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罕王
HANKING

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

(incorporated in the Cayman Islands with limited liability)
(Stock code: 03788)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS HIGHLIGHTS *NOTES*

1. Production was stabilized and losses were turned into profits

In 2023, for domestic business, the Group focused on stabilizing production, and achieved an annual output of 1,000,000 metric tons of iron ore concentrate, representing a year-on-year increase of 29.37%, and an annual output of high-purity iron of 871,000 metric tons, representing a year-on-year increase of 31.17%. The continuous and stable production ensured a substantial increase in the Group's product sales volume and sales revenue, and also reduced the cost per metric ton of products. The Group achieved a turnaround during the year, and recorded a profit for the year of RMB151 million (2022: a loss of RMB53.01 million).

2. The definitive feasibility study report of the gold mine projects in Australia was completed

In 2023, all environmental approvals for the mine development of the Company's Mt Bundy Gold Project in the Northern Territory of Australia were obtained. The definitive feasibility study report of the project was completed in November 2023. The report has showed an average gold production of 170,000 ounces (approximately 5.5 tons) in the first 5 years of an initial 13 years mine life based on the 1.64 million ounces gold in ore reserve from the 3 million ounces gold resources. The project is one of the gold mine projects with lowest strip ratio. The financial model has showed that the development plan could achieve solid financial metrics and returns, such as a payback period of just over 2 years and an internal rate of return of over 40%, which demonstrates that the project is a long life, high margin gold project and significantly enhances the value of the Mt Bundy Gold Project.

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.

3. Substantial interests in the Cygnet Gold Project in Australia were acquired

In 2023, Hanking Australia, a subsidiary of the Company, acquired substantial interests in the Cygnet Gold Project in Western Australia by way of capital increase. The project had a gold resources of approximately 1.18 million ounces (36.7 tons) at the end of 2023. In 2024, the Group will focus on the exploration, the feasibility study for mine production and construction and government approval of the Cygnet Gold Project.

4. Newly increased iron ore resources of 16.32 million tons within the license

In October 2023, Maogong Mine was granted a new mining license, expanding the mining area from the original 1.9833 square kilometers to 2.4251 square kilometers, with newly increased iron ore resources of 16.32 million tons within the license. The approval of the mining license will extend the mine life of Maogong Mine and lay a solid foundation for the sustainable and long-term development of the Group's iron ore business.

MAJOR FINANCIAL DATA AND INDICATORS

	For the year ended 31 December		
	2023	2022	Change
Revenue (RMB thousand)	**3,028,155**	2,601,833	16.39%
Profit(loss) for the year (RMB thousand)	**150,897**	(53,010)	384.66%
Earnings(loss) per share (RMB cent)	**7.9**	(2.7)	392.59%
Final dividend (HKD per share)	**0.02**	0	N/A
Net margin	**4.98%**	(2.04%)	Up 7.02 percentage points
Return on net assets	**11.05%**	(3.72%)	Up 14.77 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 2023 (the "**2023 Annual Results**"). The 2023 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 19 March 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 19 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

OPERATION REVIEW

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

- ***Gold Business in Australia***

  A team has been assembled by the Company in Australia since 2010, and the 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 gold project, in an effort to create maximum value for the shareholders of the Company (the "**Shareholders**").

II. IRON ORE BUSINESS

1. Industry situation

Mysteel.com showed that in 2023, the overall price of iron ore rose, fell and rose again, presenting an overall "N" shaped upward trend. The average annual price of iron ore was US$119.46 per metric ton, representing a year-on-year decrease of US$0.6 per metric ton. According to data from the General Administration of Customs, China imported a total of 1,179,060,000 metric tons of iron ore in 2023, representing a year-on-year increase of 6.6%. According to the National Bureau of Statistics, in 2023, the domestic production of iron ore was 990,555,400 metric tons, representing a year-on-year increase of 7.1%.

2. Operation status

Rich and good iron ore resource

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 Company is committed to improving the quality of its iron ore concentrate products and continuously invested in optimising its production processes. The average grade of iron ore concentrate produced in 2023 reached over 68%, and its content of sulfur, phosphorus and titanium impurities is low, which can significantly reduce the production cost for our customers. Therefore, the Group's iron ore business was identified as a professional, advanced and specialized new "Little Giant" enterprise in Liaoning Province and the high-grade pure iron ore concentrate was identified as a "technologically advanced" product in Liaoning Province.

Digitalization improved management efficiency

The Company's iron ore business has been the first in the industry in China to build a smart mine system to solidify expert experience and production control processes with software, and strengthen and improve the effect of production and operation control with the support of data, so as to make the whole process of production, operation, management, decision-making and control dynamically visible, controllable and traceable, and precisely coordinate production processes to achieve the optimal production benefits as a whole.

In 2023, for the iron ore business, the Group applied for the provincial "Digital Workshop" project with the Intelligent Mineral Processing Digital Workshop in Maogong Mine of Hanking. The digital mineral processing workshop uses patented technologies such as mineral processing optimization, integration of production management and control, and industrial big data collection from Northeastern University to realize the integrated and intelligent management and control of enterprise mineral processing and production process. The project was successfully accredited and received subsidy funds. In addition, for the iron ore business, we will also work with the School of Resources and Civil Engineering and the

School of Materials Science and Engineering of Northeastern University to jointly apply for the Key Technology and Application of High-value Comprehensive Utilization of Iron Ore Resources in All Components, Short Process (《鐵礦資源全組分短流程高值化綜合利用關鍵技術及應用》), a scientific and technological research project of Liaoning Province.

Low-cost operations

In 2023, the production of the Company's iron ore business was stable. The iron concentrate output was 1,000,000 metric tons, representing a year-on-year increase of 227,000 metric tons or 29.37%. The increase in production resulted in a decrease in fixed costs apportioned to a single metric ton of iron ore concentrate, which, coupled with the improved management efficiency by digital means and the optimized management and organization of mining and processing, made the Company's average cash operating cost of a single metric ton of iron ore concentrate amount to RMB364 per metric ton, representing a year-on-year decrease of RMB21 per metric ton or 5.45%.

Table 1 – Cash operation costs of the iron ore business

	For the year ended 31 December		
	2023 (RMB/metric ton of iron ore concentrate)	2022 (RMB/metric ton of iron ore concentrate)	Change
Mining	**177**	177	0.00%
Processing Note 1	**87**	80	8.75%
Transportation Note 2	**14**	18	(22.22%)
Tax	**59**	61	(3.28%)
Mine management Note 3	**27**	49	(44.90%)
Total	**364**	385	(5.45%)

Note 1: During the year, the replacement of roller sleeves of high-pressure roller and the increase in the standard for accrual of security fees pursuant to polices resulted in an increase in the cost of processing.

Note 2: Due to customer changes, the transportation distance became shorter, resulting in a reduction in transportation fees per metric ton.

Note 3: The increase in the production of iron ore concentrate resulted in a decease in fixed costs apportioned to a single metric ton of iron ore concentrate.

