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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

RESULTS HIGHLIGHT

1. Development of the gold project in Australia is progressing steadily

The environmental assessment report required for project development examination and approval has been publicized in the first half of 2022, and the final mine development and utilization plan is being prepared. The definitive feasibility study of the project was launched in the first half of 2022. One of the goals is to expand the production capacity of the project. The preliminary mineral processing process design has been completed.

2. The operational efficiency of iron ore business is improved through the construction of smart mines

In the first half of 2022, the management and control platform of smart mines for iron ore business was put into full use, and the 5G base station was successfully built and put into operation. Through the construction of intelligent production management and control platform for mineral processing plant, the operation optimization of the processing production process was realized, and the operational efficiency was further improved. Therefore, although the price of raw materials has increased, the cash operation cost of the Group's iron ore concentrate per metric ton was only RMB371/metric ton, representing a year-on-year decrease of 0.54%.

MAJOR FINANCIAL DATA AND INDICATORS

	For the six months ended 30 June		
	2022	2021	Change
Revenue (RMB thousand)	**1,357,641**	1,583,521	-14.26%
Profit for the period attributable to owners of the Company (RMB thousand)	**47,830**	320,581	-85.08%
Earnings per share (RMB cent)	**2.5**	16.5	-84.85%
Interim dividend (HKD per share)	**0.02**	0.06	-66.67%
Net margin	**3.22%**	20.17%	Down 16.95 percentage points
Return on net assets	**2.94%**	25.45%	Down 22.51 percentage points

The Board of China Hanking Holdings Limited hereby announced the unaudited consolidated results of the Group for the six months ended 30 June 2022 (the "**2022 Interim Results**"). The 2022 Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and Deloitte Touche Tohmatsu, the auditor of the Company, and have been approved by the Board on 26 August 2022.

OPERATION REVIEW

I. HIGH-PURITY IRON BUSINESS

1. Industry situation

According to the statistical data of the national electric power industry released by the National Energy Administration, in the first half of 2022, the installed capacity of wind power in China was 342.24 million KW, representing a year-on-year increase of 17.2%, and the newly-added installed capacity of wind power was 12.94 million KW, representing a year-on-year increase of 19.4%. The first half of the year was the traditional off-season of wind power installation, and the demand for installed capacity was released slowly due to the disturbance of COVID-19 pandemic. It is expected that the second half of the year will enter the peak period of wind power installation, and the market demand scale of wind power castings will also be expected to increase.

2. Operation status

The Group's high-purity iron business has an annual production capacity of 930,000 metric tons. As a smelting blast furnace of the high-purity iron business has discontinued production due to the impact of power limitation, Winter Olympic Games, the Winter Paralympic Games, the pandemic and other factors, the output of high-purity iron was 285,000 metric tons in the first half of 2022, representing a year-on-year decrease of 71,000 metric tons or 19.94%. With the elimination of such unfavorable factors, the high-purity iron business has resumed normal production in the second half of the year.

In the first half of 2022, the Group's sales volume of high-purity iron was 251,000 metric tons, representing a year-on-year decrease of 80,000 metric tons or 24.17%, of which the sales volume of wind power iron accounted for about 80.54% of the total sales volume. The Group adjusted the output target of high-purity iron in 2022 to 700,000 metric tons.

In the first half of 2022, the average selling price of high-purity iron of the Group was RMB3,909/metric ton, representing a year-on-year increase of 0.57%. Affected by the decrease in output caused by discontinuous production, the significant increase in cost per metric ton and the impairment of inventory, the gross profit of high-purity iron business was RMB-24,158,000, representing a year-on-year decrease of 111.25%, and the gross profit margin was -2.25%, representing a year-on-year decrease of 18.93 percentage points.

Operation breakdown of high-purity iron business

	For the six months ended 30 June		
	2022	2021	Change
Output (thousand metric tons)	**285**	356	-19.94%
Sales volume (thousand metric tons)	**251**	331	-24.17%
Average selling price (RMB per metric ton)	**3,909**	3,887	0.57%
Average cost of sales (RMB per metric ton)	**4,044**	3,239	24.85%
Revenue (RMB thousand)	**1,074,676**	1,286,599	-16.47%
Gross profit (RMB thousand)	**-24,158**	214,657	-111.25%
Gross profit margin	**-2.25%**	16.68%	Down 18.93 percentage points

II. IRON ORE BUSINESS

1. Industry situation

In the first half of 2022, the price of iron ore showed a trend of high in the early stage and low in the late stage. Since the end of last year, the steel consumption has been improving month by month, and the price of iron ore has obviously increased driven by the rebound of steel consumption. In addition, the global iron ore supply has contracted due to the impact of the unexpected shipment of mainstream mines, the Russian-Ukrainian war, and India's tariff increase. The China Iron Ore Price Index (CIOPI) 62% Direct Ore once rose to USD162.59. In June 2022, the domestic suppressing production policy made the price of iron ore drop significantly, the sale of inventory was obvious. With a series of factors, such as "moderately advancing infrastructure investment" driving expectations, improvement of raw material demand brought by profit recovery of steel mills, and lowering production targets of overseas mines, iron ore prices have been supported.

2. Operation status

Smart mine

Since 2019, Hanking's iron mines have taken the lead in building smart mines in the same industry in China. By 2022, the management and control platform has been fully put into use. In the first half of 2022, the 5G base station was successfully built and put into use, realizing full coverage of underground wireless network and real-time positioning of personnel, further improving the efficiency and effect of operation of the smart mine platform, and helping to Hanking's iron mines to maintain competitive advantages of "low-cost, high-grade and green mine".

Optimization of mineral processing production

On the basis of automation and informatization, the construction of the intelligent production management and control platform of the Company's mineral processing plant is to make full use of technologies such as production big data and industrial artificial intelligence to achieve the goal of integration of intelligent operation management and control of production lines, so as to enhance the intelligence of the operators of the production command center in the management and control of the mineral processing lines, provide man-machine interaction interface to assist decision-making, realize coordinated control among mineral processing production procedures, build an intelligent production command framework, and realize the operation optimization of the mineral processing production process.

