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 2022

RESULTS HIGHLIGHTS *NOTES*

1. The iron ore business has achieved remarkable achievements through scientific and technological innovation

The iron ore business of the Company insists on the development driven by scientific and technological innovation. Since 2019, the Company has taken the lead in building a smart mine system in the same industry in the PRC, with phased results achieved in 2022: the project "Integrated Platform for Production, Operation, Management and Control of Enterprises Involved in Smart Mine" successfully applied for a special fund of approximately RMB5 million for the development of industrial internet innovation in Liaoning Province; Aoniu Mine was identified as a professional, advanced and specialized new "Little Giant" enterprise in Liaoning Province; the Company's product, high-grade pure iron ore concentrate, was identified as a "technologically advanced" product in Liaoning Province; Aoniu Mine was re-certified as a national "High-tech Enterprise" after the expiry of its original certification.

2. Final feasibility study for the gold mine projects progressed as planned

The final feasibility study for the Company's gold mine projects in Australia commenced in the first half of 2022, including the renewal of the ore reserves for the projects, the selection of the final design for the mineral processing process, and the completion of the design of the tailings pond and the engineering geological drilling and testing related to the tailings pond design. The estimation on capital expenditure and operating cost and the financial model work for the projects are currently in progress.

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.

MAJOR FINANCIAL DATA AND INDICATORS

	For the year ended 31 December 2022	2021	Change
Revenue (RMB thousand)	**2,601,833**	3,126,648	-16.79%
Loss/profit for the year (RMB thousand)	**-53,010**	659,403	-108.04%
Loss/earnings per share (RMB cent)	**-2.7**	33.9	-107.96%
Final dividend (HKD per share)	**0**	0.12	-100.00%
Net margin	**-2.04%**	21.09%	Down 23.13 percentage points
Return on net assets	**-3.72%**	48.27%	Down 51.99 percentage points

The board (the "**Board**") of directors (the "**Directors**") of China Hanking Holdings Limited (the "**Company**" or "**Hanking**", together with its subsidiaries, collectively the "**Group**") hereby announced the audited consolidated results of the Group for the year ended 31 December 2022 (the "**2022 Annual Results**"). The 2022 Annual Results have been audited by Deloitte Touche Tohmatsu, the auditor of the Company, have been reviewed by the audit committee of the Company (the "**Audit Committee**"), and have been approved by the Board on 23 March 2023.

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***

  Benefiting from 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 69%. 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 then subsidiary of the Company in 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.

II. HIGH-PURITY IRON BUSINESS

1. Industry situation

According to statistics from the National Energy Administration, as of the end of December 2022, the cumulative installed capacity of wind power in the PRC was about 370 million kilowatts, representing a year-on-year increase of 11.2%. Of which, approximately 37.6GW of wind power was newly installed in 2022, representing a year-on-year decrease of 21% as compared to 2021. In 2022, the newly installed capacity was less than expected, however, combined with the high boom in bidding data, demand in general showed a steady pick-up trend. According to the statistics from Wind Power Voice, as of the end of 2022, the PRC's total scale of bidding for wind power projects in 2022 reached 109.3GW (including framework bidding), and at the same time, 30% of the 54.15GW bid in 2021 were still not connected to the grid. It is expected that 2023 will be a year for certainty in wind power delivery.

2. Operation status

The product structure of the Company's high-purity iron business is mainly pig iron for high-end ductile casting, which is mainly characterized by extremely low content of harmful impurities such as phosphorus, sulfur, titanium and tension-active element, strong corrosion resistance and high tensile strength, and is positioned in the high-end market of the PRC's casting industry. This is attributable to the long-term and stable supply of high-quality raw iron ore concentrates from the Group's own mines on the one hand, and the Company's advantageous production process on the other hand. Established in 2002, Hanking D.R.I., a subsidiary of the Company, has more than 20 years of production experience and is currently a state-level "High-tech Enterprise", and its pig iron used for low TI upgraded wind power type ductile casting is a "technologically advanced" product in Liaoning Province.

The Company's high-purity iron business has an annual production capacity of 930,000 metric tons. Due to the influence of factors such as power restriction and epidemic control in Liaoning Province, one of the Company's major high-purity iron blast furnaces ceased production from the end of September 2021 to late March 2022, resulting in discontinuous production at that blast furnace. In 2022, the output of high-purity iron was 664,000 metric tons, representing an increase of 81,000 metric tons or 13.89% over the same period last year, and its sales volume was 616,000 metric tons, representing an increase of 2,000 metric tons or 0.33% over the same period last year, among which the sales volume of wind power ductile casting iron accounted for approximately 82% of the total sales volume, both of which failed to meet our expected targets. The discontinuous production affected the quality of pig iron produced in our furnaces, coupled with the fact that the price of coke, a major raw material, remained at a high level in 2022, resulting in a significant increase in the production cost of the Company's high-purity iron compared with the same period last year, and the lower quality of high-purity iron than before also had a negative impact on its average selling price, which in combination led to a loss in the high-purity iron business for the first time.

The high-purity iron business is now in normal continuous production with a planned annual output of approximately 800,000 metric tons in 2023. With the rebound in demand from the wind power industry, the Company will continue to leverage its advantages in resource, technology, production capacity and market in the high-purity iron sector to expand its production and sales of high-purity iron and consolidate its position as the "No. 1 supplier of wind power ductile casting iron in the PRC market".

Table 1 – Operation breakdown of high-purity iron business

	For the year ended 31 December		
	2022	2021	Change
Output (thousand metric tons)	**664**	583	13.89%
Sales volume (thousand metric tons)	**616**	614	0.33%
Average selling price (RMB per metric ton)	**3,520**	4,056	-13.21%
Average cost of sales (RMB per metric ton)	**3,638**	3,470	4.84%
Revenue (RMB thousand)	**2,286,986**	2,489,976	-8.15%
Gross profit (RMB thousand)	**-41,050**	359,768	-111.41%
Gross margin	**-1.79%**	14.45%	Down 16.24 percentage points

For the year ended 31 December 2022, capital expenditures of the high-purity iron business amounted to RMB12,916,000 (2021: RMB42,568,000), mainly representing expenditures on plant, machinery and equipment and property.

III. IRON ORE BUSINESS

1. Industry situation

In 2022, the domestic iron ore market experienced high prices and then low, and the continuous downturn in domestic real estate investment and the unexpected drop in overseas non-mainstream ore shipments caused the fundamentals of iron ore to show a pattern of weak supply and demand. The Federal Reserve initiated a series of aggressive interest rate hikes during the year, with the US dollar index hitting a 20-year high, depressing global commodity prices, including iron ore prices. In 2023, benefiting from the marginal improvement in demand for steel at the real estate end, total domestic demand for iron elements is expected to pick up slightly, overseas demand for steel will also recover as compared to this year, and with the turn of the Federal Reserve's monetary policy, global commodity prices are expected to start a new upward cycle.