Table 2 – Operation breakdown of iron ore business

	For the year ended 31 December		
	2023	2022	Change
Output of iron ore concentrates (thousand metric tons)	**1,000**	773	29.37%
Sales volume of iron ore concentrates (thousand metric tons)	**1,022**	762	34.12%
Average selling price (RMB per metric ton)	**989**	1,017	(2.75%)
Average cost of sales (RMB per metric ton)	**396**	404	(1.98%)
Revenue (RMB thousand)	**1,011,491**	774,687	30.57%
Gross profit (RMB thousand)	**606,574**	469,132	29.30%
Gross margin	**59.97%**	60.36%	Down 0.39 percentage point

For the year ended 31 December 2023, the capital expenditure of iron ore business was RMB88,961,000 (2022: RMB76,289,000), mainly representing expenditure on plant, machinery and equipment, property and exploration.

3. *Resources and reserves*

Exploration activities

The Company is well aware of the importance of sustainable high-quality resources, and has been committed to prospecting for minerals in and around existing mining areas in order to continuously obtain high-quality resources. On the basis of previous work, the Company continued to advance exploration in the Shangma and Maogong mining areas in 2023, with a total of 174 holes drilled and approximately 114,002 meters of work load completed during the year. A total of six layers of hidden ore bodies have been delineated in the Shangma mining area, in which the shallow ore bodies are mainly lenticular and saccular, and the deep ore bodies are bedded and quasi-bedded. The Company has a preliminary estimate of considerable new resources, and has commenced the preparation of a detailed exploration report in 2023. A formal exploration report is expected to be issued in mid-2024. During the year, the Company carried out aeromagnetic surveys, delineated a total of 24 magnetic anomaly zones within an area of 545 square kilometers, and selected 3 planning areas, which provided a reliable basis for formulating a three-year exploration and planning area.

As of the end of 2023, the Group owned approximately 89,160 thousand metric tons of iron ore resources.

Table 3 – Iron ore resources as at the end of 2023

Mine	Indicated Resources Metric ton	Indicated Resources TFe (%)	Inferred Resources Metric ton	Inferred Resources TFe (%)	Total Metric ton	Total TFe (%)
Aoniu Mine	12,983,099	32.45	20,476,550	31.80	33,459,649	32.05
Maogong Mine	11,067,000	34.67	14,501,000	34.65	25,568,000	34.66
Shangma Mine	16,575,310	31.77	13,552,060	31.12	30,127,370	31.48
Total	40,625,409[1]	32.78	48,529,610[2]	32.46	89,155,019	32.72

1 The resources amount includes 15,210,019 metric tons of the resources amount which does not show on the mining licenses.

2 The resources amount includes 21,548,740 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 2023, the Group owned approximately 23,800 thousand metric tons of JORC Code iron ore reserves.

Table 4 – Iron ore reserves as at the end of 2023

Mine	Reserves category	Increased amount for 2023 (metric ton)	Reserves at the end of 2023 (metric ton)	TFe (%)
Aoniu Mine	Probable Ore Reserve	0	0[1]	–
Maogong Mine	Probable Ore Reserve	7,060,740	11,067,000	34.67
Shangma Mine	Probable Ore Reserve	0	12,729,330	31.18
Total	Probable Ore Reserve	7,060,740	23,796,330	32.80

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.

III. HIGH-PURITY IRON BUSINESS

1. Industry situation

According to statistics from the National Energy Administration, as of the end of 2023, the cumulative installed capacity of wind power in the PRC was 440 million kilowatts, representing a year-on-year increase of 20.7%. The newly-added installed capacity was 75.9GW, representing a year-on-year increase of 101.7%, among which, the newly-added installed capacity of offshore wind power was 6.8GW, representing a year-on-year increase of 67.8%, and the newly-added installed capacity of onshore wind power was 69.1GW, representing a year-on-year increase of 105.8%. Wind power installed capacity was still in a sustained growth phase. Since the second half of 2023, offshore wind power projects in many places in China have accelerated, and the release of demand has driven the shipment volume of enterprises offering offshore wind power parts to continue to grow, which is expected to fully benefit domestic high-quality raw material manufacturers.

2. *Operation status*

The product structure of the Group'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 more than 10 years of advantages and experience in the production process of ductile casting iron for wind power, and many years of cooperative relations with major customers on the other hand. Relying on stable and high-quality raw materials, mature processes and experience accumulated over the years, and an annual production capacity of 930,000 metric tons in the market field of ductile casting iron for wind power, we provide high-end pig iron for ductile casting with stable quality and reliable quantity for customers of wind power castings, and high-quality raw materials for the wind power industry to help the sustainable development of the wind power industry.

The Group's high-purity iron business has an annual production capacity of 930,000 metric tons. After experiencing events such as power rationing and pandemic control in 2022, the Company focused on production and marketing, and achieved a significant increase in production and sales in 2023. The stable production measures made the blast furnace operate smoothly, and the hit rate of varieties of iron was also improved. In 2023, the output of high-purity iron was 871,000 metric tons, representing a year-on-year increase of 31.17%, and its sales volume was 896,000 metric tons, representing a year-on-year increase of 45.45%, among which the sales volume of wind power ductile casting iron accounted for approximately 88% of the total sales volume. Such achievements consolidated the Group's position as the "No. 1 supplier of wind power ductile casting iron in the PRC market".

In 2023, due to the fierce competition in the domestic high-purity pig iron industry, the selling prices of the products of the Group's high-purity iron business decreased, while the prices of iron ore concentrate and coke, the two major raw materials required for the production of the high-purity iron, decreased at a smaller rate than the prices of the high-purity iron products. As a result, the high-purity iron business of the Group incurred losses. In 2024, given the increasingly fierce market competition, the Group will continue to give full play to its resource, technology, production capacity and market advantages in the field of high-purity iron. On the one hand, it will reduce production costs through measures such as stable production, technological transformation, and grasping the pace and timing of raw material procurement, so as to consolidate our position as the largest supplier in the industry; on the other hand, it will improve management efficiency, enhance the linkage mechanism between the price of main raw materials and the sales price, and then improve the gross profit margin; at the same time, it will seek to expand the application field of products to improve the added value of products.

Table 5 – Operation breakdown of high-purity iron business

	For the year ended 31 December		
	2023	2022	Change
Output (thousand metric tons)	**871**	664	31.17%
Sales volume (thousand metric tons)	**896**	616	45.45%
Average selling price (RMB per metric ton)	**3,096**	3,520	(12.05%)
Average cost of sales (RMB per metric ton)	**3,089**	3,638	(15.09%)
Revenue (RMB thousand)	**2,783,782**	2,169,747	28.30%
Gross profit (RMB thousand)	**14,601**	(41,050)	135.57%
Gross margin	**0.52%**	(1.79%)	Up 2.31 percentage points

For the year ended 31 December 2023, capital expenditures of the high-purity iron business amounted to RMB12,126,000 (2022: RMB12,916,000), mainly representing expenditures on plant, machinery and equipment and property.

IV. GOLD BUSINESS IN AUSTRALIA

1. Industry situation

According to the World Gold Council, global gold demand (excluding over-the-counter (OTC) transactions) was 4,448 metric tons in 2023, down just 5% from a strong demand in 2022. The average gold price reached US$1,940.54 per ounce in 2023, which was 8% higher than in 2022 and hit a record high. Meanwhile, central banks of economic entities continued to buy gold aggressively, with net purchases of 1,037 metric tons for the year, which was just 45 metric tons less than the 2022 record. Looking ahead to 2024, global central banks are expected to remain high on gold holdings due to safe-haven demand, and potential global geopolitical and economic uncertainties, as well as the Federal Reserve's move towards interest rate cuts, will strongly support the rise in gold prices.

