropriate.

8. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

9. Significant Legal Proceedings

For the year ended 31 December 2021, the Group has not been involved in any significant legal proceedings or arbitration. To the knowledge of the Directors, there are no significant legal proceedings or claims pending or threatened.

10. Audit Committee

The Audit Committee has reviewed the announcement for 2021 Annual Results and the consolidated financial statements for the year ended 31 December 2021 of the Company.

11. Auditor

The consolidated financial statements for the year ended 31 December 2021 have been audited and agreed by Deloitte Touche Tohmatsu with unqualified opinion.

12. Publication of Annual Report

The 2021 annual report of the Company containing all applicable information required by the Listing Rules 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 2021

		Year ended 31 December	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
Revenue	*4*	**3,126,648**	2,675,912
Cost of sales		**(1,911,303)**	(1,757,929)
Gross profit		**1,215,345**	917,983
Other income	*5*	**17,537**	9,559
Other gains and losses	*6*	**(14,474)**	(22,629)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*7*	**(2,865)**	(5,079)
Distribution and selling expenses		**(105,893)**	(134,041)
Administrative expenses		**(206,776)**	(193,385)
Research and development expenses		**(7,955)**	(11,219)
Share of results of an associate		**(3,657)**	–
Finance costs	*8*	**(78,419)**	(86,105)
Profit before tax	*9*	**812,843**	475,084
Income tax expense	*10*	**(153,440)**	(97,312)
Profit for the year		**659,403**	377,772

		Year ended 31 December	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(23,474)**	7,651
Reclassification of cumulative translation reserve upon disposal of a foreign operation to profit or loss		**1,169**	–
Other comprehensive (expense) income for the year		**(22,305)**	7,651
Total comprehensive income for the year		**637,098**	385,423
Profit (loss) for the year attributable to:			
Owners of the Company		**658,957**	379,440
Non-controlling interests		**446**	(1,668)
		659,403	377,772
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**637,460**	386,802
Non-controlling interests		**(362)**	(1,379)
		637,098	385,423
Basic earnings per share (RMB cent per share)	*13*	**33.9**	20.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTES	**31 December 2021** *RMB'000*	31 December 2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**896,022**	957,108
Goodwill		**209,132**	209,132
Intangible assets		**391,217**	400,206
Right-of-use assets		**204,861**	196,445
Interests in an associate		**26,343**	–
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,150**	3,221
Deferred tax assets		**15,077**	19,694
Deposits on acquisition of property, plant and equipment		**7,939**	7,083
Restricted deposits		**37,590**	38,049
Pledged bank deposits		**20,000**	50,000
		1,810,331	1,880,938
Current assets			
Inventories		**226,358**	322,973
Trade and other receivables	*14*	**237,886**	217,711
Receivables at FVTOCI	*15*	**396,589**	86,246
Financial assets at FVTPL		**1,000**	–
Pledged bank deposits		**859,254**	570,311
Bank balances and cash		**279,491**	181,244
		2,000,578	1,378,485
Current liabilities			
Trade, bills and other payables	*16*	**1,358,560**	996,631
Amount due to a related party		**10,624**	10,996
Borrowings	*17*	**514,163**	591,000
Lease liabilities		**4,202**	4,142
Contract liabilities		**46,579**	40,581
Tax liabilities		**100,915**	86,384
Provision		**–**	10,000
Deferred income		**647**	3,000
		2,035,690	1,742,734
Net current liabilities		**(35,112)**	(364,249)
Total assets less current liabilities		**1,775,219**	1,516,689

	NOTES	31 December 2021 RMB'000	31 December 2020 RMB'000
Capital and reserves			
Share capital	*18*	**160,203**	160,203
Reserves		**1,399,592**	994,913
Equity attributable to owners of the Company		**1,559,795**	1,155,116
Non-controlling interests		**8,477**	8,839
Total equity		**1,568,272**	1,163,955
Non-current liabilities			
Borrowings		**122,500**	142,763
Lease liabilities		**5,101**	5,966
Provision		**44,346**	54,005
Other long-term liabilities		**35,000**	50,000
Amount due to a third party		**–**	100,000
		206,947	352,734
		1,775,219	1,516,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