2. *Operation status*

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. The Group is committed to improving the quality of its iron ore concentrate products and continuously optimising its production processes. The average grade of iron ore concentrate produced in 2022 reached over 69%, and its content of sulfur, phosphorus and titanium impurities is low, which can significantly reduce the production cost for our customers. In 2022, due to the impact of the epidemic, domestic and international economic situation and policies, the average selling price of the Group's iron ore concentrate was RMB1,017 per metric ton, representing a year-on-year decrease of RMB183 per metric ton or 15.25%.

The Company's iron ore business has been the first in its industry to build a smart mine system in the PRC since 2019. In 2022, the integrated platform for production, operation, management and control was fully operational. The platform is built using technologies such as mobile internet, industrial cloud computing and industrial artificial intelligence, and provides a total solution from process automation to enterprise operation analysis to achieve a deep integration of information technology with the mineral processing production process. In 2022, the Company's "Integrated Platform for Production, Operation, Management and Control of Enterprises Involved in Smart Mine" project received a special fund of approximately RMB5 million for the development of industrial internet innovation in Liaoning Province.

In 2022, based on continuous technological transformation and management upgrading, Aoniu Mine was re-certified as a national "High-tech Enterprise" after the expiry of its original certification, with a validity period of three years. In 2022, the Company's product, high-grade pure iron ore concentrate, was identified as a "technologically advanced" product in Liaoning Province, and Aoniu Mine was identified as a professional, advanced and specialized new "Little Giant" enterprise in Liaoning Province, with a validity period of three years from 1 June 2022.

In 2022, affected by the closure of Aoniu Mine and the technical commissioning of Maogong Mine, the Group's iron concentrate output was 773,000 metric tons, representing a decrease of 279,000 metric tons or 26.52% compared with the same period last year. The decrease in production resulted in an increase in costs apportioned to a single metric ton of iron ore concentrate, however, the Group managed to control the average cash operating cost of a single metric ton of iron ore concentrate to RMB385 through continuously building a smart mine system and improvement in management efficiency, representing an increase of only RMB11 per metric ton or 2.94% compared with the same period last year.

In 2023, the Group plans to produce approximately 1 million metric tons of iron concentrate, which is mainly used to meet its own demand for high-purity iron, and to explore new application fields, aiming to enhance the premium of its products.

Table 2 – Cash operation costs of the iron ore business

	For the year ended 31 December		
	2022 (RMB/metric ton of iron ore concentrate)	2021 (RMB/metric ton of iron ore concentrate)	Change
Mining	**177**	167	5.99%
Processing	**80**	70	14.29%
Transportation	**18**	21	-14.29%
Tax	**61**	74	-17.57%
Mine management	**49**	42	16.67%
Total	**385**	374	2.94%

Table 3 – Operation breakdown of iron ore business

	For the year ended 31 December		
	2022	2021	Change
Output of iron ore concentrates (thousand metric tons)	**773**	1,052	-26.52%
Sales volume of iron ore concentrates (thousand metric tons)	**762**	1,087	-29.90%
Average selling price (RMB per metric ton)	**1,017**	1,200	-15.25%
Average cost of sales (RMB per metric ton)	**404**	428	-5.61%
Revenue (RMB thousand)	**772,486**	1,304,377	-40.78%
Gross profit (RMB thousand)	**464,442**	839,776	-44.69%
Gross margin	**60.12%**	64.38%	Down 4.26 percentage points

For the year ended 31 December 2022, the capital expenditure of iron ore business was approximately RMB76,289,000 (2021: RMB126,022,000), mainly representing expenditure on plant, machinery and equipment, property and exploration.

3. Resources and reserves

Exploration activities

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 2022, the Company focused on the deep exploration for concealed ore bodies in the Shangma and Maogong mining areas, with 127 holes drilled under construction. The exploration effect in the deep part of Shangma mining area is outstanding, with all drilled holes under construction showing mineralization, reflecting a significant potential for development of resources at the deep part of the mining area. The Company has initially estimated that the newly increased resources are very considerable, and is currently promoting the work of transforming the existing exploration results into resources.

As of the end of 2022, the Group owned approximately 93,760 thousand metric tons of iron ore resources.

Table 4 – Iron ore resources as at the end of 2022

	Indicated		**Inferred**		**Total**	
Mine	**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	13,816,740	34.70	16,352,890	35.20	30,169,630	34.97
Shangma Mine	16,575,310	31.77	13,552,060	31.12	30,127,370	31.48
Total	43,375,149[1]	32.91	50,381,500[2]	32.72	93,756,649	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 2022, the Group owned approximately 19,490 thousand metric tons of JORC Code iron ore reserves.

Table 5 – Iron ore reserves as at the end of 2022

Mine	Reserves category	Increased amount for 2022 (metric ton)	Reserves at the end of 2022 (metric ton)	TFe (%)
Aoniu Mine	Probable Ore Reserve	0	0[1]	–
Maogong Mine	Probable Ore Reserve	0	6,756,000	33.49
Shangma Mine	Probable Ore Reserve	0	12,729,330	31.18
Total	Probable Ore Reserve	0	19,485,330	31.98

1 According to the latest dynamic monitoring report, the remaining iron ore reserves at Aoniu Mine are temporarily unexploitable because they are mainly located at the security pillars of the mine.

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.

IV. GOLD BUSINESS IN AUSTRALIA

1. Industry situation

According to the report of the World Gold Council, in 2022, the annual gold demand rose to its highest level since 2011 due to the combined effects of strong gold buying by central banks, strong buying by individual investors and a slowdown in gold ETF outflows. In 2022, the annual gold demand (excluding over-the-counter (OTC) transactions) jumped to 4,741 metric tons, representing an increase of 18% as compared to last year. Total annual supply of gold increased by 2% to 4,755 metric tons in 2022. Gold production rose to a four-year high of 3,612 metric tons. The annual average of the LBMA midday gold price was a record high of US$1,800 per ounce in 2022. Despite the obvious headwinds from a strong US dollar and a global wave of interest rate hikes, the gold price at the year-end closing still recorded a modest gain. The average gold price was slightly weaker in the fourth quarter of 2022, both quarter-on-quarter and year-on-year, but experienced a significant rebound in November and has since maintained a sustained upward trend in the last few weeks of the year-end.

2. Operation status

The Company's Mt Bundy Gold Project in the Northern Territory has over 3 million ounces (approximately 100 metric tons) of gold resources and over 1.5 million ounces of gold reserves. The Rustlers Roost gold deposit, with over 1.2 million ounces of gold reserves and a low strip ratio of 1.4:1, is one of Australia's untapped open-pit mines with the largest reserves, lowest strip ratio and long life of operation.