2. *Operation status*

Mt Bundy Gold Project in Northern Australia

The Mt Bundy Gold Project in the Northern Territory of Australia has approximately 3,010,000 ounces of JORC Code gold resources at an average grade of 0.9 gram/ton, and approximately 1,640,000 ounces of gold reserves at an average grade of 0.9 gram/ton. The Rustlers Roost gold deposit, with over 1,200,000 ounces of gold reserves and a low strip ratio of 1.3:1, is currently 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 listed the Mt Bundy Gold Project as a "major project" for government support and has established a working group with Hanking to coordinate and facilitate the project to obtain a development license. At present, the necessary approvals for mine production and foundation of the project, including mining licenses, indigenous rights permits and environmental impact assessment approvals, have been obtained, and the conditions for starting construction have been met.

The Group constructed a new bridge connecting the transport road in 2022, a new water treatment plant, open pit and underground drainage system in 2023, and recently completed the transmission and transformation lines and grid connection of the Tom's Gully gold deposit. The electric facilities will be connected to the proposed mine accommodation camp in the future. The completion of the preliminary work of the above construction will provide strong support for the construction and operation of the mine.

The definitive feasibility study report for the Mt Bundy Gold Project was completed in 2023. Details of the report are set out in the Company's announcement dated 13 November 2023. The report has showed that the Mt Bundy Gold Project is a robust, long life gold development project, with an average annual gold production of 170,000 ounces (approximately 5.5 metric tons) in the first 5 years of an initial 13 years mine life, including a process plant with large capacity of 5 million metric tons per annum, a tailing storage facility and other associated infrastructure in a favourable location, only 1 hour's drive from Darwin seaport and international airport facilities. Based on the results of the definitive feasibility study report, mine financing and investment options are under consideration and gold production will start within 2 years from the final investment decision.

Project financial metrics of the definitive feasibility study of Mt Bundy Gold Project are summarised in table below.

MODEL	UNITS	RESERVE CASE (A$2,350/oz)			LIFE OF MINE (LOM) CASE (A$2,750/oz)		
		Gold A$2,550/oz	Gold A$2,750/oz	Gold A$2,950/oz	Gold A$2,550/oz	Gold A$2,750/oz	Gold A$2,950/oz
PROJECT PHYSICALS							
Project Life	Yr	11	11	11	13	13	13
Total Ore Mined	Mt	56.3	56.3	56.3	66.3	66.3	66.3
Strip Ratio	W:O	1.58	1.58	1.58	1.79	1.79	1.79
Ore Grade	g/t	0.92	0.92	0.92	0.92	0.92	0.92
Ounces Contained	oz	1,670,474	1,670,474	1,670,474	1,952,970	1,952,970	1,952,970
Recovery	%	87.4%	87.4%	87.4%	86.5%	86.5%	86.5%
Ounces Recovered	**oz**	**1,460,670**	**1,460,670**	**1,460,670**	**1,690,224**	**1,690,224**	**1,690,224**
Ave. Plant Throughput	Mtpa	5.0	5.0	5.0	5.3	5.3	5.3
Ave. Annual Ounce Production	ozpa	131,790	131,790	131,790	135,218	135,218	135,218
PROJECT FINANCIALS							
Development Capital Expenditure	A$M	394	394	394	394	394	394
Closure & Rehabilitation	A$M	32	32	32	32	32	32
Gold Price	A$/oz	2,550	2,750	2,950	2,550	2,750	2,950
Gold Sales Revenue	**A$M**	**3,725**	**4,017**	**4,309**	**4,310**	**4,648**	**4,986**
Project Costs (Pre-Tax)	**A$M**	**2,340**	**2,400**	**2,460**	**2,765**	**2,833**	**2,902**
Project Cashflow (Pre-Tax)	**A$M**	**959**	**1,191**	**1,423**	**1,119**	**1,389**	**1,658**
NPV (Pre-Tax)	**A$M**	**600**	**765**	**931**	**688**	**874**	**1,059**
IRR (Pre-Tax)	%	34%	40%	46%	34%	40%	45%
Payback Period	A$M	2.4	2.1	1.9	2.6	2.3	2.1
COSTS OF PRODUCTION							
Mining Cost Per Ore Tonne	A$/t	14.5	14.5	14.5	15.2	15.2	15.2
Processing Cost Per Ore Tonne	A$/t	18.6	18.6	18.6	18.1	18.1	18.1
Site G&A Cost Per Ore Tonne	A$/t	2.0	2.0	2.0	2.0	2.0	2.0
Total Cash Cost (C1) Per Ore Tonne	**A$/t**	**35.2**	**35.2**	**35.2**	**35.4**	**35.4**	**35.4**
Total Cash Cost (C1) Per Ounce	**A$/oz**	**1,340**	**1,340**	**1,340**	**1,373**	**1,373**	**1,373**
Royalties	A$/oz	68	73	78	67	73	78
Sustaining Costs	A$/oz	63	63	63	63	63	63
All In Sustaining Cost (AISC) Per Ounce	**A$/oz**	**1,471**	**1,477**	**1,482**	**1,503**	**1,508**	**1,514**

Both cases produce robust financial metrics and returns at the selected base gold price of AUD2,750/oz. The payback period is similar showing just over 2 years and the internal rate of return (IRR) is the same for both cases at over 40%, however the LOM Case has superior pre-tax NPV of AUD874 million verses AUD765 million for the Reserve Case.

Cygnet Gold Project in Western Australia

Hanking Australia, a subsidiary of the Company, acquired substantial interests in the Cygnet Gold Project in Western Australia through a capital increase in 2023 and is its largest shareholder. The Cygnet Gold Project currently has approximately 1.18 million ounces (36.7 tons) of JORC Code gold resources. In 2024, the Group will focus on the exploration, the feasibility study for mine production and construction and government approval of the Cygnet Gold Project.

For the year ended 31 December 2023, the capital expenditure of the gold business was RMB116,489,000 (2022: RMB24,213,000), which was mainly used for the acquisition of the Cygnet Gold Project and exploration expenditure.

3. Resources and reserves

As of the end of 2023, the Group had JORC Code resources of approximately 4.19 million ounces of gold at an average grade of 1.1 gram/ton and reserve of approximately 1.64 million ounces of gold at an average grade of 0.9 gram/ton.

Table 6 – Gold mine resources as at the end of 2023

	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)*	**Total 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
Subtotal	74.0	0.9	2,253	34.6	0.7	753	108.6	0.9	3,006
Cygnet Project	7.3	4.6	1,086	0.7	4.1	93	8.0	4.6	1,180
Total	81.3	1.3	3,339	35.3	0.8	846	116.6	1.1	4,186

Table 7 – Gold mine reserves as at the end of 2023

	Resource category	Ore resources *(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	1.4	5.4	0.25
Subtotal	Probable	55.0	0.9	1.64
Cygnet Project*	Probable	–	–	–
Total	Probable	55.0	0.9	1.64

* *According to JORC Code, 2012 Edition in Australia, proved reserves can only be announced after the completion of the pre-feasibility study report of the project.*

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

4. *Share Option Scheme*

The Company adopted the share option scheme of Hanking Australia (the "**Scheme**") on 25 January 2019. The Scheme is not subject to the disclosure requirement under Chapter 17 of the Listing Rules as Hanking Australia is not a principal subsidiary of the Company.