In the first half of 2022, through the improvement of intelligent management and control level and optimization of mineral processing production, although the prices of raw materials increased, the cash operation cost of the Group's iron ore concentrate per metric ton was only RMB371/metric ton, representing a year-on-year decrease of 0.54%.

Breakdown of cash operation costs of the iron ore business

	For the six months ended 30 June		
	2022	2021	Change
	(RMB/metric ton of iron ore concentrate)	(RMB/metric ton of iron ore concentrate)	
Mining [note 1]	**176**	147	19.73%
Processing	**73**	83	-12.05%
Transportation [note 2]	**22**	15	46.67%
Tax	**68**	79	-13.92%
Mine management [note 3]	**32**	49	-34.69%
Total	**371**	373	-0.54%

Notes:

1. The increase in the mining cost per metric ton was due to the year-on-year decrease in the output of iron ore concentrates and declined economies of scale.

2. The increase in transportation expenses per metric ton was due to the change of customers with a longer transportation distance.

3. The compensation for dismissal of employees of Aoniu Mine was incurred during the same period of last year.

The annual production capacity of the Group's iron ore concentrate was 950,000 metric tons. In the first half of 2022, due to the closure of Aoniu Mine and technical commissioning, the Group's iron ore concentrate output was 449,000 metric tons, representing a year-on-year decrease of 19.39%, and the sales volume was 457,000 metric tons, representing a year-on-year decrease of 22.54%. The Group plans to adjust the annual output of iron ore concentrate to 870,000 metric tons in 2022. Valuable concealed ore bodies have been found in the deep part of Shangma mining area. In the future, the Group will continue to implement the coordinated development strategy of Shangma Mine and Aoniu Mine to develop this part of resources.

The average selling price of iron ore concentrate of the Group in the first half of 2022 was RMB1,106/metric ton, representing a year-on-year decrease of 10.59%. Affected by the decline in the sales volume and average selling price of iron ore concentrate, the gross profit of iron ore business was RMB316,316,000, representing a year-on-year decrease of 35.71%, and the gross profit margin of the iron ore business was 62.57%, representing a year-on-year decrease of 4.86 percentage points, which was benefited from the improvement of efficiency as a result of intelligent management.

Operation breakdown of the iron ore business

	For the six months ended 30 June		
	2022	2021	Change
Output (thousand metric tons)	**449**	557	-19.39%
Sales volume (thousand metric tons)	**457**	590	-22.54%
Average selling price (RMB per metric ton)	**1,106**	1,237	-10.59%
Average cost of sales (RMB per metric ton)	**414**	403	2.73%
Revenue (RMB thousand)	**505,510**	729,652	-30.72%
Gross profit (RMB thousand)	**316,316**	492,019	-35.71%
Gross profit margin	**62.57%**	67.43%	Down 4.86 percentage points

3. Resources and reserves

Through the exploration in 2021 and the first half of 2022, valuable concealed ore bodies were found in the deep part of Shangma mining area, which played a very important guiding role in the deep and peripheral prospecting in the adjacent mining areas. As of the end of the reporting period, the maximum thickness of the proven orebody is nearly 100 meters, the maximum extension depth of the controlled ore body is over 700 meters, and the elevation of the controlled ore body has reached -500 meters, and neither the strike nor the inclination of the ore body has been controlled to the edge. In the second half of the year, the Company will further explore resources and estimate the discovered resources.

As at the end of June 2022, the iron ore resources and reserves of the Group had no material change as compared to the data as at the end of 2021.

III. GOLD BUSINESS IN AUSTRALIA

1. Industry situation

In the first half of 2022, the geopolitical situation and the adjustment of the Federal Reserve System's monetary policy successively became the core factors influencing the gold trend. In addition, factors such as rising inflation, economic recession and liquidity also affected the gold trend. In the first quarter, the Federal Reserve started the interest rate hike cycle, and the geopolitical conflict between Russia and Ukraine escalated, which became the core influencing factors of the gold trend. Driven by safe-haven demand, London gold once rose to a high level of USD2,070.42/ounce, just one step away from the historical high level. In the second quarter, although the geopolitical situation was still deteriorating, its influence on the gold trend was weakening. Under high inflation, the Federal Reserve System accelerated the tightening of monetary policy, which led to the fall of precious metals from the high level. In the first half of 2022, London gold operated in a wide range of USD1,779.3-2,070.42/ounce, representing a decrease of 1.22%, and as a whole, Shanghai Gold strongly operated in the range of RMB367.12-420.74/gram, representing an increase of 5.2%.

Looking forward to the second half of 2022, the market expects that the Federal Reserve System's interest rate hike cycle has reached the second half, and the rate cut cycle may start in 2023, which means that investors are not optimistic about the long-term economic expectations. Under the influence of the COVID-19 pandemic, Russia-Ukraine war, energy crisis and other factors, the global economic expectations are pessimistic in the future, and the global monetary policy may soon enter into a new round of pump priming steady growth cycle. On the other hand, under the energy crisis, the global prices of oil, natural gas, coal, etc. will be at a high level in the next one to two years as a whole, which will result in the global inflation level being significantly higher than the historical average range. At the same time, the extremely high energy costs may cause the global economy to begin to usher in a decline in growth rate. The low economic growth rate and high inflation is the stagflation cycle, and the effective interest rate will remain at a low level for a long time, so the gold price is expected to usher in a sustained rise.

2. Operation status

In the first half of 2022, the gold reserve of Mt Bundy Gold Project has further increased from 1.40 million ounces at the end of 2021 to 1.56 million ounces. With gold reserves of 1.20 million ounces and low strip ratio (1.4:1), Rustlers Roost gold deposit has become one of the largest reserves and lowest cost open-pit mines in Australia.