The Northern Territory Government has awarded the Mt Bundy Gold Project as a "major project" and has established a working group with Hanking to coordinate and facilitate the project to obtain a development license. At present, the environmental impact assessment (EIA) for the underground-pit gold deposit Tom's Gully of the project has been approved and is in the approval process for the mine operation plan. The EIA reports for the open-pit gold deposits Rustlers Roost and Quest 29 have been published for three times with no significant objections received, and all supplementary materials required for the approval of the EIA reports have also been submitted to the environmental protection authorities for approval.

The final feasibility study for the Mt Bundy Gold Project is progressing as planned. We have renewed the ore reserves for the project, selected the final design for the mineral processing process, and completed the design of the tailings pond and the engineering geological drilling and testing related to the tailings pond design. The estimation on capital expenditure and operating cost and the financial model work for the project are currently in progress.

For the year ended 31 December 2022, the capital expenditure of the gold business was RMB24,213,000 (2021: RMB64,639,000), which was mainly used for exploration expenditures and expenditures on plant, machinery and equipment and property.

3. Resources and reserves

As of the end of 2022, the Group had JORC Code resources of approximately 3.01 million ounces of gold at an average grade of 0.9 gram/ton and reserve of approximately 1.56 million ounces of gold at an average grade of 0.9 gram/ton.

Table 6 – Gold mine resources as at the end of 2022

	Ore resources *(Mt)*	Indicated Grade *(g/t)*	Contained Metal *(Koz Au)*	Ore resources *(Mt)*	Inferred Grade *(g/t)*	Contained Metal *(Koz Au)*	Ore resources *(Mt)*	All Resources Grade *(g/t)*	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 2022

	Resource Category	Ore reserves *(Mt)*	Grade *(g/t)*	Contained Metal *(Moz Au)*
Mt Bundy Project				
Rustlers Roost	Probable	48.5	0.8	1.24
Quest 29	Probable	5.1	0.9	0.14
Tom's Gully	Probable	0.8	6.9	0.18
Total	Probable	54.4	0.9	1.56

4. 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.

Participants of the Scheme ("**Eligible Persons**") include (i) a full-time or part-time employee of Hanking Australia and its related bodies corporate ("**HAI Group Company**") (including an executive director); (ii) a non-executive director of a HAI Group Company; (iii) any person the board of directors of Hanking Australia (the "**HAI Board**") determines to be a key person when issuing or granting the options ((i), (ii), and (iii) are collectively referred to as "**Key Person**"); (iv) an immediate family member of a Key Person; or (v) a family trust, superannuation fund or body corporate controlled by a Key Person.

The HAI Board was entitled at any time, within 48 months after the date of adoption of the Scheme, to make an offer of the grant of an option to any participant. The Scheme has expired on 25 January 2023, and hence no further options may be granted under the Scheme, but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of the options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

The Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of grant of the options, Hanking Australia may specify any such minimum period(s).

No amount is required to be paid by the Eligible Persons for acceptance of an offer for grant of option under the Scheme.

The exercise price of the options granted under the Scheme was determined and approved by the HAI Board based on the recommendation of the independent tax adviser, the fair market price and the performance of the staff.

The Scheme mandate limit is 10% of the shares of Hanking Australia (the "**HAI Shares**") in issue on the date on which the Scheme was adopted, being 21,000,000 HAI Shares. As at 31 December 2022, 25 January 2023 (date of expiry of the Scheme) and the date of this announcement, a total of 21,000,000 HAI Shares (including outstanding options to subscribe for 11,250,000 HAI Shares that have been granted but not yet lapsed or exercised as at that date) (representing approximately 10% of the issued share capital of Hanking Australia as at 25 January 2023 and the date of this announcement) were available for issue under the Scheme. The number of HAI Shares to be issued upon exercise of all these options represented approximately 5.36% of the issued share capital of Hanking Australia as at 31 December 2022, 25 January 2023 and the date of this announcement.

Subject to the approval of the Company's shareholders (the "**Shareholders**"), no option may be granted to any person if the total number of HAI 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 HAI Shares from time to time.

Where any options to be granted to a substantial Shareholder or independent non-executive Director, or any of their respective associates, would result in the HAI Shares issued and to be issued upon exercise of all the options granted and to be granted under the Scheme (including options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant representing in aggregate over 0.1% of the HAI Shares in issue, the further grant of options must be approved by the Shareholders in general meeting.

The period within which the options under the Scheme must be exercised will be specified by Hanking Australia at the time of grant, and must expire no later than ten years from the date on which the options are to be issued unless the Company obtains separate Shareholders' approval in relation to such grant.

During the year ended 31 December 2022, details of movements in the options under the Scheme are as follows:

	Options to subscribe for HAI Shares *(Note)*								
Category and name of grantees	**Outstanding at 1 January 2022**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Lapsed during the year**	**Outstanding at 31 December 2022**	**Exercise price per HAI Share AUD**	**Date of grant**	**Exercisable period**
Director of Hanking Australia									
Dr. Qiu Yumin	0	4,200,000	0	0	0	4,200,000	0.2	29 August 2022	12 October 2022 to 28 August 2026
Employees of Hanking Australia	2,950,000	0	0	0	0	2,950,000	0.286	27 April 2020	27 April 2020 to 26 April 2024
	1,000,000	0	0	0	0	1,000,000	0.3	27 April 2020	27 April 2020 to 26 April 2024
	1,800,000	0	0	0	0	1,800,000	0.39	10 December 2020	10 December 2020 to 9 December 2024
	1,300,000	0	0	0	0	1,300,000	0.429	6 July 2022	6 July 2022 to 5 July 2026
Sub-total	7,050,000	0	0	0	0	7,050,000			
Total	**7,050,000**	**4,200,000**	**0**	**0**	**0**	**11,250,000**			

Note: As the HAI Shares 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 HAI Shares is available.

V. 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 and promote the work of transforming the existing exploration results into resources 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 with high-quality and low cost. In 2023, the Group plans to produce approximately 1 million metric tons of iron concentrate, which is mainly used to meet its own demand for high-purity iron, and to explore new application fields, aiming to enhance the premium of its products.

In 2023, the Group plans to produce approximately 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 sales volume of high-purity iron, provide high-quality raw materials for the wind power industry and consolidate its position as the "No. 1 supplier of wind power ductile casting iron in the PRC market".

In 2023, the gold business of the Group will proceed with exploration to increase the resource reserves of existing mines, and focus on the feasibility study and development of the projects.