The purpose of the Scheme is to (i) provide an incentive for and to reward, retain and motivate the selected key persons to remain in their employment with Hanking Australia and its related bodies corporate; (ii) recognise the abilities, efforts and contributions of the selected key persons to the performance and success of Hanking Australia and its related bodies corporate; and (iii) provide the selected key persons with the opportunity to acquire or increase their ownership interests in Hanking Australia and its related bodies corporate in accordance with the Scheme.

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 of 25 January 2023 (date of expiry of the Scheme) and the date of this announcement, a total of 11,250,000 HAI Shares (comprising the outstanding options to subscribe for 11,250,000 HAI Shares that have been granted but not yet lapsed or exercised as of 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 shares accounts for approximately 5.08% of the total share capital upon the exercise of the options of Hanking Australia after the full exercise of the options.

V. PROSPECT AND COUNTERMEASURES

Mineral resources are the cornerstones of the Group's business. In terms of iron ore 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 system construction. In 2024, the Group plans to produce approximately 0.95 million metric tons of iron concentrate, so as to solidify its competitive advantages with high-quality and low cost.

In 2024, the Group plans to produce approximately 840,000 metric tons of high-purity iron, taking advantages of Hanking in resources, production capacity, technology and market in high-purity iron sector to provide high-quality raw materials for the wind power industry, and seek to expand the share of clients in other high-end manufacturing applications.

In 2024, the Group's gold business will focus on the financing and development of the Mt Bundy Gold Project in Northern Australia, as well as the exploration, feasibility study and various government approvals required for the construction of the Cygnet Gold Project in Western Australia. The Company aims to become a gold producer within three years.

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 2023, the Group had a total of 1,762 employees (as at 31 December 2022: 1,760 employees). For the year ended 31 December 2023, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to approximately RMB219,324,000 (2022: RMB196,444,000). 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 2023, please refer to the Environmental, Social and Governance Report of the Company for the year 2023 to be published on the website of the Hong Kong 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 2023, revenue from the Group was RMB3,028,155,000, representing an increase of RMB426,322,000 or 16.39% as compared to last year. The increase was mainly due to the fact that: 1) the selling volume of high-purity iron in 2023 increased by 280,000 metric tons and the sales price decreased by RMB424 per metric ton as compared to last year, resulting in an increase in revenue of RMB604,883,000; and 2) in 2023, the sales price of iron ore concentrate decreased by RMB28 per metric ton and the sales volume of iron ore concentrate to the outside of the Group decreased as compared to last year, resulting in a decrease in revenue of iron ore business of RMB169,991,000.

For the year of 2023, cost of sales incurred by the Group amounted to RMB2,406,205,000, representing an increase of RMB162,375,000 or 7.24% as compared to last year, mainly due to the combined effect of an increase in the sales volume of high-purity iron of 280,000 metric tons as compared to last year and a decrease in unit cost as compared to last year.

For the year of 2023, gross profit of the Group was RMB621,950,000, representing an increase of RMB263,947,000 or 73.73% as compared to last year. As compared to last year, gross margin of the Group increased from 13.76% to 20.54% in 2023.

Analysis on the revenue by major products

	For the year ended 31 December 2023 *RMB'000*				For the year ended 31 December 2022 *RMB'000*			
	Iron ore business	**High-purity iron business**	**Others**	**Total**	Iron ore business	High-purity iron business	Others	Total
Iron ore concentrates	**245,680**	**–**	**–**	**245,680**	320,131	95,540	–	415,671
High-purity iron	**–**	**2,774,630**	**–**	**2,774,630**	–	2,169,747	–	2,169,747
Others	**1,060**	**3,190**	**3,595**	**7,845**	2,489	10,413	3,513	16,415
Total	**246,740**	**2,777,820**	**3,595**	**3,028,155**	322,620	2,275,700	3,513	2,601,833

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

For the year of 2023, other income of the Group was RMB23,268,000, representing a decrease of RMB3,911,000 or 14.39% as compared to last year. Other income mainly represented interest income and government grants.

For the year of 2023, other losses and other expense of the Group were RMB42,139,000, representing an increase of RMB22,147,000 or 110.78% over last year, mainly attributable to the Group's provision for impairment of interests in associates of RMB19,252,000 for the year of 2023. 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 or loss from disposal of properties, plants and equipment, and other overheads, etc. Other expense represented donation expenditure.

For the year of 2023, the expected credit income of the Group was RMB601,000, representing a decrease of RMB13,898,000 or 104.52% as compared to last year's loss. 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.

3. Distribution and Selling Expenses, Administrative Expenses

For the year of 2023, the distribution and selling expenses of the Group were RMB97,951,000, representing an increase of RMB20,948,000 or 27.20% as compared to last year, which was mainly due to the increase in sales volume of high-purity iron of 280,000 metric tons as compared to last year and the change in delivery distance of customers resulted in an increase of RMB20,375,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2023, the administrative expenses of the Group were RMB224,665,000, representing an increase of RMB22,935,000 or 11.37% 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 2023, the finance costs of the Group were RMB70,326,000, representing an increase of RMB1,841,000 or 2.69% as compared to last year. Finance costs included interest expenses on bank borrowings, discount expenses and other finance expenses. The increase in finance costs for the year as compared to last year was mainly due to the increase in interest expenses.

For the year of 2023, the income tax expense of the Group was RMB52,708,000, representing an increase of RMB7,301,000 or 16.08% as compared to the income tax expense last year. Income tax expense included the total amount of current tax payable and deferred tax.

5. Profit for the Year and Total Comprehensive Income

Based on the aforesaid reasons, the Group's profit for the year of 2023 was RMB150,897,000, representing an increase of RMB203,907,000 or 384.66% as compared to last year's loss.

Based on the profit for the year, and affected by the changes in fair values of financial assets measured at fair value through other comprehensive income and foreign currency translation etc., the total comprehensive income of the Group for the year of 2023 was RMB167,213,000, representing an increase of RMB215,229,000 or 448.24% as compared to last year's loss.

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

As at 31 December 2023, the net value of property, plant and equipment of the Group was RMB736,243,000, representing a decrease of RMB86,141,000 or 10.47% as compared to the end of last year.

As at 31 December 2023, the inventories of the Group were RMB232,356,000, representing a decrease of RMB162,673,000 or 41.18% as compared to the end of last year, mainly due to the decrease in inventories of the high-purity iron business.

As at 31 December 2023, the intangible assets of the Group were RMB564,565,000, representing an increase of RMB148,796,000 or 35.79% as compared to the end of last year. The increase was mainly due to the exploration expenditure on iron ore and gold ore as well as the expenditures for the acquisition of the mineral rights for gold mines during the year.

7. Trade and Other Receivables, Trade and Other Payables

As at 31 December 2023, trade receivables of the Group were RMB86,886,000, representing a decrease of RMB1,120,000 as compared to the end of last year.