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

The Company is an investing holding company. During the year ended 31 December 2021, the Company and its subsidiaries (the "**Group**") are engaged in the following three principal activities:

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

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

(iii) gold exploration, mining, processing and sale ("**Gold Business**")

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments of IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS standards	Annual Improvements to IFRS standards 2018–2020[2]

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

The Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

3.1. Basis of preparation of consolidated financial statements

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

Going Concern Assessment

The Directors have given careful consideration to the going concern of the Group in light of the fact that as at 31 December 2021, the Group's current liabilities exceeded its current assets by RMB35,112,000. In addition, as at 31 December 2021, the Group had capital commitments contracted for but not provided in the consolidated financial statements amounting to RMB45,848,000.

As at 31 December 2021, the Group had available conditional banking facilities of RMB106,097,000 ("**Conditional Facilities**"). The utilisation of these Conditional Facilities are subject to approval on a case-by-case basis. The Directors are confident that the Group would be successful in obtaining approval in respect of these Conditional Facilities according to its historical successful experience and the relevant terms and conditions to drawdown. The Directors are also confident that a significant portion of the Group's bank borrowings can be successfully renewed upon maturity in view of the Group's historical successful experience in refinancing the expiring debts.

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

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

A. For the year ended 31 December 2021

	For the year ended 31 December 2021			
	Iron Ore Business	**High-purity Iron Business**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Sales of goods (recognised at a point in time)				
Iron ore concentrates	**619,219**	**–**	**–**	**619,219**
High-purity iron	**–**	**2,438,960**	**–**	**2,438,960**
Building materials	**–**	**–**	**20,727**	**20,727**
Raw and leftover materials	**3,230**	**44,086**	**426**	**47,742**
Total	**622,449**	**2,483,046**	**21,153**	**3,126,648**
Geographical markets				
Mainland China	**622,449**	**2,483,046**	**21,153**	**3,126,648**

B. For the year ended 31 December 2020

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

(ii) Performance obligations for contracts with customers

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

5. OTHER INCOME

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Bank interest income	**12,722**	6,239
Government grants	**4,587**	3,320
Others	**228**	–
	17,537	9,559

6. OTHER GAINS AND LOSSES

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Loss on disposal of property, plant and equipment	**(1,626)**	(3,526)
Fair value loss on financial assets at FVTPL	**(853)**	(43)
Net foreign exchange loss	**(1,309)**	(1,639)
Impairment loss on property, plant and equipment	**(22,269)**	(3,886)
Impairment of intangible assets	**(289)**	–
Gain on disposal of a subsidiary *(note 11(A))*	**35,950**	259
Donations	**(2,032)**	(9,085)
Penalty	**(3,219)**	–
Provision for contingency	**(12,556)**	(10,000)
Others	**(6,271)**	5,291
	(14,474)	(22,629)

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Impairment losses recognised in respect of:		
– trade receivables	**2,171**	2,615
– other receivables	**694**	2,464
	2,865	5,079

8. FINANCE COSTS

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Interests on borrowings	**42,327**	45,438
Interests on bills discounted	**34,166**	32,687
Interests on lease liabilities	**436**	496
Interests on loan from a related party	**–**	5,595
Interests on rehabilitation provision	**1,490**	1,889
	78,419	86,105

9. PROFIT BEFORE TAX

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

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Cost of inventories recognised as an expense *(note)*	**1,813,580**	1,675,643
Auditors' remuneration	**4,549**	4,016
Depreciation of property, plant and equipment	**147,957**	167,511
Amortisation of intangible assets	**24,190**	29,140
Depreciation of right-of-use assets	**32,431**	31,816
Total depreciation and amortisation	**204,578**	228,467
Capitalised in inventories	**(179,779)**	(201,796)
	24,799	26,671
Analysed as:		
– charged in research and development expenses	**1,184**	346
– charged in distribution and selling expenses	**52**	41
– charged in administrative expenses	**23,563**	26,284
	24,799	26,671

Note: The amount included write-down of inventories of RMB3,636,000 for the year ended 31 December 2021 (2020: RMB2,846,000).