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

SAFETY, ENVIRONMENTAL PROTECTION, EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had a total of 1,760 employees (as at 31 December 2021: 1,725 employees). For the year ended 31 December 2022, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to approximately RMB196,444,000 (2021: RMB185,798,000). Employee costs included basic salary, commission and bonus, housing allowance, pension, medical insurance, occupational injury insurance and other insurances required by the government. In accordance with the remuneration policy of the Company, the income of employees is related to the performance of individual employees and the operating performance of the Company. The Company carried out performance assessment to motivate employees, so as to enhance its operating performance. In order to improve the overall quality and professional skills of the employees, the Group has developed and implemented the Administrative System on Training.

For details on safety, environmental protection and employee development of the Group for the year 2022, please refer to the Environmental, Social and Governance Report of the Company for the year 2022 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 2022, revenue from the Group was RMB2,601,833,000, representing a decrease of RMB524,815,000 or 16.79% as compared to last year. The decrease was mainly due to the fact that: 1) the selling price of high-purity iron in 2022 decreased by RMB536/metric ton and the sales volume increased by 2,000 metric tons as compared to last year, resulting in a decrease in revenue of RMB269,213,000; and 2) the sales price of iron ore concentrate decreased by RMB183/metric ton and the sales volume of iron ore concentrate decreased as compared to last year in 2022, resulting in a decrease in revenue of iron ore concentrate of RMB203,548,000.

For the year of 2022, cost of sales incurred by the Group amounted to RMB2,243,830,000, representing an increase of RMB332,527,000 or 17.40% as compared to last year, mainly due to the significant increase in the cost per metric ton of high-purity iron resulted from the discontinuous production and high prices of raw materials such as coke as a result of power restrictions and other factors in 2022.

For the year of 2022, gross profit of the Group was RMB358,003,000, representing a decrease of RMB857,342,000 or 70.54% over last year. As compared to last year, gross margin of the Group decreased from 38.87% to 13.76% in 2022.

Analysis on the revenue by major products

	For the year ended 31 December 2022 *RMB'000*				For the year ended 31 December 2021 *RMB'000*			
	Iron Ore Business	**High-purity Iron Business**	**Others**	**Total**	Iron Ore Business	High-purity Iron Business	Others	Total
Iron Ore Concentrates	**320,131**	**95,540**	**–**	**415,671**	619,219	–	–	619,219
High-purity Iron	**–**	**2,169,747**	**–**	**2,169,747**	–	2,438,960	–	2,438,960
Others	**2,489**	**10,413**	**3,513**	**16,415**	3,230	44,086	21,153	68,469
Total	**322,620**	**2,275,700**	**3,513**	**2,601,833**	622,449	2,483,046	21,153	3,126,648

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 transactions have been eliminated when consolidating the financial statements.

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

For the year of 2022, other income of the Group was RMB27,179,000, representing an increase of RMB9,642,000 or 54.98% over last year. Other income mainly represented interest income.

For the year of 2022, other losses of the Group were RMB19,992,000, representing an increase of RMB5,518,000 or 38.12% over last year. 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.

During the year, the long-term assets were reviewed by the Group to determine whether the carrying amount exceeded the recoverable amount of the assets, and an impairment assessment was conducted if any such indication existed, the recoverable amount was calculated, and an impairment loss of RMB18,822,000 was provided accordingly. The recoverable amount was determined based on a value in use calculation. The calculation used the Group's cash flow projections, discount rate and other key assumptions, including sales and gross margin, etc.

For the year of 2022, the expected credit loss of the Group was RMB13,297,000, representing an increase of RMB10,432,000 or 364.12% 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 according to the historical settlement pattern, industry practice, the Group's historical actual loss experience and general economic conditions of the industry in which the debtors operate during the year.

3. Distribution and Selling Expenses, Administrative Expenses

For the year of 2022, the distribution and selling expenses of the Group were RMB77,003,000, representing a decrease of RMB28,890,000 or 27.28% as compared to last year, which was mainly due to: 1) the decrease in sales volume of iron ore concentrate of approximately 325,000 metric tons as compared to last year resulted in a decrease of RMB9,669,000 in the distribution and selling expenses; and 2) the change in delivery distance of customers in the high-purity iron business resulted in a decrease of approximately RMB14,603,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2022, the administrative expenses of the Group were RMB201,730,000, representing a decrease of RMB5,046,000 or 2.44% as compared to last year. Administrative expenses included remuneration paid to the management and administrative staff of the Group, depreciation and amortization, leasing and office expenses, business development expenses, professional consultation and service expenses, taxation expenses, bank charges and others.

4. Finance Costs and Income Tax Expense

For the year of 2022, the finance costs of the Group were RMB68,485,000, representing a decrease of RMB9,934,000 or 12.67% as compared to last year. Finance costs included interest expenses on bank borrowings, discount expenses and other finance expenses. The decrease in finance costs for the year as compared to last year was mainly due to the decrease in interest expenses and discounted interest.

For the year of 2022, the income tax expense of the Group was RMB45,407,000, representing a decrease of RMB108,033,000 or 70.41% as compared to the income tax charge last year. Income tax expense included the total amount of current tax payable and deferred tax.

5. Loss/Profit for the Year and Total Comprehensive Loss/Income

Based on the aforesaid reasons, the Group's loss for the year of 2022 was RMB53,010,000, representing a decrease of RMB712,413,000 or 108.04% as compared to last year's profit.

Based on the loss 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 loss of the Group for the year of 2022 was RMB48,016,000, representing a decrease of RMB685,114,000 or 107.54% as compared to last year's income.

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

As at 31 December 2022, the net value of property, plant and equipment of the Group was RMB822,384,000, representing a decrease of RMB73,638,000 or 8.22% as compared to the end of last year.

As at 31 December 2022, the inventories of the Group were RMB395,029,000, representing an increase of RMB168,671,000 or 74.52% as compared to the end of last year, mainly due to the increase in inventories of the high-purity iron segment.

As at 31 December 2022, the intangible assets of the Group were RMB415,769,000, representing an increase of RMB24,552,000 or 6.28% as compared to the end of last year. The increase was mainly due to the exploration expenditure on iron ore and gold ore during the year.

7. Trade and Other Receivables, Trade and Other Payables

As at 31 December 2022, trade receivables of the Group were RMB88,006,000, representing an increase of RMB9,466,000 as compared to the end of last year.

As at 31 December 2022, other receivables of the Group were RMB122,415,000, representing a decrease of RMB36,931,000 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 2022, bills receivables of the Group (bank acceptance bills) were RMB114,399,000, representing a decrease of RMB282,190,000 as compared to the end of last year, of which undiscounted and unendorsed bank acceptance bills were RMB16,547,000. Such bills can be discounted at any time to satisfy the capital requirement.