As at 31 December 2023, other receivables of the Group were RMB101,421,000, representing a decrease of RMB20,994,000 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 2023, bills receivables of the Group (bank acceptance bills) were RMB394,685,000, representing an increase of RMB280,286,000 as compared to the end of last year, of which undiscounted and unendorsed bank acceptance bills were RMB93,034,000. Such bills can be discounted or endorsed at any time to satisfy the capital requirements.

As at 31 December 2023, trade payables of the Group were RMB245,652,000, representing an increase of RMB79,619,000 as compared to the end of last year. As at 31 December 2023, other payables of the Group were RMB161,671,000, representing a decrease of RMB60,256,000 as compared to the end of last year, mainly due to the payment of consideration payable of RMB37,200,000 in the current year.

8. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2023 is set out below.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net cash flows from operating activities	**318,965**	361,059
Net cash flows from investing activities	**(114,973)**	(43,677)
Net cash flows from financing activities	**(67,160)**	(465,889)
Net (decrease)/increase in cash and cash equivalents	**136,832**	(148,507)
Cash and cash equivalents at the beginning of the year	**134,411**	279,491
Effect of changes in foreign exchange rate on cash and cash equivalents	**(985)**	3,427
Cash and cash equivalents at the end of the year	**270,258**	134,411

The net cash inflow from operating activities during the year of 2023 was RMB318,965,000. The amount was mainly attributed to the profit before tax of RMB203,605,000, together with depreciation and amortization of RMB163,962,000, finance costs of RMB70,326,000, which were offset by the net change in working capital of RMB89,005,000 and the payment of income tax of RMB48,693,000.

For the year of 2023, the net cash outflow from investing activities amounted to RMB114,973,000. This amount mainly included the amount of RMB42,220,000 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 RMB82,170,000 paid for the acquisition of intangible assets, the amount of RMB9,219,000 paid for the purchase of right-of-use assets, the amount of RMB37,200,000 paid for the consideration payable for the acquisition, the amount of RMB36,751,000 paid for the net expenses for the acquisition of the Cygnet Gold Project in Western Australia, interest income of RMB20,970,000 and the net recovery of borrowings and bills deposits of RMB77,982,000.

For the year of 2023, the net cash outflow from financing activities was RMB67,160,000, which was mainly from the new bank borrowings of RMB684,455,000, the repayment of bank borrowings of RMB464,650,000, the settlement of loan interest of RMB68,397,000, the payment made for share repurchase of RMB5,518,000, the payment of dividend of RMB38,610,000, the net outflow from notes financing of RMB77,250,000, and the repayment of net borrowings from related companies of RMB60,696,000.

9. Cash and Borrowings

As at 31 December 2023, the available cash and bank acceptance bills of the Group amounted to RMB363,292,000, representing an increase of RMB212,334,000 or 140.66% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

	31 December 2023	31 December 2022	Changes Amount	Changes Ratio
Cash and bank balance	**270,258**	134,411	135,847	101.07%
Bank acceptance bills (undiscounted and unendorsed)	**93,034**	16,547	76,487	462.24%
Available cash and bank acceptance bills	**363,292**	150,958	212,334	140.66%

As at 31 December 2023, bills payables and borrowings of the Group amounted to RMB692,750,000 and RMB783,621,000, respectively, and the amount net of borrowings and bills deposits was RMB733,886,000, representing an increase of RMB88,903,000 or 13.78% as compared to the end of last year.

Breakdown of Borrowings and Bills Payables

	31 December 2023	31 December 2022	Changes Amount	Ratio
Borrowings – due within one year	**728,621**	541,400	187,221	34.58%
Borrowings – due after one year	**55,000**	57,000	(2,000)	(3.51%)
Subtotal	**783,621**	598,400	185,221	30.95%
Bills payables	**692,750**	770,000	(77,250)	(10.03%)
Total	**1,476,371**	1,368,400	107,971	7.89%
Less: borrowings and bills deposits	**644,938**	723,417	(78,479)	(10.85%)
Less: discounted bank acceptance bills	**97,547**	–	97,547	100.00%
Net borrowings and bills payables	**733,886**	644,983	88,903	13.78%

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 were no material changes in the debts and contingent liabilities of the Group since 31 December 2022.

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group decreased from 61.90% as at 31 December 2022 to 59.87% as at 31 December 2023.

The Group's net gearing ratio decreased from 39.85% as at 31 December 2022 to 31.96% as at 31 December 2023. 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, bank acceptance bills, property, plant and equipment, mining rights as well as right-of-use assets. As at 31 December 2023, the net carrying value of the pledged bank deposits, bank acceptance bills, property, plant and equipment, mining rights and right-of-use assets amounted to RMB644,938,000, RMB97,547,000, RMB54,355,000, RMB47,889,000 and RMB42,177,000, respectively.

As at 31 December 2023, the Group had no material contingent liabilities.

13. Capital Commitment

As at 31 December 2023, the capital commitment of the Group was RMB22,651,000, representing an increase of RMB18,811,000 or 489.87% as compared to the last year. The capital commitment mainly consisted of relevant expenditures on iron right of RMB20,122,000 for the iron ore business.

14. Capital Expenditure

The Group's capital expenditure increased from RMB124,157,000 in 2022 to RMB218,120,000 in 2023. Expenditure incurred in 2023 mainly included (i) expenditures for plants, machines and equipment and properties amounting to RMB52,145,000; (ii) expenditure for intangible assets amounting to RMB156,756,000 (including an increase in mineral rights and exploration assets of RMB84,440,000 as a result of the acquisition of the Cygnet Gold Project in Western Australia); and (iii) increase of RMB9,219,000 in right-of-use assets.

15. Significant Investments Held

As at 31 December 2023, 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 2023.

17. Significant Subsequent Events

Save as disclosed in this announcement, there were no other significant events taken place subsequent to the year ended 31 December 2023.

OTHERS

1. Dividend

THE "DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS FOR THE THREE YEARS (2023-2025)" OF THE COMPANY

i. Principle of Formulation

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

ii. Formulation of Dividend Plan

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

iii. Forms of Profit Distribution

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

Subsequent to the end of the reporting period, the Board recommended the payment of a final dividend of HKD0.02 (2022: nil) per share for the year ended 31 December 2023 to Shareholders. In addition to the interim dividend of HKD0.02 per share already paid on 20 October 2023, a total dividend of HKD0.04 per share will be paid in 2023. The payment of the final dividend will be conditional upon the approval of the Shareholders at the annual general meeting of the Company to be held on Thursday, 23 May 2024. It is expected that the final dividend will be paid to the Shareholders by 17 June 2024.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Thursday, 23 May 2024. The register of members of the Company will be closed from Thursday, 16 May 2024 to Thursday, 23 May 2024 (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 2024 annual general meeting of the Company, 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, 14 May 2024.

In order to determine the Shareholders who are entitled to receive the final dividend, the register of members of the Company will also be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no transfer of shares will be registered. For unregistered Shareholders who wish to be eligible to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the 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, not later than 4:30 p.m. on Monday, 3 June 2024. Shareholders whose names appear on the register of members of the Company on Friday, 7 June 2024 will be entitled to receive the final dividend.