Mt Bundy Gold Project was awarded as a "major project" by the Northern Territory Government. As part of the award of major project, the Northern Territory Government has established a task force with Hanking to coordinate and facilitate the permitting of the project. The environmental assessment report required for the mine development examination and approval of this project has been publicized in the first half of 2022, and is being revised and updated according to the feedback from the environmental protection department and the opinions of independent experts. At the same time, preparations for mine development, such as mineral processing tests, tailings pond design and definitive feasibility study, are also progressing as planned:

- Mineral processing tests. In the first half of the year, the Company completed a large number of mineral processing tests. The test results confirmed that the average gold recovery rate increased from 85% to 91% under the condition of grinding granularity of 200 meshes. In order to further reduce the energy costs and capital expenditures, and improve the comprehensive economic benefits of the project, the Company also carried out mineral processing tests with respect to the grinding granularity of 140 meshes. The preliminary test results show that the gold recovery rate can reach 88% to 91% at such grinding granularity. At present, more mineral processing tests are being carried out in order to verify the feasibility of grinding granularity of 140 meshes and improve the overall economic value of the project.

- The definitive feasibility study of the project. Based on the results of last year's pre-feasibility study, the Company started the definitive feasibility study of the project in the first half of this year. One of the goals is to expand the production capacity of the project, i.e. increasing the annual ore processing capacity from 4.5 million metric tons in the pre-feasibility study stage to 5 million metric tons in the definitive feasibility study stage. As of the end of June 2022, the preliminary mineral processing process design had been completed, and the detailed design and equipment model selection were in progress.

As the Group's gold business is still under pre-production preparation, no sales were recorded during the first half of 2022. For the six months ended 30 June 2022, the capital expenditure of the gold business was RMB8,114,000 (for the six months ended 30 June 2021: RMB40,001,000), which was mainly used for the environmental impact assessment and exploration expenses of the gold deposits.

3. Resources and reserves

In the first half of 2022, the gold reserve of Mt Bundy Gold Project has further increased from 1.40 million ounces at the end of 2021 to 1.56 million ounces. The new open pit ore reserve estimate was based on JORC Mineral Resources completed by Cube Consulting for Quest 29 and Annie Oakley deposits and new metallurgical test results for the Rustlers Roost gold deposit. For details, please refer to the announcement of the Company dated 18 March 2022.

The gold resource of the Group had no material change as compared to the data as at the end of 2021.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As of 30 June 2022, the Group did not have any specific plans to make any material investment or acquire capital assets other than those carried out in its ordinary course of business. The Group will keep abreast of the changing market conditions and proactively identify investment opportunities in order to broaden the revenue base of the Group and enhance its future financial performance and profitability.

FINANCIAL REVIEW

1. Revenue, Cost of Sales, Gross Profit

In the first half of 2022, revenue of the Group was RMB1,357,641,000, representing a decrease of RMB225,880,000 or 14.26% as compared to the corresponding period of last year, mainly attributable to the discontinued production of a smelting plant of the high-purity iron business due to the impact of power rationing, the Winter Olympic Games, the Winter Paralympic Games, COVID-19 pandemic and other factors in 2022, resulting in a drop in the output of high-purity iron, and the decrease of 80 thousand metric tons in sales volume of high-purity iron for the period as compared to the corresponding period of last year, resulting in a decrease in revenue of approximately RMB312,712,000.

For the first half of 2022, cost of sales incurred by the Group amounted to RMB1,088,105,000, representing an increase of RMB134,434,000 or 14.10% as compared to the corresponding period of last year, mainly attributable to the discontinued production of a smelting plant of the high-purity iron business due to the impact of power rationing, the Winter Olympic Games, the Winter Paralympic Games, COVID-19 pandemic and other factors in 2022, resulting in a drop in the output of high-purity iron and a significant year-on-year increase in cost per metric ton.

For the first half of 2022, gross profit of the Group was RMB269,536,000, representing a decrease of RMB360,314,000 or 57.21% over the corresponding period of last year. As compared to the corresponding period of last year, gross profit margin of the Group declined from 39.78% to 19.85% during the first half of 2022.

Analysis on the revenue by major products

	For the six months ended 30 June 2022 *RMB'000*				For the six months ended 30 June 2021 *RMB'000*			
	Iron Ore Business	**High-purity Iron Business**	**Others**	**Total**	Iron Ore Business	High-purity Iron Business	Others	Total
Iron Ore Concentrates	**284,200**	**95,540**	**–**	**379,740**	287,029	–	–	287,029
High-purity Iron	**–**	**972,506**	**–**	**972,506**	–	1,270,189	–	1,270,189
Others	**635**	**4,356**	**404**	**5,395**	8	13,915	12,380	26,303
Total	**284,835**	**1,072,402**	**404**	**1,357,641**	287,037	1,284,104	12,380	1,583,521

2. Other Income, Other Gains and Losses

In the first half of 2022, other income of the Group was RMB11,559,000, representing an increase of RMB4,356,000 or 60.47% as compared to the corresponding period of last year. Other income mainly represented interest income.

In the first half of 2022, other losses of the Group were RMB2,511,000, representing a decrease of RMB19,121,000 or 88.39% as compared to the corresponding period of last year, which was mainly attributable to the expected litigation loss of approximately RMB12,556,000 for the corresponding period of last year. Other losses mainly consisted of the impairment loss of assets, foreign exchange losses, disposal gains of available-for-sale financial assets, net gain or loss from disposal of properties, plants and equipment, and other overheads, etc.

3. Distribution and Selling Expenses, Administrative Expenses

In the first half of 2022, the distribution and selling expenses of the Group were RMB35,676,000, representing a decrease of RMB19,067,000 or 34.83% as compared to the corresponding period of last year, which was mainly due to the decrease in sales volume of high-purity iron business of approximately 80,000 metric tons as compared to the corresponding period of last year, resulted in a decrease of RMB17,142,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

In the first half of 2022, the administrative expenses of the Group were RMB92,950,000, representing a decrease of RMB9,200,000 or 9.01% as compared to the corresponding period of 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

In the first half of 2022, the finance cost of the Group amounted to RMB40,877,000, representing a decrease of RMB6,520,000 or 13.76% as compared to the corresponding period of last year, mainly due to a decrease in discount expenses. Finance costs included interest expenses on bank borrowing, discount expenses and other finance expenses.