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Salaries and other benefits including staff's bonus *(note a)*	**172,908**	145,808
Retirement benefits scheme contributions *(note b)*	**12,102**	2,376
Share-based payment	**788**	614
Total staff costs (including directors)	**185,798**	148,798
Capitalised in inventories	**(65,114)**	(60,056)
	120,684	88,742
Analysed as:		
– charged in research and development expenses	**5,317**	2,643
– charged in distribution and selling expenses	**3,184**	2,234
– charged in administrative expenses	**112,183**	83,865
	120,684	88,742
Research and development expenditure analysed as:		
– depreciation and amortisation	**6,933**	3,206
– raw materials consumed	**124,425**	107,990
– staff costs	**8,433**	5,684
– technical service fee	**1,868**	939
– others	**4,023**	4,937
	145,682	122,756
Capitalised in inventories	**(137,727)**	(111,537)
	7,955	11,219
Research and development cost charged in profit or loss analysed as:		
– depreciation and amortisation	**1,184**	346
– raw materials consumed	**515**	2,884
– staff costs	**5,317**	2,643
– technical service fee	**596**	469
– others	**343**	4,877
	7,955	11,219

Notes:

a) In the current year, the increase in salary and other benefits was mainly attributable to the increase in headcount of the Group following completion of the acquisition Benxi Yuqilin New Materials Company Limited* (本溪玉麒麟新材料有限公司) near the end of year 2020.

* *English name is for identification purpose only.*

b) According to the policy issued by Liaoning Province in March 2020, retirement benefits scheme contributions, work injury and unemployment insurance from February to December 2020 were exempted for small and medium enterprises. As certain subsidiaries of the Group are small and medium enterprises, the Group enjoyed such concession. This policy was expired in January 2021.

10. INCOME TAX EXPENSE

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**(135,843)**	(92,948)
Withholding tax	**(15,700)**	–
Over (under) provision in prior years	**2,720**	(5,338)
	(148,823)	(98,286)
Deferred tax:		
Current year	**(8,636)**	4,400
Attributable to changes in tax rate	**4,019**	(3,426)
	(4,617)	974
Total income tax expense recognised in the current year	**(153,440)**	(97,312)

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

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

On 15 September 2020, Hanking D.R.I. successfully obtained "High Technology Enterprise" status for another 3 years that entitled it a preferential tax rate of 15% from 2020 to 2022 according to EIT Law.

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

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

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

	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Profit before tax	**812,843**	475,084
Tax at the PRC income tax rate of 25% (2020: 25%)	**(203,211)**	(118,771)
Tax effect of expenses not deductible for tax purpose	**(5,099)**	(21,119)
Tax effect of income not taxable for tax purposes	**1,108**	338
Tax effect of research and development expenses that are additionally deducted	**1,492**	2,104
Deductible temporary differences and tax losses not recognised	**(15,666)**	(10,214)
Utilisation of deductible temporary difference and tax losses previously not recognised	**(446)**	–
Tax effect of concessions granted to Aoniu Mining and Hanking D.R.I.	**77,343**	59,114
Change in opening deferred tax asset resulting from a change in applicable tax rate	**4,019**	(3,426)
Over (under) provision in respect of prior years	**2,720**	(5,338)
Withholding tax	**(15,700)**	–
Income tax expense for the year	**(153,440)**	(97,312)

11. DISPOSAL OF SUBSIDIARIES

(A) MacPhersons Reward Pty Ltd ("MacPhersons Reward")

On 23 August 2021, the Company entered into a share sale and purchase agreement with Beacon Mining Pty Ltd, who was an independent third party, pursuant to which the Company agreed to sell, and Beacon Mining Pty Ltd agreed to purchase, the entire 94% of equity interest of MacPhersons Reward held by the Company for a total consideration of AUD14,000,000 (equivalent to RMB64,967,000). The Group's disposal of MacPhersons Reward was completed on 23 August 2021. A gain on disposal of RMB35,950,000 was recognised as other gains and losses.