3. Management Contracts

For the year ended 31 December 2023, 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 2023, 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 39,539,000 shares on the market at a total consideration of HKD50,438,200 (among which, 8,476,000 shares were purchased on the market at a total consideration of HKD6,072,390 during the year ended 31 December 2023). 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 2023, 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 2023, the Company has fully complied with the principles and all the applicable code provisions of Part 2 of the Corporate Governance Code as set out in Appendix C1 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 Part 2 of the Corporate Governance Code as set out in Appendix C1 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 C3 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 2023.

9. Significant Legal Proceedings

For the year ended 31 December 2023, 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 2023 Annual Results and the consolidated financial statements of the Company for the year ended 31 December 2023.

11. Auditor

The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited and agreed by Deloitte Touche Tohmatsu with unqualified opinion.

12. Publication of Annual Report

The 2023 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 2023

		Year ended 31 December	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
Revenue	*4*	**3,028,155**	2,601,833
Cost of sales		**(2,406,205)**	(2,243,830)
Gross profit		**621,950**	358,003
Other income	*5*	**23,268**	27,179
Other gains and losses	*6*	**(40,334)**	(18,992)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*7*	**601**	(13,297)
Distribution and selling expenses		**(97,951)**	(77,003)
Administrative expenses		**(224,665)**	(201,730)
Research and development expenses		**(2,981)**	(11,491)
Other expense		**(1,805)**	(1,000)
Share of results of associates		**(4,152)**	(787)
Finance costs	*8*	**(70,326)**	(68,485)
Profit (loss) before tax	*9*	**203,605**	(7,603)
Income tax expense	*10*	**(52,708)**	(45,407)
Profit (loss) for the year		**150,897**	(53,010)

	NOTES	Year ended 31 December **2023** ***RMB'000***	 2022 *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		**14,367**	4,994
Impairment loss for receivables at fair value through other comprehensive income ("**FVTOCI**") included in profit or loss		**1,949**	–
Other comprehensive income for the year		**16,316**	4,994
Total comprehensive income (expense) for the year		**167,213**	(48,016)
Profit (loss) for the year attributable to:			
Owners of the Company		**151,796**	(51,297)
Non-controlling interests		**(899)**	(1,713)
		150,897	(53,010)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**167,727**	(46,515)
Non-controlling interests		**(514)**	(1,501)
		167,213	(48,016)
Basic and diluted earnings (loss) per share (RMB cent per share)	*13*	**7.9**	(2.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTES	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment		**736,243**	822,384
Goodwill		**209,132**	209,132
Intangible assets		**564,565**	415,769
Right-of-use assets		**192,259**	200,378
Interests in associates		**18,536**	34,556
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,563**	2,114
Deferred tax assets		**97,742**	35,621
Deposits on acquisition of long-lived assets		**12,581**	12,943
Restricted deposits		**37,347**	36,405
Pledged bank deposits		**71,994**	–
Investment deposits		**7,000**	7,542
Amount due from a related party		**–**	7,283
		1,949,962	1,784,127
Current assets			
Inventories		**232,356**	395,029
Trade and other receivables	*14*	**188,307**	210,421
Receivables at FVTOCI	*15*	**394,685**	114,399
Financial assets at FVTPL		**–**	1,000
Pledged bank deposits		**572,944**	723,417
Cash and cash equivalents		**270,258**	134,411
Amount due from a related party		**6,047**	–
		1,664,597	1,578,677
Current liabilities			
Trade, bills and other payables	*16*	**1,100,073**	1,157,960
Amount due to a related party		**2,742**	63,438
Borrowings	*17*	**728,621**	541,400
Lease liabilities		**3,303**	4,622
Contract liabilities		**76,877**	111,800
Tax liabilities		**142,914**	76,778
Deferred income		**–**	437
		2,054,530	1,956,435
Net current liabilities		**(389,933)**	(377,758)
Total assets less current liabilities		**1,560,029**	1,406,369

	NOTES	31 December 2023 RMB'000	31 December 2022 RMB'000
Capital and reserves			
Share capital	*18*	**160,203**	160,203
Reserves		**1,243,715**	1,114,157
Equity attributable to owners of the Company		**1,403,918**	1,274,360
Non-controlling interests		**46,639**	6,976
Total equity		**1,450,557**	1,281,336
Non-current liabilities			
Borrowings	*17*	**55,000**	57,000
Lease liabilities		**2,098**	5,153
Provision		**42,374**	42,880
Other long-term liabilities		**10,000**	20,000
		109,472	125,033
		1,560,029	1,406,369

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 (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 2023, 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 NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

2.1. Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and rehabilitation provisions that occurred on or after 1 January 2022;

(ii) The Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities and rehabilitation provisions and the corresponding amounts recognised as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB45,004,000 and deferred tax liabilities of RMB45,004,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

2.2. Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.3. Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of all 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

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 of Hong Kong Limited ("**Listing Rules**") 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 2023, the Group's current liabilities exceeded its current assets by RMB389,933,000. In addition, as at 31 December 2023, the Group had capital commitments contracted for but not provided in the consolidated financial statements amounting to RMB22,651,000.

As at 31 December 2023, the Group had available conditional banking facilities of RMB679,000,000 ("**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.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

A. *For the year ended 31 December 2023*

	For the year ended 31 December 2023			
	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	245,680	–	–	245,680
High-purity iron	–	2,774,630	–	2,774,630
Building materials	–	–	3,388	3,388
Raw and leftover materials	1,060	3,190	207	4,457
Total	246,740	2,777,820	3,595	3,028,155
Geographical markets				
Mainland China	246,740	2,777,820	3,595	3,028,155

B. ***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

(ii) Performance obligations for contracts with customers and revenue recognition policies

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 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Bank interest income	**20,970**	18,000
Government grants	**1,098**	6,036
Rental income	**1,200**	1,200
Others	**–**	1,943
	23,268	27,179

6. OTHER GAINS AND LOSSES

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Impairment loss on property, plant and equipment	**(11,807)**	(18,822)
Impairment loss on interest in an associate	**(19,252)**	–
Fair value gain (loss) on financial assets at FVTPL	**384**	(1,217)
Net foreign exchange (loss) gain	**(1,825)**	3,233
Loss on disposal of property, plant and equipment	**(199)**	(1,402)
Compensation due to late settlement of consideration payable	**(2,000)**	–
Penalty	**(2)**	(1,092)
Others	**(5,633)**	308
	(40,334)	(18,992)

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Impairment losses (reversed) recognised in respect of:		
– trade receivables	**(5,336)**	11,683
– other receivables	**2,289**	1,614
– pledged bank deposits	**497**	–
– receivables at FVTOCI	**1,949**	–
	(601)	13,297

8. FINANCE COSTS

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Interests on borrowings	**41,197**	38,122
Interests on bills discounted	**27,188**	28,445
Interests on lease liabilities	**298**	223
Interests on rehabilitation provision	**1,443**	1,695
Others	**200**	–
	70,326	68,485

9. PROFIT (LOSS) BEFORE TAX

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

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Auditor's remuneration		
– Audit services	**3,500**	3,500
– Other services	**215**	21
	3,715	3,521
Cost of inventories recognised as an expense *(note)*	**2,322,271**	2,183,705
Depreciation of property, plant and equipment	**126,479**	119,193
Amortisation of intangible assets	**20,833**	23,734
Depreciation of right-of-use assets	**16,650**	18,181
Total depreciation and amortisation	**163,962**	161,108
Capitalised in inventories	**(140,762)**	(130,530)
	23,200	30,578
Analysed as:		
– charged in research and development expenses	**20**	2,995
– charged in distribution and selling expenses	**–**	6
– charged in administrative expenses	**23,180**	27,577
	23,200	30,578

Note: The amount included write-down of inventories of RMB785,000 (2022: RMB29,684,000) for the year ended 31 December 2023.