In the first half of 2022, the income tax expense of the Group was RMB62,719,000, representing a decrease of RMB30,466,000 or 32.69% as compared to the corresponding period of last year. Income tax expense included the total amount of current tax payable and deferred tax. In 2022, the iron ore business is temporarily subject to enterprise income tax at a rate of 25% as its national high and new technology enterprise qualification is expired and a new application is still pending for approval.

5. Profit for the Period and Total Comprehensive Income

Based on the above, in the first half of 2022, the Group's profit for the period was RMB43,750,000, representing a decrease of RMB275,604,000 or 86.30% as compared to the corresponding period of last year.

Based on the profit for the period, and affected by foreign currency translation, the total comprehensive income for the first half of 2022 was RMB43,866,000, representing a decrease of RMB265,875,000 or 85.84% as compared to the corresponding period of last year.

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

As at 30 June 2022, the net value of property, plant and equipment of the Group was RMB849,378,000, representing a decrease of RMB46,644,000 or 5.21% as compared to that as at the end of the previous year.

As at 30 June 2022, the inventories of the Group were RMB363,906,000, representing an increase of RMB137,548,000 or 60.77% as compared to that as at the end of the previous year, mainly due to the fact that the high-purity iron business resumed its normal production in the first half of 2022, leading to the increase in its inventories.

As at 30 June 2022, the intangible assets of the Group were RMB407,470,000, representing an increase of RMB16,253,000 or 4.15% as compared to that as at the end of the previous year, mainly due to the exploration expense of the iron ore and gold during the period.

7. Trade and Other Receivables, Trade and Other Payables

As at 30 June 2022, trade receivables of the Group were RMB128,736,000, representing an increase of RMB50,196,000 as compared to that as at the end of the previous year.

As at 30 June 2022, other receivables of the Group were RMB157,837,000, representing a decrease of RMB1,509,000 as compared to that as at the end of the previous 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 30 June 2022, bills receivables of the Group (bank acceptance bills) were RMB316,016,000, representing a decrease of RMB80,573,000 as compared to that as at the end of the previous year, of which undiscounted bank acceptance bills were RMB64,643,000. Such bills can be discounted at any time to satisfy the Group's capital requirement.

As at 30 June 2022, trade payables of the Group were RMB291,598,000, representing an increase of RMB163,577,000 as compared to that as at the end of the previous year. As at 30 June 2022, other payables of the Group were RMB232,943,000, representing a decrease of RMB60,596,000 as compared to that as at the end of the previous year.

8. Cash Use Analysis

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Net cash flows from operating activities	**96,800**	659,912
Net cash flows from investing activities	**61,430**	(284,150)
Net cash flows from financing activities	**(241,888)**	(354,973)
Net (decrease)/increase in cash and cash equivalents	**(83,658)**	20,789
Cash and cash equivalents at the beginning of the period	**279,491**	181,244
Effect of changes in foreign exchange rate on cash and cash equivalents	**1,891**	2,729
Cash and cash equivalents at the end of the period	**197,724**	204,762

For the first half of 2022, the net cash inflow from operating activities was RMB96,800,000. The amount was mainly attributed to the profit before tax of RMB106,469,000, together with depreciation and amortization of RMB78,407,000, finance costs of RMB40,877,000 and inventory impairment provision of RMB24,555,000, which were offset by the net change in working capital of RMB108,908,000 and the payment of income tax of RMB41,667,000.

For the first half of 2022, the net cash inflow from investing activities amounted to RMB61,430,000. The amount mainly included the amount of RMB42,607,000 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 RMB36,101,000 paid for the acquisition of intangible assets, the amount of RMB52,000,000 as consideration payable for the acquisition of subsidiaries and the net amount for recovery of borrowings and bills deposits of RMB187,359,000.

For the first half of 2022, the net cash outflow from financing activities was RMB241,888,000, which was mainly from the new bank borrowings of RMB275,000,000, the repayment of bank borrowings of RMB303,263,000, the payment of dividend of RMB191,425,000 and the settlement of loan interest of RMB40,483,000.

9. Cash and Borrowings

As at 30 June 2022, the available cash and bank acceptance bills of the Group amounted to RMB262,367,000, representing a decrease of RMB299,375,000 or 53.29% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

	30 June 2022	31 December 2021	Changes Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Cash and bank balance	**197,724**	279,491	-81,767	-29.26%
Bank acceptance bills (undiscounted)	**64,643**	282,251	-217,608	-77.10%
Available cash and bank acceptance bills	**262,367**	561,742	-299,375	-53.29%

As at 30 June 2022, bills payables and borrowings of the Group amounted to RMB778,890,000 and RMB608,400,000, respectively, and the amount net of borrowings and bills deposits was RMB695,395,000, representing an increase of RMB986,000 or 0.14% as compared to the end of last year.

Breakdown of Borrowings and Bills Payables

	30 June 2022	31 December 2021	Changes Amount	Ratio
	RMB'000	*RMB'000*	*RMB'000*	
Borrowings – due within one year	**551,400**	514,163	37,237	7.24%
Borrowings – due after one year	**57,000**	122,500	-65,500	-53.47%
Subtotal	**608,400**	636,663	-28,263	-4.44%
Bills payables	**778,890**	937,000	-158,110	-16.87%
Total	**1,387,290**	1,573,663	-186,373	-11.84%
Less: borrowings and bills deposits	**691,895**	879,254	-187,359	-21.31%
Net borrowings and bills payables	**695,395**	694,409	986	0.14%

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

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group increased from 58.85% as at 31 December 2021 to 61.27% as at 30 June 2022.