The net assets of MacPhersons Reward at the date of disposal were as follows:

Consideration received:	*RMB'000*
Cash received	64,967
Total consideration received	64,967
Analysis of assets and liabilities over which control was lost:	*RMB'000*
Exploration and evaluation assets	38,153
Property, plant and equipment	539
Rehabilitation provision	(9,675)
Net assets disposed of	29,017
Gain on disposal of a subsidiary:	
Consideration received	64,967
Net assets disposed of	(29,017)
Gain on disposal	35,950
Net cash inflow arising on disposal:	
Cash consideration	64,967
Less: bank balances and cash disposed of	–
	64,967

(B) Marvel Loch Hotel Pty Ltd ("Marvel Loch Hotel")

On 12 August 2020, the Company entered into a share sale and purchase agreement with James Anthony Chittick and Michael John Chittick, who were two independent third parties, pursuant to which the Company agreed to sell, and James Anthony Chittick and Michael John Chittick agreed to purchase, the entire 94% of equity interest of Marvel Loch Hotel held by the Company for a total consideration of AUD150,000 (equivalent to RMB758,000). The Group's disposal of Marvel Loch Hotel was completed on 1 September 2020. A gain on disposal of RMB259,000 was recognised as other gains and losses.

12. DIVIDENDS

	Year ended	
	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final – HKD0.08 (2019: HKD0.08) per share *(note)*	**127,979**	132,430
2021 Interim – HKD0.06 (2020: HKD0.04) per share *(note)*	**96,023**	61,407
	224,002	193,837

Note:

During the current year, a dividend of HKD0.08 per share amounting to HKD156,800,000 (equivalent to RMB127,979,000) in aggregate in respect of the year ended 31 December 2020 (2020: a dividend of HKD0.08 per share amounting to HKD145,600,000 (equivalent to RMB132,430,000) in aggregate in respect of the year ended 31 December 2019) was declared and paid to the owners of the Company whose names appeared in the register of members of the Company on 27 May 2021. An interim dividend of HKD0.06 per share amounting to HKD117,600,000 (equivalent to RMB96,203,000) in aggregate (2020: interim dividend of HKD0.04 per share amounting to HKD72,800,000 (equivalent to RMB61,407,000) in aggregate) was declared, among which HKD106,624,000 (equivalent to RMB87,364,000) was paid to the owners of the Company whose names appear in the Register of Members on 8 October 2021.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HKD0.12 (2020: final dividend in respect of the year ended 31 December 2020 of HKD0.08) per ordinary share, in an aggregate amount of HKD235,200,000 (2020: HKD156,800,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

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

	Year ended	
	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company, for the purposes of basic earnings per share	**658,957**	379,440

	Number of shares	
	31/12/2021	31/12/2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,942,943,000**	1,827,620,000

The weighted average number of ordinary shares for the year ended 31 December 2021 for the purpose of basic earnings per share has been adjusted for the weighted average effect of 8,293,000 ordinary shares repurchased as restricted shares held for strategic incentive award scheme (for the year ended 31 December 2020: adjusted for the weighted average effect of 15,596,000 ordinary shares repurchased as restricted shares held for strategic incentive award scheme and an aggregate of 140,000,000 consideration shares are issued).

The Company did not have dilutive potential ordinary shares in issue for the years ended 31 December 2021 and 2020.

14. TRADE AND OTHER RECEIVABLES

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Trade receivables		
– Third parties	**91,905**	102,277
Less: Allowance for credit loss	**(13,365)**	(11,194)
	78,540	91,083
Other receivables		
– Advances to suppliers	**17,431**	15,574
– Deposits	**3,088**	5,560
– Deposit for resource tax	**39,019**	49,160
– Other tax recoverable	**8,675**	6,616
– Value-added tax recoverable	**16,612**	29,665
– Staff advance	**10,663**	10,824
– Consideration receivable	**5,619**	5,619
– Prepaid expense	**1,000**	1,095
– Prepayment	**7,384**	4,253
– Amount due from an independent third party *(note)*	**55,000**	–
– Others	**14,703**	17,416
	179,194	145,782
Less: Allowance for credit loss	**(19,848)**	(19,154)
Total other receivables	**159,346**	126,628
Total trade and other receivables	**237,886**	217,711

Note: The amount represents a short term advance to a Group's major supplier, which will mature in one year and bear fixed interest rate of 2% per annum.