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Salaries and other benefits including staff's bonus	**201,277**	182,163
Retirement benefit scheme contributions	**15,391**	12,814
Share-based payments	**2,656**	1,467
Total staff costs (including Directors)	**219,324**	196,444
Capitalised in inventories	**(89,831)**	(74,917)
	129,493	121,527
Analysed as:		
– charged in research and development expenses	**802**	6,102
– charged in distribution and selling expenses	**6,893**	6,545
– charged in administrative expenses	**121,798**	108,880
	129,493	121,527
Research and development cost charged in profit or loss analysed as:		
– depreciation and amortisation	**20**	2,995
– raw materials consumed	**876**	218
– staff costs	**802**	6,102
– technical service fee	**1,066**	2,176
– others	**217**	–
	2,981	11,491

10. INCOME TAX EXPENSE

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**106,476**	57,425
Withholding tax	**7,105**	3,800
Under provision in prior years	**1,248**	4,726
	114,829	65,951
Deferred tax:		
Current year	**(38,760)**	(23,837)
Attributable to changes in tax rate	**(23,361)**	3,293
	(62,121)	(20,544)
Total income tax expense recognised in the current year	**52,708**	45,407

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.

In 2022, Aoniu Mining obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% from 2022 to 2024. During the year ended 31 December 2023, the management of the Group re-evaluated the requirement for qualifying as High Technology Enterprise to determine if it can be satisfied and concluded that it is more appropriate to use the tax rate 25% instead of the preferential tax rate after taking into account the criteria pertaining in the qualifications.

Hanking D.R.I. obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% from 2020 to 2022. Following the expiry of High Technology Enterprise status in 2022, Hanking D.R.I. is subject to the tax rate of 25%.

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

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

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

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Profit (loss) before tax	**203,605**	(7,603)
Tax at the PRC income tax rate of 25%	**50,901**	(1,901)
Tax effect of expenses not deductible for tax purpose	**1,970**	3,615
Tax effect of research and development expenses that are additionally deducted	**(519)**	(2,155)
Deductible temporary differences and tax losses not recognised	**16,414**	49,486
Utilisation of deductible temporary difference and tax losses previously not recognised	**(1,050)**	(200)
Tax effect of concessions granted to Aoniu Mining and Hanking D.R.I.	**–**	(15,257)
Change in opening deferred tax asset resulting from a change in applicable tax rate	**(23,361)**	3,293
Under provision in respect of prior years	**1,248**	4,726
Withholding tax	**7,105**	3,800
Income tax expense for the year	**52,708**	45,407

11. ACQUISITION OF A SUBSIDIARY

On 22 June 2023, Watkins Gold Pty Ltd ("**Watkins Gold**"), a wholly owned subsidiary of Hanking Australia, acquired an investment in Cygnet Gold Pty Ltd for RMB37,916,000. This was addition to the initial investment deposit of RMB7,542,000 in the year ended 31 December 2022. On 4 October 2023, Watkins Gold acquired a further 9.9% of Cygnet Gold shares for consideration of RMB23,465,000. Since then, Cygnet Gold become a 56.7% owned subsidiary of Watkins Gold.

Cygnet Gold holds total 48 mining and exploration tenements for North Southern Cross (NSX) gold projects including Golden Pig and Copperhead.

The Group elected to apply the optional concentration test in accordance with IFRS 3 "Business Combinations" and concluded that all the tenements and attached capitalised expenditures are grouped based on they are similar in nature and have similar risks associated with managing assets.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Cash and cash equivalents	24,630
Trade and other receivables	30
Intangible assets	84,440
Liabilities	–
Net assets	109,100
Consideration paid in cash in 2022	7,542
Consideration paid in cash in 2023	61,381
Non-controlling interest	40,177
Net assets acquired	109,100

Net cash outflows arising on acquisition of Cygnet Gold

	RMB'000
Consideration paid in cash in 2022	7,542
Consideration paid in cash in 2023	61,381
Less: cash and cash equivalents acquired	(24,630)
	44,293

12. DIVIDENDS

	Year ended	
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Final – nil (2021: HKD0.12) per share (note)	**–**	199,701
2023 Interim – HKD0.02(2022: HKD0.02) per share (note)	**35,307**	35,045
	35,307	234,746

Note:

No dividends in respect of the end of the year ended 31 December 2022 (2022: a dividend of HKD0.12 per share amounting to HKD235,200,000 (equivalent to RMB202,298,000) in aggregate in respect of the year ended 31 December 2021 was declared, among which HKD232,181,000 (equivalent to RMB199,701,000) (net of the dividend of HKD3,019,000 (equivalent to RMB2,597,000) attributable to the restricted shares held for the restricted share award scheme) was paid) was declared and paid to the owners of the Company. An interim dividend of HKD0.02 per share amounting to HKD39,200,000 (equivalent to RMB35,980,000) in aggregate was declared, among which HKD38,467,000 (equivalent to RMB35,307,000) (net of the dividend of HKD733,000 (equivalent to RMB673,000) attributable to the restricted shares held for the restricted share award scheme) was paid (2022: interim dividend of HKD0.02 per share amounting to HKD39,200,000 (equivalent to RMB35,550,000) in aggregate was declared, among which HKD38,644,000 (equivalent to RMB35,045,000) (net of the dividend of HKD556,000 (equivalent to RMB505,000) attributable to the restricted shares held for the restricted share award scheme) was paid) to the owners of the Company whose names appear in the Register of Members on 12 October 2023.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of HKD0.02 (2022: nil), per ordinary share, in an aggregate amount of HKD39,200,000 (equivalent to RMB35,524,000) (2022: nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general annual meeting.

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Year ended	
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Profit (loss) for the year attributable to owners of the Company, for the purposes of basic and diluted earnings (loss) per share	**151,796**	(51,297)

	Number of shares	
	31/12/2023	31/12/2022
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,925,763,000**	1,933,841,000

The weighted average number of ordinary shares for the year ended 31 December 2023 for the purpose of basic and diluted earnings (loss) per share has been adjusted for the weighted average effect of 8,476,000 (2022: 7,174,000) ordinary shares repurchased as restricted shares held for strategic incentive award scheme.

14. TRADE AND OTHER RECEIVABLES

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Trade receivables		
– Third parties	**106,598**	113,054
Less: Allowance for credit loss	**(19,712)**	(25,048)
	86,886	88,006
Other receivables		
– Advances to suppliers	**24,713**	34,010
– Deposits	**2,811**	3,231
– Deposit for resource tax	**9,156**	12,123
– Other tax recoverable	**6,385**	9,684
– Value-added tax recoverable	**20,254**	13,156
– Staff advance	**2,453**	6,396
– Prepaid expense	**3,426**	3,568
– Prepayment (note i)	**–**	7,384
– Amount due from an independent third party (note ii)	**36,600**	36,800
– Others	**13,522**	12,194
	119,320	138,546
Less: Allowance for credit loss	**(17,899)**	(16,131)
Total other receivables	**101,421**	122,415
Total trade and other receivables	**188,307**	210,421

Notes:

i. Transferred to interest in an associate upon completion of the investment during the current year.

ii. The amount represents a short term advance to a Group's major supplier, with maturity date on 31 December 2023 and bear fixed interest rate of 2% per annum. As agreed with the counterparty, the amount was further extended to 31 December 2024 during the year ended 31 December 2023.