As at 31 December 2022, trade payables of the Group were RMB166,033,000, representing an increase of RMB38,012,000 as compared to the end of last year. As at 31 December 2022, other payables of the Group were RMB221,927,000, representing a decrease of RMB71,612,000 as compared to the end of last year, mainly due to the payment of consideration payable of RMB64,800,000 in the current year.

8. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2022 is set out below:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Net cash flows from operating activities	**194,059**	1,003,573
Net cash flows from investing activities	**(43,677)**	(489,958)
Net cash flows from financing activities	**(298,889)**	(421,437)
Net (decrease)/increase in cash and cash equivalents	**(148,507)**	92,178
Cash and cash equivalents at the beginning of the year	**279,491**	181,244
Effect of changes in foreign exchange rate on cash and cash equivalents	**3,427**	6,069
Cash and cash equivalents at the end of the year	**134,411**	279,491

The net cash inflow from operating activities during the year of 2022 was RMB194,059,000. The amount was mainly attributed to the loss before tax of RMB7,603,000, together with depreciation and amortization of RMB161,108,000, finance costs of RMB68,485,000 and the net change in working capital of RMB37,825,000, which were offset by the payment of income tax of RMB90,088,000.

For the year of 2022, the net cash outflow from investing activities amounted to RMB43,677,000. This amount mainly included the amount of RMB87,424,000 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 RMB58,015,000 paid for the acquisition of intangible assets, the amount of RMB9,708,000 as payment for the purchase of right-of-use assets, the amount of RMB64,800,000 paid for the consideration payable for the acquisition, the amount of RMB9,000,000 as payment for the investment in an associate and the net recovery of borrowings and bills deposits of RMB155,837,000.

For the year of 2022, the net cash outflow from financing activities was RMB298,889,000, which was mainly from the new bank borrowings of RMB475,900,000, the repayment of bank borrowings of RMB514,163,000, the settlement of interest on loans of RMB66,572,000, the payment made for share repurchase of RMB5,641,000 and the payment of dividend of RMB237,929,000.

9. Cash and Borrowings

As at 31 December 2022, the available cash and bank acceptance bills of the Group amounted to RMB150,958,000, representing a decrease of RMB410,784,000 or 73.13% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

			Changes	
	31 December 2022	31 December 2021	Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Cash and bank balance	**134,411**	279,491	-145,080	-51.91%
Bank acceptance bills (undiscounted)	**16,547**	282,251	-265,704	-94.14%
Available cash and bank acceptance bills	**150,958**	561,742	-410,784	-73.13%

As at 31 December 2022, bills payables and borrowings of the Group amounted to RMB770,000,000 and RMB598,400,000, respectively, and the amount net of borrowings and bills deposits was RMB644,983,000, representing a decrease of RMB49,426,000 or 7.12% as compared to the end of the last year.

Breakdown of Borrowings and Bills Payables

			Changes	
	31 December 2022	31 December 2021	Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Borrowings – due within one year	**541,400**	514,163	27,237	5.30%
Borrowings – due after one year	**57,000**	122,500	-65,500	-53.47%
Subtotal	**598,400**	636,663	-38,263	-6.01%
Bills payables	**770,000**	937,000	-167,000	-17.82%
Total	**1,368,400**	1,573,663	-205,263	-13.04%
Less: borrowings and bills deposits	**723,417**	879,254	-155,837	-17.72%
Net borrowings and bills payables	**644,983**	694,409	-49,426	-7.12%

Save for the information disclosed above or otherwise in this announcement, the Group has no outstanding mortgage, pledge, debentures or other loan capital issued or agreed to be issued, bank overdrafts, loans, liabilities under acceptance or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities. The Directors have confirmed that, save as disclosed above, there was no material change in the debts or contingent liabilities of the Group since 31 December 2021.

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group increased from 58.85% as at 31 December 2021 to 61.90% as at 31 December 2022.

As at 31 December 2022, the net gearing ratio of the Group was 39.85%. 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, mining rights as well as right-of-use assets. As at 31 December 2022, the net carrying value of the pledged bank deposits, property, plant and equipment, mining rights and right-of-use assets amounted to RMB723,417,000, RMB39,531,000, RMB60,031,000 and RMB9,095,000 respectively.

As at 31 December 2022, the Group had no material contingent liabilities.

13. Capital Commitment

As at 31 December 2022, the capital commitment of the Group was RMB3,840,000, representing a decrease of RMB42,008,000 or 91.62% as compared to last year. The capital commitment mainly included the expenditure of RMB3,617,000 on water treatment plants of gold mines in Australia and the relevant explorations, etc.

14. Capital Expenditure

The Group's capital expenditure decreased from RMB234,146,000 in 2021 to RMB124,157,000 in 2022. Expenditure incurred in 2022 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB66,098,000; (ii) expenditure for intangible assets amounting to RMB43,015,000; and (iii) increase of RMB15,044,000 in right-of-use assets.

15. Significant Investments Held

As at 31 December 2022, the Group did not hold any significant investments.

16. Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

The Group had no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year of 2022.

17. Significant Subsequent Events

Save as disclosed in this announcement, there were no other significant events taken place subsequent to the end of the year ended 31 December 2022.

OTHERS

1. Dividend

Dividend Policy

The payment and amount of any dividends will be determined at the discretion of the Directors of the Company by taking into account relevant factors, including but not limited to the earnings, capital requirements, surplus, financial condition and future development of the Company. In addition, the constitutional documents of the Company and the Companies Law set forth requirements related to the declaration, payment and amount of dividends. Under the constitutional documents of the Company and the Companies Law, payment of proposed dividends out of the share premium account is possible, provided that the Company is able to fully settle its debts when they fall due in the ordinary course of business.

The ability to declare future dividends will also depend on the availability of dividends, if any, received from PRC operating subsidiaries. Pursuant to the PRC laws, dividends may only be paid out of distributable profits, which represent the retained profits after tax, as defined in the PRC GAAP, less any reversal of accumulated losses and the required allocations to statutory reserves made by PRC operating subsidiaries of the Company. In general, the Company will not declare dividends in a year where the Company does not have any distributable profits.

Subject to the factors described above, it was the intention of the Company to distribute to the owners of the Company not less than 30% of our annual distributable profit attributable to owners of the Company in respect of each financial year. However, such intention provides no guarantee or representation or indication that the Company must or will declare and pay dividends in such manner or declare. The Company cannot assure the Shareholders that dividends will be paid in the future or as to the timing of any dividends that may be paid in the future.

The Board did not recommend the payment of the final dividend for the year ended 31 December 2022 to the Shareholders.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Wednesday, 24 May 2023. The register of members of the Company will be closed from Wednesday, 17 May 2023 to Wednesday, 24 May 2023 (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 2023 annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 16 May 2023.