The Group allows an average credit period of 7 days (2020: 7 days) to its customers of iron ore concentrates, 60 days (2020: 60 days) to its customers of high-purity iron and 30 days (2020: 30 days) to its customers of building materials. However, upon maturity of the credit period and under certain circumstances, the Group would further negotiate with its customers and may consider to extend the repayment date, based on its customer's history of payments and credit quality, on a case-by-case basis.

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB23,927,000 (2020: RMB25,661,000) which are past due as at the reporting date. Out of the past due balances, amount of RMB8,036,000 (2020: RMB3,486,000) has been past due 90 days or more and is not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group's historical actual loss experience, had assessed that the probability of settlement from their customers is high in respect of those debtors which had been past due over 90 days. The management of the Group considered that the risk of default would became high when those debtors had been past due over 1 year.

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

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
– Within 7 days	**33,434**	52,780
– 8 days to 30 days	**20,022**	9,983
– 31 days to 60 days	**6,006**	15,863
– 61 days to 90 days	**4,876**	7,431
– 91 days to 1 year	**7,814**	5,026
– 1 year to 2 years	**6,388**	–
	78,540	91,083

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

	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2020	1,650	6,929	8,579
– Impairment losses recognised	4,214	111	4,325
– Impairment losses reversed	(1,628)	(82)	(1,710)
– Transfer to credit-impaired	(43)	43	–
As at 31 December 2020	4,193	7,001	11,194
– Impairment losses recognised	**1,059**	**5,036**	**6,095**
– Impairment losses reversed	**(3,901)**	**(23)**	**(3,924)**
– Transfer to credit-impaired	**(412)**	**412**	**–**
As at 31 December 2021	**939**	**12,426**	**13,365**

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

	12m ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2020	114	774	15,802	16,690
– Impairment losses recognised	–	2,151	541	2,692
– Impairment losses reversed	(82)	(146)	–	(228)
As at 31 December 2020	32	2,779	16,343	19,154
– Impairment losses recognised	**161**	**577**	**257**	**995**
– Impairment losses reversed	**(1)**	**(300)**	**–**	**(301)**
As at 31 December 2021	**192**	**3,056**	**16,600**	**19,848**

15. RECEIVABLES AT FVTOCI

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
Receivables at FVTOCI comprise:		
Bills receivables *(note)*	**396,589**	86,246

Note: Included in the Group's bills receivables are amounts of RMB114,338,000 (2020: RMB53,580,000) being endorsed to certain suppliers for settlement of trade payables on a full recourse basis. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse. The financial asset is carried at fair value in the consolidated statement of financial position.

Receivables at FVTOCI endorsed to suppliers with full recourse:

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
Carrying amount of transferred assets	**114,338**	53,580
Carrying amount of associated liabilities	**(114,338)**	(53,580)
Net position	**–**	–

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

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
– Within 6 months	**380,660**	500
– 6 months to 1 year	**15,929**	85,746
	396,589	86,246

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

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
– Within 6 months	**371,558**	71,450
– 6 months to 1 year	**25,031**	14,796
	396,589	86,246