As at 30 June 2022, the net gearing ratio of the Group was 35.26%. 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. As of the date of this announcement, the Group has not use any financial instrument for hedging purposes. The management of the Group will continue to monitor the currency matching between the revenue and costs of the Group and exchange risks, and may consider taking appropriate measures to hedge material exchange risks when necessary.

12. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings and bills payables of the Group are secured by bank deposits, property, plant and equipment as well as right-of-use assets. As at 30 June 2022, the net carrying value of the pledged bank deposits, property, plant and equipment and right-of-use assets amounted to RMB691,895,000, RMB41,657,000 and RMB5,733,000, respectively.

As at 30 June 2022, the Group had no material contingent liabilities.

13. Capital Commitment

As at 30 June 2022, the capital commitment of the Group was RMB1,042,000, representing a decrease of RMB44,806,000 or 97.73% as compared to the end of last year. The capital commitment mainly consisted of the amount of RMB702,000 for the exploration expense of the gold mine in Australia, etc..

14. Capital Expenditure

The Group's capital expenditure decreased from RMB80,964,000 in the first half of 2021 to RMB53,414,000 in the first half of 2022, representing a year-on-year decrease of 34.03%. Expenditure incurred in the first half of 2022 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB24,098,000; (ii) expenditure for intangible assets amounting to RMB21,101,000; and (iii) increase of RMB8,215,000 in right-of-use assets.

15. Significant Investments Held

As at 30 June 2022, the Group did not hold any significant investments.

16. Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the first half of 2022.

17. Significant Subsequent Events

Save as disclosed in this announcement, there were no other significant events taken place subsequent to the end of the six months ended 30 June 2022.

OTHERS

Corporate Governance

Save as disclosed herein, during the period from 1 January 2022 to 30 June 2022, the Company has complied with the principles and the remaining code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Meanwhile, the Company has complied with most of the best practices as recommended therein.

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

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, and also formulated the Written Guideline on Dealings in the Securities of the Company by Directors and the Relevant Employees (the "**Company Guideline**"), which adopted the standards equivalent to the provisions of Appendix 10 to the Listing Rules as the model code regarding dealings in the Company's securities by the Directors. Specific enquiries have been made to all Directors and the relevant employees of the Company, who have confirmed that they have complied with the Model Code and the Company Guideline throughout the six months period ended 30 June 2022.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

During the period from 1 January 2022 to 30 June 2022, the Audit Committee comprised two independent non-executive Directors, namely Mr. Wang Ping (Chairman of the Audit Committee) and Dr. Wang Anjian, and one non-executive Director, namely Mr. Kenneth Lee.

Pursuant to Rule 3.21 of the Listing Rules, the Company established the Audit Committee. According to Rule 3.22 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the terms of reference of the Audit Committee were approved and stated. The Audit Committee is primarily responsible for reviewing and monitoring the financial reporting, the risk management and the internal control of the Group, and reviewing the accounting policies, accounting standards and methods adopted by the Company with the management of the Company.

The Audit Committee, which has reviewed the 2022 interim results for the six months ended 30 June 2022 of the Company which has not been audited by independent auditors, believes that the interim results have been prepared in accordance with the accounting standards, rules and regulations adopted, and made appropriate disclosure.

Interim Dividend

The Board recommended the payment of an interim dividend of HKD0.02 per Share for the six months ended 30 June 2022 to Shareholders. It is expected that the interim dividend will be paid to the Shareholders by 20 October 2022.

Closure of Register of Members

In order to determine the Shareholders who are entitled to receive the interim dividend, the register of members of the Company will be closed from Friday, 7 October 2022 to Wednesday, 12 October 2022, both days inclusive, during which period no transfer of Shares will be registered. For unregistered Shareholders who wish to be eligible to receive the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 6 October 2022. Shareholders whose names appear on the register of members of the Company on Wednesday, 12 October 2022 will be entitled to receive the interim dividend.

Publication of Interim Results and Report

This results announcement will be published on the website of Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.hankingmining.com.

The Company's 2022 interim report containing all the information required under the Listing Rules will be dispatched to the Shareholders and will be published on the websites of the Company and Hong Kong Stock Exchange in due course.

Acknowledgement

The Board would like to hereby give sincere acknowledgement to the Shareholders, management team, employees, business partners and customers for their consistent support, and great appreciation to their hard work and enthusiasm.

FINANCIAL STATEMENTS AND NOTES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3A*	**1,357,641**	1,583,521
Cost of sales		**(1,088,105)**	(953,671)
Gross profit		**269,536**	629,850
Other income		**11,559**	7,203
Other gains and losses	*4*	**(2,511)**	(21,632)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*5*	**2,818**	2,835
Distribution and selling expenses		**(35,676)**	(54,743)
Administrative expenses		**(92,950)**	(102,150)
Research and development expenses		**(2,894)**	(3,317)
Share of results of an associate		**(2,536)**	1,890
Finance costs		**(40,877)**	(47,397)
Profit before tax		**106,469**	412,539
Income tax expense	*7*	**(62,719)**	(93,185)
Profit for the period	*6*	**43,750**	319,354
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**116**	(9,613)
Other comprehensive income (expense) for the period		**116**	(9,613)
Total comprehensive income for the period		**43,866**	309,741
Profit (loss) for the period attributable to:			
Owners of the Company		**47,830**	320,581
Non-controlling interests		**(4,080)**	(1,227)
		43,750	319,354
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**47,964**	311,306
Non-controlling interests		**(4,098)**	(1,565)
		43,866	309,741
Basic earnings per share (RMB cent per share)	*9*	**2.5**	16.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**849,378**	896,022
Goodwill		**209,132**	209,132
Intangible assets		**407,470**	391,217
Right-of-use assets		**201,978**	204,861
Interest in an associate		**32,807**	26,343
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,970**	2,150
Deferred tax assets		**31,150**	15,077
Deposits on acquisition of property plant and equipment		**7,932**	7,939
Restricted deposits		**37,665**	37,590
Pledged bank deposits		**–**	20,000
Rental deposit		**7,912**	–
		1,787,394	1,810,331
Current assets			
Inventories		**363,906**	226,358
Trade and other receivables	10	**286,573**	237,886
Receivables at fair value through other comprehensive income ("**FVTOCI**")	11	**316,016**	396,589
Financial assets at FVTPL		**1,000**	1,000
Pledged bank deposits		**691,895**	859,254
Bank balances and cash		**197,724**	279,491
		1,857,114	2,000,578
Current liabilities			
Trade, bills and other payables	12	**1,303,431**	1,358,560
Amount due to a related party		**32,052**	10,624
Borrowings	13	**551,400**	514,163
Lease liabilities		**3,151**	4,202
Contract liabilities		**80,327**	46,579
Tax liabilities		**138,040**	100,915
Deferred income		**523**	647
		2,108,924	2,035,690
Net current liabilities		**(251,810)**	(35,112)
Total assets less current liabilities		**1,535,584**	1,775,219