3. Management Contracts

For the year ended 31 December 2022, 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

Save as disclosed in paragraph 5 "Restricted Share Award Scheme" below, for the year ended 31 December 2022, 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 through ownership of shares.

As of the date of this announcement, the trustee, as instructed by the Board, purchased a total of 31,063,000 shares on the market at a total consideration of HKD44,365,810 (among which, 7,174,000 shares were purchased on the market at a total consideration of HKD6,431,180 during the year ended 31 December 2022). 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 award 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 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 2022, each controlling Shareholder has made annual confirmation of compliance with the Non-Competition Agreement, and the independent non-executive Directors have also reviewed the implementation of the Non-Competition Agreement, and confirmed that the controlling Shareholders have fully abided by the agreement without any breach of the agreement.

7. Compliance with Corporate Governance Code

Save as disclosed herein, during the year ended 31 December 2022, the Company has fully complied with the all applicable principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to 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 Chief Executive Officer ("**CEO**") and President of the Company. Although this is not in compliance with the requirement under code provision C.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 2022.

9. Significant Legal Proceedings

For the year ended 31 December 2022, 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 2022 Annual Results and the consolidated financial statements of the Company for the year ended 31 December 2022.

11. Auditor

The consolidated financial statements of the Company for the year ended 31 December 2022 have been audited and agreed by Deloitte Touche Tohmatsu with unqualified opinion.

12. Publication of Annual Report

The 2022 annual report of the Company containing all applicable information required by the Listing Rules will be dispatched to the Shareholders 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 2022

		Year ended 31 December	
		2022	2021
	NOTES	***RMB'000***	*RMB'000*
Revenue	*4*	**2,601,833**	3,126,648
Cost of sales		**(2,243,830)**	(1,911,303)
Gross profit		**358,003**	1,215,345
Other income	*5*	**27,179**	17,537
Other gains and losses	*6*	**(19,992)**	(14,474)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*7*	**(13,297)**	(2,865)
Distribution and selling expenses		**(77,003)**	(105,893)
Administrative expenses		**(201,730)**	(206,776)
Research and development expenses		**(11,491)**	(7,955)
Share of results of an associate		**(787)**	(3,657)
Finance costs	*8*	**(68,485)**	(78,419)
(Loss) profit before tax	*9*	**(7,603)**	812,843
Income tax expense	*10*	**(45,407)**	(153,440)
(Loss) profit for the year		**(53,010)**	659,403

		Year ended 31 December	
		2022	2021
	NOTES	***RMB'000***	*RMB'000*
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**4,994**	(23,474)
Reclassification of cumulative translation reserve upon disposal of a foreign operation to profit or loss		**–**	1,169
Other comprehensive income (expense) for the year		**4,994**	(22,305)
Total comprehensive (expense) income for the year		**(48,016)**	637,098
(Loss) profit for the year attributable to:			
Owners of the Company		**(51,297)**	658,957
Non-controlling interests		**(1,713)**	446
		(53,010)	659,403
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(46,515)**	637,460
Non-controlling interests		**(1,501)**	(362)
		(48,016)	637,098
Basic (loss) earnings per share (RMB cent per share)	*12*	**(2.7)**	33.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTES	**31 December 2022 RMB'000**	31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		**822,384**	896,022
Goodwill		**209,132**	209,132
Intangible assets		**415,769**	391,217
Right-of-use assets		**200,378**	204,861
Interests in an associate		**34,556**	26,343
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,114**	2,150
Deferred tax assets		**35,621**	15,077
Deposits on acquisition of property, plant and equipment		**12,943**	7,939
Restricted deposits		**36,405**	37,590
Pledged bank deposits		**–**	20,000
Amount due from a related party		**7,283**	–
Investment deposit		**7,542**	–
		1,784,127	1,810,331
Current assets			
Inventories		**395,029**	226,358
Trade and other receivables	*13*	**210,421**	237,886
Receivables at fair value through other comprehensive income ("**FVTOCI**")	*14*	**114,399**	396,589
Financial assets at FVTPL		**1,000**	1,000
Pledged bank deposits		**723,417**	859,254
Bank balances and cash		**134,411**	279,491
		1,578,677	2,000,578
Current liabilities			
Trade, bills and other payables	*15*	**1,157,960**	1,358,560
Amount due to a related party		**63,438**	10,624
Borrowings	*16*	**541,400**	514,163
Lease liabilities		**4,622**	4,202
Contract liabilities		**111,800**	46,579
Tax liabilities		**76,778**	100,915
Deferred income		**437**	647
		1,956,435	2,035,690
Net current liabilities		**(377,758)**	(35,112)
Total assets less current liabilities		**1,406,369**	1,775,219

	NOTES	31 December 2022 RMB'000	31 December 2021 RMB'000
Capital and reserves			
Share capital	*17*	**160,203**	160,203
Reserves		**1,114,157**	1,399,592
Equity attributable to owners of the Company		**1,274,360**	1,559,795
Non-controlling interests		**6,976**	8,477
Total equity		**1,281,336**	1,568,272
Non-current liabilities			
Borrowings	*16*	**57,000**	122,500
Lease liabilities		**5,153**	5,101
Provision		**42,880**	44,346
Other long-term liabilities		**20,000**	35,000
		125,033	206,947
		1,406,369	1,775,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, 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, 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 Group's annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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 IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2024

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 2022, the Group's current liabilities exceeded its current assets by RMB377,758,000. In addition, as at 31 December 2022, the Group had capital commitments contracted for but not provided in the consolidated financial statements amounting to RMB3,840,000.

As at 31 December 2022, the Group had available conditional banking facilities of RMB224,500,000 ("**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 the Group's bank borrowings can be successfully renewed upon maturity in view of the Group's historical successful experience in rolling over the borrowing upon expiration.

In light of the above, the management of the Group has prepared the cash flow forecast covering the period for the next twelve months for the purpose of going concern assessment. In the opinion of the Directors, together with the other financial resources available to the Group, including cash and cash equivalents on hand, the maturity profile and the successful rate applied in rolling over the bank borrowing, 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.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("**IAS 36**").