16. TRADE, BILLS AND OTHER PAYABLES

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

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Trade payables *(note a)*		
– Within 90 days	**41,163**	77,302
– 91 days to 1 year	**79,730**	3,700
– 1 year to 2 years	**1,463**	3,555
– 2 years to 3 years	**2,551**	526
– Over 3 years	**3,114**	2,482
	128,021	87,565
Bills payables	**937,000**	707,900
Other payables		
Advance receipt of value-added tax from customers	**5,971**	6,142
Other tax payable	**32,615**	33,585
Payable for acquisition of property, plant and equipment	**42,376**	35,649
Outsourced service payable	**10,540**	10,145
Transportation fee payable	**17,764**	24,422
Accrued expense	**5,386**	5,360
Salary and bonus payables	**11,269**	9,463
Interest payable	**303**	1,525
Dividend payable	**8,659**	–
Refundable deposits	**4,642**	4,873
Amount due to Beijing Zhuguan Technology Limited *(note b)*	**–**	16,697
Amounts due to independent third parties *(note b)*	**33,782**	33,782
Consideration payable	**100,000**	–
Payable for mining rights	**15,000**	15,000
Others	**5,232**	4,523
	293,539	201,166
Total trade and other payables, and bills payables	**1,358,560**	996,631

Notes:

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

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

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

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 6 months	**318,100**	337,000
6 months to 1 year	**618,900**	370,900
	937,000	707,900

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

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 6 months	**618,900**	370,900
6 months to 1 year	**318,100**	337,000
	937,000	707,900

17. BORROWINGS

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Bank loans	**636,663**	708,763
Other loans *(note a)*	**–**	25,000
	636,663	733,763
Secured and guaranteed	**421,763**	475,263
Secured and unguaranteed	**104,900**	123,500
Unsecured and guaranteed	**110,000**	135,000
	636,663	733,763
Fixed-rate	**636,663**	733,763
The carrying amounts of the above borrowings are repayable *(note b)*:		
Within one year	**514,163**	591,000
More than one year, but not more than two years	**122,500**	20,263
More than two years, but not more than five years	**–**	122,500
	636,663	733,763

Notes:

a. It represents other loan received from local government of RMB25,000,000 during the year ended 31 December 2020. The loan carried interest at the benchmark interest rate issued by the People's Bank of China and was settled in full during the year ended 31 December 2021.

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

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

	31 December 2021	31 December 2020
	%	%
Fixed-rate borrowings	**3.40 – 8.60**	3.85 – 8.60

The secured and guaranteed bank borrowings were guaranteed by the Controlling Shareholders and the companies controlled by them. Among the secured and guaranteed bank borrowings, RMB133,500,000 (31 December 2020: RMB134,500,000) were secured by certain assets and shares of the companies controlled by the Controlling Shareholders. The remaining secured and guaranteed bank borrowings are secured by certain property, plant and equipment, right-of-use assets and shares of subsidiaries of the Group.

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

The unsecured and guaranteed bank borrowings of approximately RMB110,000,000 (2020: RMB110,000,000) at 31 December 2021 were guaranteed by the Controlling Shareholders and the companies controlled by them. In addition, such balance was also guaranteed by an independent financial institution. The remaining borrowing of RMB25,000,000 at 31 December 2020 was guaranteed by Aoniu Mining.

18. SHARE CAPITAL

The amount as at 31 December 2021 and 2020 represented the issued share capital of the Company. Details of movement in share capital of the Company are as follows:

	Number of shares		**Share capital**	
	2021	2020	**2021**	2020
	'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**	
	2021	2020	**2021**	2020
	'000	*'000*	***RMB'000***	*RMB'000*
Issued and fully paid				
At beginning of year	**1,960,000**	1,820,000	**160,203**	148,321
Consideration shares issued for the acquisition of Emerald Planet *(note)*	**–**	140,000	**–**	11,882
At end of year	**1,960,000**	1,960,000	**160,203**	160,203

Note:

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

All shares in issue rank pari passu in all respects.

19. RESTRICTED SHARES HELD FOR STRATEGIC INCENTIVE AWARD SCHEME

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

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

From April to December 2021 (From January to November 2020), the trustee of the Company's Scheme purchased on the Stock Exchange a total of 8,293,000 (2020: 12,703,000) ordinary shares at a total consideration of approximately RMB9,567,000 (2020: RMB19,244,000) pursuant to the terms of the trust deed under the Scheme.

As at 31 December 2021, no award shares have been granted to any Selected Participants pursuant to the Scheme.

APPRECIATION

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

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

Shenyang, the PRC, 22 March 2022

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