The Group allows an average credit period of 7 days (2022: 7 days) to its customers of iron ore concentrates, 60 days (2022: 60 days) to its customers of high-purity iron and 30 days (2022: 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 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB12,322,000 (2022: RMB41,702,000) which are past due as at the reporting date. Based on the historical settlement pattern, industry practice and the Group's historical actual loss experience, 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 2023 *RMB'000*	31 December 2022 *RMB'000*
– Within 7 days	**72,193**	37,501
– 8 days to 30 days	**945**	4,714
– 31 days to 60 days	**11,764**	11,291
– 61 days to 90 days	**1,117**	643
– 91 days to 1 year	**867**	33,857
	86,886	88,006

Movement of impairment on trade receivables for 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 2022	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
– Impairment losses recognised	1,907	423	2,330
– Impairment losses reversed	(2,577)	(5,089)	(7,666)
– Transfer to credit-impaired	(10)	10	–
As at 31 December 2023	2,394	17,318	19,712

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

	12m ECL *RMB'000*	**Lifetime ECL not credit–impaired** *RMB'000*	**Lifetime ECL credit–impaired** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022	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
– Impairment losses recognised	–	1,521	1,169	2,690
– Impairment losses reversed	–	(401)	–	(401)
– Write-off	–	–	(521)	(521)
– Transfer to credit-impaired	(192)	192	–	–
As at 31 December 2023	–	7,171	10,728	17,899

15. RECEIVABLES AT FVTOCI

	31 December 2023 ***RMB'000***	31 December 2022 *RMB'000*
Receivables at FVTOCI comprise:		
Bills receivables *(note)*	**394,685**	114,399

Note: Included in the carrying amount of Group's bills receivables as at 31 December 2023, balance of RMB97,547,000 (2022: nil) are bills transferred to certain banks by discounting the bills on a full recourse basis and RMB204,104,000 (2022: RMB97,852,000) being endorsed to certain suppliers on a full recourse basis. If the bills are not paid on maturity, the banks and the suppliers have the right to recover the unsettled balances from the Group. As the Group has not transferred the significant risks and rewards relating to the bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received as bank borrowings from discounting of the bills and as trade payables from 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 discounted to banks or endorsed to suppliers with full recourse:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Carrying amount of transferred assets	**301,651**	97,852
Carrying amount of associated liabilities	**(301,651)**	(97,852)
Net position	**–**	–

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
– Within 6 months	**365,210**	109,719
– 6 months to 1 year	**29,475**	4,680
	394,685	114,399

Movement of allowance for receivables at FVTOCI for both years under IFRS 9:

	12m ECL *RMB'000*	Total *RMB'000*
As at 1 January 2023	**–**	–
– Impairment losses recognised	**1,949**	1,949
As at 31 December 2023	**1,949**	1,949

16. TRADE, BILLS AND OTHER PAYABLES

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Trade payables (note a)		
– Within 15 days	**95,180**	75,709
– 15 days to 90 days	**113,452**	26,492
– 91 days to 1 year	**29,743**	56,851
– 1 year to 2 years	**1,380**	1,991
– 2 years to 3 years	**1,548**	1,191
– Over 3 years	**4,349**	3,799
	245,652	166,033
Bills payables under note financing arrangement	**692,750**	770,000
Other payables		
Advance receipt of value-added tax from customers	**10,041**	14,599
Other tax payable	**33,792**	25,614
Payable for acquisition of property, plant and equipment	**35,617**	26,054
Outsourced service payable	**12,858**	13,021
Transportation fee payable	**22,715**	26,294
Accrued expenses	**4,526**	413
Salary and bonus payables	**15,535**	15,401
Interest payable	**286**	298
Dividend payable	**2,173**	5,476
Refundable deposits	**6,223**	6,676
Amounts due to independent third parties (note b)	**–**	32,500
Consideration payable (note c)	**–**	35,200
Payable for mining rights	**10,000**	15,000
Others	**7,905**	5,381
	161,671	221,927
Total trade, bills and other payables	**1,100,073**	1,157,960

Notes:

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

(b) The balance was unsecured, bore fixed interest rate of 3% per annum and repayable on demand. The amount was repaid in full during the year.

(c) The balance represented the outstanding guarantee debt due to Beijing Zhuguan Technology Limited* (北京主冠科技有限公司) ("**Beijing Zhuguan**"), ex-equity owner of the subsidiary acquired in 2020. In the current year, the Group and Beijing Zhuguan further entered into a supplementary agreement, pursuant to which the Group agree to pay compensation of RMB2,000,000 to Beijing Zhuguan due to the late settlement. The amount was repaid in full during the year.

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 6 months	**606,750**	490,000
6 months to 1 year	**86,000**	280,000
	692,750	770,000

17. BORROWINGS

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Bank loans with fixed-rate	**783,621**	598,400
Secured and guaranteed	**487,500**	408,500
Secured and unguaranteed	**184,121**	76,900
Unsecured and guaranteed	**110,000**	110,000
Unsecured and unguaranteed	**2,000**	3,000
	783,621	598,400
The carrying amounts of the above borrowings are repayable *(note)*:		
Within one year	**728,621**	541,400
More than one year, but not more than two years	**55,000**	2,000
More than two years, but not more than five years	**–**	55,000
	783,621	598,400

* *English name is for identification purpose only.*

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 2023	31 December 2022
	%	%
Fixed-rate borrowings	**3.45 – 8.60**	3.45 – 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, RMB366,000,000 (31 December 2022: RMB286,000,000) were secured by certain property, plant and equipment, right-of-use assets and shares of subsidiaries of the Group.

The secured and unguaranteed bank borrowings of RMB85,900,000 are secured by pledged bank deposits and RMB98,221,000 are secured by receivables at FVTOCI of the Group.

The unsecured and guaranteed bank borrowings of approximately RMB110,000,000 (2022: RMB110,000,000) at 31 December 2023 were guaranteed by the Controlling Shareholders and the companies controlled by them.

18. SHARE CAPITAL

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

	Number of shares		**Share capital**	
	2023	2022	**2023**	2022
	'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**	
	2023	2022	**2023**	2022
	'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

19. RESTRICTED SHARES HELD FOR STRATEGIC INCENTIVE AWARD SCHEME

On 29 August 2019, the Board resolved to adopt a restricted share award scheme (the "**Scheme**") whereby awards of ordinary shares 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 May to November 2023 (from March to December 2022), the trustee of the Company's Scheme purchased on the Stock Exchange a total of 8,476,000 (2022: 7,174,000) ordinary shares at a total consideration of approximately RMB5,518,000 (2022: RMB5,641,000) pursuant to the terms of the trust deed under the Scheme.

As at 31 December 2023, 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, 19 March 2024

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.