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. REVENUE

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

A. For the year ended 31 December 2022

	For the year ended 31 December 2022			
	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	**320,131**	**95,540**	**–**	**415,671**
High-purity iron	**–**	**2,169,747**	**–**	**2,169,747**
Building materials	**–**	**–**	**2,723**	**2,723**
Raw and leftover materials	**2,489**	**10,413**	**790**	**13,692**
Total	**322,620**	**2,275,700**	**3,513**	**2,601,833**
Geographical markets				
Mainland China	**322,620**	**2,275,700**	**3,513**	**2,601,833**

B. 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

(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 when the goods are accepted by the customers 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 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Bank interest income	**18,000**	12,722
Government grants	**6,036**	4,587
Others	**3,143**	228
	27,179	17,537

6. OTHER GAINS AND LOSSES

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Loss on disposal of property, plant and equipment	**(1,402)**	(1,626)
Fair value loss on financial assets at FVTPL	**(1,217)**	(853)
Net foreign exchange gain (loss)	**3,233**	(1,309)
Impairment loss on property, plant and equipment	**(18,822)**	(22,269)
Impairment of intangible assets	**–**	(289)
Gain on disposal of a subsidiary	**–**	35,950
Donations	**(1,000)**	(2,032)
Penalty	**(1,092)**	(3,219)
Provision for contingency *(note)*	**–**	(12,556)
Others	**308**	(6,271)
	(19,992)	(14,474)

Note:

In February 2021, the Company submitted an application to revoke an arbitration award which is related to a dispute with a vendor for the provision of consultancy service to the Group. Pursuant to the arbitration award, the Company is required to pay a total amount of RMB20 million to the vendor. Based on management's estimation of possibility of losing consequent economic benefits outflow in accordance with the information available and the professional advice from external legal experts, a provision of contingency of RMB10 million was made in the consolidated financial statements for the year ended 31 December 2020. In June 2021, the application was formally rejected by the court, as such, the Company has made the remaining provision amount of RMB12,556,000 during the year. In July 2021, the Company has settled the total provision of RMB22,556,000 in full.

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Impairment losses recognised in respect of:		
– trade receivables	**11,683**	2,171
– other receivables	**1,614**	694
	13,297	2,865

8. FINANCE COSTS

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Interests on borrowings	**38,122**	42,327
Interests on bills discounted	**28,445**	34,166
Interests on lease liabilities	**223**	436
Interests on rehabilitation provision	**1,695**	1,490
	68,485	78,419

9. (LOSS) PROFIT BEFORE TAX

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

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Cost of inventories recognised as an expense *(note)*	**2,183,705**	1,813,580
Auditors' remuneration	**3,097**	4,549
Depreciation of property, plant and equipment	**119,193**	147,957
Amortisation of intangible assets	**23,734**	24,190
Depreciation of right-of-use assets	**18,181**	32,431
Total depreciation and amortisation	**161,108**	204,578
Capitalised in inventories	**(130,530)**	(179,779)
	30,578	24,799
Analysed as:		
– charged in research and development expenses	**2,995**	1,184
– charged in distribution and selling expenses	**6**	52
– charged in administrative expenses	**27,577**	23,563
	30,578	24,799

Note: The amount included write-down of inventories of RMB29,684,000 for the year ended 31 December 2022 (2021: RMB3,636,000).

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Salaries and other benefits including staff's bonus	**182,163**	172,908
Retirement benefit scheme contributions	**12,814**	12,102
Share-based payment	**1,467**	788
Total staff costs (including directors)	**196,444**	185,798
Capitalised in inventories	**(74,917)**	(65,114)
	121,527	120,684
Analysed as:		
– charged in research and development expenses	**6,102**	5,317
– charged in distribution and selling expenses	**6,545**	3,184
– charged in administrative expenses	**108,880**	112,183
	121,527	120,684
Research and development expenditure analysed as:		
– depreciation and amortisation	**4,629**	6,933
– raw materials consumed	**90,110**	124,425
– staff costs	**6,998**	8,433
– technical service fee	**2,176**	1,868
– others	**147**	4,023
	104,060	145,682
Capitalised in inventories	**(92,569)**	(137,727)
	11,491	7,955
Research and development cost charged in profit or loss analysed as:		
– depreciation and amortisation	**2,995**	1,184
– raw materials consumed	**218**	515
– staff costs	**6,102**	5,317
– technical service fee	**2,176**	596
– others	**–**	343
	11,491	7,955

10. INCOME TAX EXPENSE

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**(57,425)**	(135,843)
Withholding tax	**(3,800)**	(15,700)
(Under) over provision in prior years	**(4,726)**	2,720
	(65,951)	(148,823)
Deferred tax:		
Current year	**23,837**	(8,636)
Attributable to changes in tax rate	**(3,293)**	4,019
	20,544	(4,617)
Total income tax expense recognised in the current year	**(45,407)**	(153,440)

Under the Law of 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 28 November 2022, 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 from 2022 to 2024 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 the 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 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
(Loss) Profit before tax	**(7,603)**	812,843
Tax at the PRC income tax rate of 25%	**1,901**	(203,211)
Tax effect of expenses not deductible for tax purpose	**(3,615)**	(5,099)
Tax effect of income not taxable for tax purposes	**–**	1,108
Tax effect of research and development expenses that are additionally deducted	**2,155**	1,492
Deductible temporary differences and tax losses not recognised	**(49,486)**	(15,666)
Utilisation of deductible temporary difference and tax losses previously not recognised	**200**	(446)
Tax effect of concessions granted to Aoniu Mining and Hanking D.R.I.	**15,257**	77,343
Change in opening deferred tax asset resulting from a change in applicable tax rate	**(3,293)**	4,019
(Under) over provision in respect of prior years	**(4,726)**	2,720
Withholding tax	**(3,800)**	(15,700)
Income tax expense for the year	**(45,407)**	(153,440)

11. DIVIDENDS

	Year ended	
	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 Final – HKD0.12 (2020: HKD0.08) per share *(note)*	**199,701**	127,979
2022 Interim – HKD0.02 (2021: HKD0.06) per share *(note)*	**35,045**	96,023
	234,746	224,002

Note:

During the current year, a dividend of HKD0.12 per share amounting to HKD235,200,000 (equivalent to RMB199,701,000) in aggregate in respect of the year ended 31 December 2021 (2021: 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) was declared, among which HKD225,792,000 (equivalent to RMB191,425,000) was paid to the owners of the Company whose names appeared in the register of members of the Company on 8 June 2022. An interim dividend of HKD0.02 per share amounting to HKD39,200,000 (equivalent to RMB35,045,000) in aggregate (2021: interim dividend of HKD0.06 per share amounting to HKD117,600,000 (equivalent to RMB96,203,000) in aggregate) was declared, among which HKD38,644,000 (equivalent to RMB35,045,000) was paid to the owners of the Company whose names appear in the register of members of the Company on 20 October 2022.

No dividend has been proposed since the end of the year ended 31 December 2022 (2021: HKD235,200,000).

12. (LOSS) 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	
	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
(Loss) profit for the year attributable to owners of the Company, for the purposes of basic (loss) earnings per share	**(51,297)**	658,957

	Number of shares	
	31/12/2022	31/12/2021
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,933,841,000**	1,942,943,000

The weighted average number of ordinary shares for the year ended 31 December 2022 for the purpose of basic (loss) earnings per share has been adjusted for the weighted average effect of 7,174,000 (2021: 8,293,000) ordinary shares repurchased as restricted shares held for strategic incentive award scheme.