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Capital and reserves			
Share capital	*14*	**160,203**	160,203
Reserves		**1,246,893**	1,399,592
Equity attributable to owners of the Company		**1,407,096**	1,559,795
Non-controlling interests		**4,379**	8,477
Total equity		**1,411,475**	1,568,272
Non-current liabilities			
Borrowings	*13*	**57,000**	122,500
Lease liabilities		**3,112**	5,101
Provision		**43,997**	44,346
Other long-term liabilities		**20,000**	35,000
		124,109	206,947
		1,535,584	1,775,219

1. BASIS OF PREPARATION

A. General Information

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "*Interim Financial Reporting*" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

B. Going Concern Assumption

The Directors have given careful consideration to the going concern of the Group in light of the fact that as at 30 June 2022, the Group's current liabilities exceeded its current assets by RMB 251,810,000. In addition, as at 30 June 2022, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements amounting to RMB1,042,000.

As at 30 June 2022, the Group had available conditional banking facilities of RMB303,110,000 ("**Conditional Facilities**"). The utilisation of these Conditional Facilities are subject to approval on a case-by-case basis. The Directors are confident that the Group would be successful in obtaining approval in respect of these Conditional Facilities according to its historical successful experience and the relevant terms and conditions to drawdown. The Directors are also confident that a significant portion of the Group's bank borrowings can be successfully renewed upon maturity in view of the Group's historical successful experiences in refinancing the expiring debts.

Subsequent to the end of the reporting period and up to the date of issuance of the condensed consolidated financial statements, the Group has renewed borrowings of RMB188,000,000.

Taking into account the above factors, the Directors are of the opinion that, together with the other financial resources available to the Group, including cash and cash equivalents on hand and the anticipated cash flow from the operations, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board, and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2022			
	Iron Ore Business *RMB'000* (Unaudited)	**High-purity Iron Business** *RMB'000* (Unaudited)	**Others** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Sales of goods (recognised at a point in time)				
Iron ore concentrates	**284,200**	**95,540**	**–**	**379,740**
High-purity iron	**–**	**972,506**	**–**	**972,506**
Building materials	**–**	**–**	**374**	**374**
Raw and leftover materials	**635**	**4,356**	**30**	**5,021**
Total	**284,835**	**1,072,402**	**404**	**1,357,641**
Geographical markets				
Mainland China	**284,835**	**1,072,402**	**404**	**1,357,641**

	For the six months ended 30 June 2021			
	Iron Ore Business *RMB'000* (Unaudited)	High-purity Iron Business *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Sales of goods (recognised at a point in time)				
Iron ore concentrates	287,029	–	–	287,029
High-purity iron	–	1,270,189	–	1,270,189
Building materials	–	–	11,574	11,574
Raw and leftover materials	8	13,915	806	14,729
Total	287,037	1,284,104	12,380	1,583,521
Geographical markets				
Mainland China	287,037	1,284,104	12,380	1,583,521

3B. OPERATING SEGMENTS

The Group's operating businesses are structured and managed according to the geographical information of the operations and products. The principal activities of the Group are iron ore exploration, mining, processing and sale ("**Iron Ore Business**"), production and sales of high-purity iron ("**High-purity Iron Business**") in the PRC, and gold exploration, mining, processing and sale ("**Gold Business**") in Australia. The Group identified an operating segment which is a component of the Group (a) that engages in business activities from which it may earn revenue and incur expenses; and (b) whose operating results are reviewed regularly by the chief executive officer, being the chief operating decision maker, to make decisions about resources allocation and performance assessment.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Other operating segment includes production and sales of building materials (i.e., foamed ceramics).

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2022

	Iron Ore Business *RMB'000* (Unaudited)	High-purity Iron Business *RMB'000* (Unaudited)	Gold Business *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Adjustments and eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
External sales	**284,835**	**1,072,402**	**–**	**404**	**–**	**1,357,641**
Inter-segment sales	**220,675**	**2,274**	**–**	**–**	**(222,949)**	**–**
	505,510	**1,074,676**	**–**	**404**	**(222,949)**	**1,357,641**
Segment profit (loss)	**216,523**	**(73,940)**	**(4,736)**	**(5,519)**	**(21,163)**	**111,165**
Central administration costs and directors' salaries						**(883)**
Other income and other gains and losses						**(1,277)**
Share of results of an associate						**(2,536)**
Group's profit before tax						**106,469**

Six months ended 30 June 2021

	Iron Ore Business *RMB'000* (Unaudited)	High-purity Iron Business *RMB'000* (Unaudited)	Gold Business *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Adjustments and eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
External sales	287,037	1,284,104	–	12,380	–	1,583,521
Inter-segment sales	442,615	2,495	–	–	(445,110)	–
	729,652	1,286,599	–	12,380	(445,110)	1,583,521
Segment profit (loss)	384,217	135,091	(7,658)	(13,661)	(71,507)	426,482
Central administration costs and directors' salaries						(882)
Other income and other gains and losses						(13,061)
Group's profit before tax						412,539

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Iron Ore Business	**1,134,437**	1,388,139
High-purity Iron Business	**2,062,101**	1,956,587
Gold Business	**284,576**	283,327
Total reportable segment assets	**3,481,114**	3,628,053
Other reporting segment	**96,299**	92,813
Unallocated		
Property, plant and equipment	**4**	4
Financial assets at FVTPL	**2,970**	3,150
Other receivables	**13,107**	13,103
Interest in an associate	**32,807**	26,343
Bank balances and cash	**18,207**	47,443
Consolidated assets	**3,644,508**	3,810,909

Segment liabilities

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Iron Ore Business	**485,639**	711,065
High-purity Iron Business	**1,610,476**	1,419,192
Gold Business	**18,783**	18,310
Total reportable segment liabilities	**2,114,898**	2,148,567
Other reporting segment	**7,574**	10,227
Unallocated		
Tax liabilities	**110,561**	83,843
Consolidated liabilities	**2,233,033**	2,242,637

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, interest in an associate, financial assets at FVTPL, other receivables and bank balances and cash used and held by the headquarter; and

- all liabilities are allocated to reportable and operating segments other than provision and tax liabilities of the headquarter.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain (loss) on disposal of property, plant and equipment	**232**	(110)
Fair value loss on financial assets at FVTPL	**(1,303)**	(953)
Net foreign exchange gain (loss)	**2,675**	(526)
Impairment loss on property, plant and equipment	**(6,593)**	(5,072)
Impairment loss on intangible assets	**–**	(296)
Provision for contingency	**–**	(12,556)
Donations	**–**	(1,032)
Others	**2,478**	(1,087)
	(2,511)	(21,632)

5. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impairment losses (reversed) recognised in respect of:		
– trade receivables	**(1,794)**	(2,847)
– other receivables	**(1,024)**	12
	(2,818)	(2,835)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
– Depreciation of property, plant and equipment	**64,117**	72,221
– Depreciation of right-of-use assets	**9,867**	15,726
– Amortisation of intangible assets	**4,423**	7,234
Total depreciation and amortisation	**78,407**	95,181
Capitalised in inventories	**(67,261)**	(82,248)
	11,146	12,933
Staff costs (including directors):		
– Salary and other benefits	**86,817**	90,773
– Retirement benefits scheme contributions	**5,409**	5,902
– Share-based payment	**410**	414
Total staff costs	**92,636**	97,089
Capitalised in inventories	**(32,803)**	(37,139)
	59,833	59,950
Write-down of inventories	**24,555**	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax expenses comprise:		
PRC enterprise income tax ("**EIT**") – current	**70,266**	82,659
Withholding tax	**3,800**	5,000
Under (over) provision of EIT in prior years	**4,726**	(2,974)
	78,792	84,685
Deferred tax expense	**(16,073)**	8,500
Income tax expense	**62,719**	93,185

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

On 22 July 2019, Aoniu Mining obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% for a period of three years from 2019 to 2021. Aoniu Mining is currently reapplying the qualification of "High Technology Enterprise" status upon expiry during the current interim period. The tax rate of Aoniu Mining is 25% for the six months ended 30 June 2022 (2021: 15%).

On 15 September 2020, Fushun Hanking Direct Reduced Iron Co., Ltd.*(撫順罕王直接還原鐵有限公司) successfully obtained "High Technology Enterprise" status for another 3 years that entitled it a preferential tax rate of 15% for a period of three years from 2020 to 2022 according to EIT Law.

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

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

* English name is for identification purpose only.

8. DIVIDENDS

During the current interim period, a final dividend of HKD0.12 per Share amounting to HKD235,200,000 (equivalent to RMB199,517,000) in aggregate in respect of the year ended 31 December 2021 (2021: a final dividend of HKD0.08 per Share amounting to HKD156,800,000 (equivalent to RMB127,979,000) in aggregate in respect of the year ended 31 December 2020) was declared, among which HKD225,792,000 (equivalent to RMB191,425,000) was paid to the owners of the Company whose names appeared in the register of members of the Company on 8 June 2022.

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HKD0.02 per Share amounting to HKD39,200,000 (equivalent to RMB33,320,000) in aggregate (2021: interim dividend of HKD0.06 per Share, in an aggregate amount of HKD117,600,000 (equivalent to RMB97,853,000)) will be paid to the owners of the Company whose names appear in the register of members of the Company on 12 October 2022.

9. EARNINGS PER SHARE

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

	For the six months ended	
	30 June 2022	30 June 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per Share for the period attributable to owners of the Company	**47,830**	320,581
Number of shares		
Weighted average number of ordinary Shares for the purposes of basic earnings per Share	**1,935,484,000**	1,944,229,000

The weighted average number of ordinary Shares for the six months ended 30 June 2022 for the purpose of basic earnings per share has been adjusted for the weighted average effect of 1,269,000 ordinary Shares (2021: 681,000 Shares) repurchased as restricted shares held for strategic incentive award scheme.

The Company did not have dilutive potential ordinary Shares in issue in both six months ended 30 June 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– Third parties	**140,307**	91,905
Less: allowance for credit loss	**(11,571)**	(13,365)
	128,736	78,540
Other receivables		
– Advances to suppliers	**40,470**	17,431
– Deposits	**2,611**	3,088
– Deposit for resource tax	**38,860**	39,019
– Other tax recoverable	**9,046**	8,675
– Value-added tax recoverable	**5,112**	16,612
– Staff advance	**9,384**	10,663
– Consideration receivable	**5,619**	5,619
– Prepaid expense	**1,000**	1,000
– Prepayment	**7,384**	7,384
– Amount due from an independent third party *(note)*	**35,000**	55,000
– Others	**17,128**	14,703
	171,614	179,194
Less: allowance for credit loss	**(13,777)**	(19,848)
Total other receivables	**157,837**	159,346
Total trade and other receivables	**286,573**	237,886

Note: The amount represents a short term advance to a Group's major supplier, which will be matured on 31 December 2022 and bear fixed interest rate of 2% per annum.