The Company did not have dilutive potential ordinary shares in issue for the years ended 31 December 2022 and 2021.

13. TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Trade receivables		
– Third parties	**113,054**	91,905
Less: Allowance for credit loss	**(25,048)**	(13,365)
	88,006	78,540
Other receivables		
– Advances to suppliers	**34,010**	17,431
– Deposits	**3,231**	3,088
– Deposit for resource tax	**12,123**	39,019
– Other tax recoverable	**9,684**	8,675
– Value-added tax recoverable	**13,156**	16,612
– Staff advance	**6,396**	10,663
– Consideration receivable	**–**	5,619
– Prepaid expense	**3,568**	1,000
– Prepayment	**7,384**	7,384
– Amount due from an independent third party *(note)*	**36,800**	55,000
– Others	**12,194**	14,703
	138,546	179,194
Less: Allowance for credit loss	**(16,131)**	(19,848)
Total other receivables	**122,415**	159,346
Total trade and other receivables	**210,421**	237,886

Note: The amount represents a short-term advance to a Group's major supplier, an independent third party not related to the Group, 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 (2021: 7 days) to its customers of iron ore concentrates, 60 days (2021: 60 days) to its customers of high-purity iron and 30 days (2021: 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 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB41,702,000 (2021: RMB23,927,000) which are past due as at the reporting date. Out of the past due balances, amount of RMB33,857,000 (2021: RMB8,036,000) 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 2022 *RMB'000*	31 December 2021 *RMB'000*
– Within 7 days	**37,501**	33,434
– 8 days to 30 days	**4,714**	20,022
– 31 days to 60 days	**11,291**	6,006
– 61 days to 90 days	**643**	4,876
– 91 days to 1 year	**33,537**	7,814
– 1 year to 2 years	**320**	6,388
	88,006	78,540

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 2021	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
– Impairment losses recognised	2,761	14,787	17,548
– Impairment losses reversed	(588)	(5,277)	(5,865)
– Transfer to credit-impaired	(38)	38	–
As at 31 December 2022	3,074	21,974	25,048

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

	12m ECL	**Lifetime ECL not credit–impaired**	**Lifetime ECL credit–impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	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
– Impairment losses recognised	–	2,811	306	3,117
– Impairment losses reversed	–	(8)	(1,495)	(1,503)
– Write-off	–	–	(5,331)	(5,331)
As at 31 December 2022	192	5,859	10,080	16,131

14. RECEIVABLES AT FVTOCI

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Receivables at FVTOCI comprise:		
Bills receivables *(note)*	**114,399**	396,589

Note: Included in the Group's bills receivables are amounts of RMB97,852,000 (2021: RMB114,338,000) 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 2022 *RMB'000*	31 December 2021 *RMB'000*
Carrying amount of transferred assets	**97,852**	114,338
Carrying amount of associated liabilities	**(97,852)**	(114,338)
Net position	**–**	–

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

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
– Within 6 months	**109,719**	380,660
– 6 months to 1 year	**4,680**	15,929
	114,399	396,589

15. 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 2022 ***RMB'000***	31 December 2021 *RMB'000*
Trade payables *(note a)*		
– Within 15 days	**75,709**	26,182
– 15 days to 90 days	**26,492**	14,981
– 91 days to 1 year	**56,851**	79,730
– 1 year to 2 years	**1,991**	1,463
– 2 years to 3 years	**1,191**	2,551
– Over 3 years	**3,799**	3,114
	166,033	128,021
Trade payables under supplier finance arrangements *(note b)*	**770,000**	937,000
Other payables		
Advance receipt of value-added tax from customers	**14,599**	5,971
Other tax payable	**25,614**	32,615
Payable for acquisition of property, plant and equipment	**26,054**	42,376
Outsourced service payable	**13,021**	10,540
Transportation fee payable	**26,294**	17,764
Accrued expense	**413**	5,386
Salary and bonus payables	**15,401**	11,269
Interest payable	**298**	303
Dividend payable	**5,476**	8,659
Refundable deposits	**6,676**	4,642
Amounts due to independent third parties *(note c)*	**32,500**	33,782
Consideration payable *(note d)*	**35,200**	100,000
Payable for mining rights	**15,000**	15,000
Others	**5,381**	5,232
	221,927	293,539
Total trade, bills and other payables	**1,157,960**	1,358,560

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) These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

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

(d) The balance represented the outstanding guarantee debt due to Beijing Zhuguan Technology Limited* (北京主冠科技有限公司), ex-equity owner of the subsidiary acquired in 2020.

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

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Within 6 months	**490,000**	318,100
6 months to 1 year	**280,000**	618,900
	770,000	937,000

* *For identification purpose only*

16. BORROWINGS

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Bank loans	**598,400**	636,663
	598,400	636,663
Secured and guaranteed	**408,500**	421,763
Secured and unguaranteed	**76,900**	104,900
Unsecured and guaranteed	**110,000**	110,000
Unsecured and unguaranteed	**3,000**	–
	598,400	636,663
Fixed-rate	**598,400**	636,663
The carrying amounts of the above borrowings are repayable *(note)*:		
Within one year	**541,400**	514,163
More than one year, but not more than two years	**2,000**	122,500
More than two years, but not more than five years	**55,000**	–
	598,400	636,663

Note:

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 2022 %	31 December 2021 %
Fixed-rate borrowings	**3.45 – 8.60**	3.40 – 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, RMB122,500,000 (31 December 2021: RMB133,500,000) 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 (2021: RMB110,000,000) at 31 December 2022 were guaranteed by the Controlling Shareholders and the companies controlled by them.

17. SHARE CAPITAL

Details of movement in share capital of the Company are as follows:

	Number of shares		Share capital	
	2022	2021	**2022**	2021
	'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	
	2022	2021	**2022**	2021
	'000	*'000*	***RMB'000***	*RMB'000*
Issued and fully paid				
At 1 January and 31 December	**1,960,000**	1,960,000	**160,203**	160,203

18. 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 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 March to December 2022 (From April to December 2021), the trustee of the Company's Scheme purchased on the Stock Exchange a total of 7,174,000 (2021: 8,293,000) ordinary shares at a total consideration of approximately RMB5,641,000 (2021: RMB9,567,000) pursuant to the terms of the trust deed under the Scheme.

As at 31 December 2022, no award shares have been granted to any Selected Participants pursuant to the Scheme.

APPRECIATION

The Board 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, the Shareholders and other related parties for their consistent support and trust to the Group.

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

Shanghai, the PRC, 23 March 2023

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.