During the current interim period, the Group allows an average credit period of 7 days (2021: 7 days) to customers of iron ore concentrates, 60 days (2021: 60 days) to customers of high-purity iron and 30 days (2021: 30 days) to customers of building materials. However, upon maturity of the credit period, the Group would further negotiate with its customers and may consider extending the repayment schedule, based on customers' historical payment records and credit quality, on a case-by-case basis.

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB16,973,000 (2021: RMB23,927,000) which are past due.

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the invoice dates, which approximated the revenue recognition date:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
– Within 7 days	**58,031**	33,434
– 8 days to 30 days	**37,655**	20,022
– 31 days to 60 days	**18,939**	6,006
– 61 days to 90 days	**1,012**	4,876
– 91 days to 1 year	**5,503**	7,814
– 1 year to 2 years	**7,596**	6,388
	128,736	78,540

11. RECEIVABLES AT FVTOCI

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Receivables at FVTOCI comprise:		
Bills receivables *(note)*	**316,016**	396,589

Note: Included in the Group's bills receivables are amount of RMB251,373,000 (2021: RMB114,338,000) 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 request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised as payables from endorsement of the bills with full recourse. The financial asset is carried at fair value in the condensed consolidated statement of financial position.

Receivables at FVTOCI endorsed to suppliers with full recourse:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying amount of transferred assets	**251,373**	114,338
Carrying amount of associated liabilities	**(251,373)**	(114,338)
Net position	**–**	–

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
– Within 6 months	**306,016**	380,660
– 6 months to 1 year	**10,000**	15,929
	316,016	396,589

12. TRADE, BILLS AND OTHER PAYABLES

Pursuant to the payment terms, suppliers of Iron Ore Business and High-purity Iron Business granted credit period of up to 90 days and 15 days respectively to the Group from the time when the goods are received from suppliers.

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Trade payables *(note a)*		
– Within 90 days	**240,716**	41,163
– 91 days to 1 year	**43,268**	79,730
– 1 year to 2 years	**1,855**	1,463
– 2 years to 3 years	**2,383**	2,551
– Over 3 years	**3,376**	3,114
	291,598	128,021
Bills payables	**778,890**	937,000
Other payables		
Advance receipt of value-added tax from customers	**10,535**	5,971
Other tax payable	**39,912**	32,615
Payable for acquisition of property, plant and equipment	**23,860**	42,376
Outsourced service payable	**4,845**	10,540
Transportation fee payable	**17,565**	17,764
Accrued expense	**3,354**	5,386
Salary and bonus payables	**12,006**	11,269
Interest payable	**264**	303
Dividend payable	**16,751**	8,659
Refundable deposits	**4,880**	4,642
Amount due to independent third parties *(note b)*	**33,782**	33,782
Consideration payable *(note c)*	**48,000**	100,000
Payable for mining rights	**15,000**	15,000
Others	**2,189**	5,232
	232,943	293,539
Total trade and other payables, and bills payables	**1,303,431**	1,358,560

Notes:

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

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

(c) The balance represented the outstanding guarantee debt due to Beijing Zhuguan Technology Limited* (北京主冠科技有限公司), ex-equity owner of the subsidiary acquired in 2020. Details of the acquisition and guarantee debt were set out in 2021 annual report of the Company. The remaining RMB48 million will be settled in the second half of this year.

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**348,890**	318,100
6 months to 1 year	**430,000**	618,900
	778,890	937,000

* English name is for identification purpose only.

13. BORROWINGS

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank loans	**608,400**	636,663
Secured and guaranteed	**421,500**	421,763
Secured and unguaranteed	**76,900**	104,900
Unsecured and guaranteed	**110,000**	110,000
	608,400	636,663
The above loans are carried at fixed-rate	**608,400**	636,663
Carrying amount repayable *(note)*:		
Due within one year	**551,400**	514,163
More than one year, but not more than two years	**2,000**	122,500
More than two years, but not more than five years	**55,000**	–
	608,400	636,663

Note:

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

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

	30 June 2022	31 December 2021
	%	*%*
	(Unaudited)	(Audited)
Fixed-rate borrowings	**3.45 – 8.60**	3.40 – 8.60

The secured and guaranteed bank borrowings were guaranteed by Mr. Yang Jiye, who is also the CEO, president and executive director of the Company, and Ms. Yang Min and the companies controlled by them. Among the secured and guaranteed bank borrowings, RMB133,500,000 (31 December 2021: RMB133,500,000) were secured by certain assets of the companies controlled by the Controlling Shareholders. The remaining secured and guaranteed bank borrowings are secured by certain property, plant and equipment, right-of-use assets and shares of subsidiaries of the Group.

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

The unsecured bank borrowings of approximately RMB110,000,000 (31 December 2021: RMB110,000,000) at 30 June 2022 were guaranteed by the Controlling Shareholders and the companies controlled by them.

14. SHARE CAPITAL

The amount as at 30 June 2022 and 31 December 2021 represented the issued share capital of the Company. Details of movement of share capital of the Company are as follows:

	Number of shares	**Share capital**	**RMB equivalent**
		HKD'000	*RMB'000*
Ordinary shares of HKD0.1 each			
Authorised:			
At 1 January 2021, 30 June 2021, 31 December 2021 and 30 June 2022	10,000,000,000		
Issued and fully paid:			
At 1 January 2021, 30 June 2021, 31 December 2021 and 30 June 2022	1,960,000,000	196,000	160,203

DEFINITIONS

"Aoniu Mine"	located at Hou'an Town, Fushun City, an iron mine operated through Aoniu Mining, a subsidiary of the Company
"Aoniu Mining"	Fushun Hanking Aoniu Mining Co., Ltd (撫順罕王傲牛礦業股份有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
"AUD"	the lawful currency of Australia
"Australia"	The Commonwealth of Australia
"Board"	the board of Directors of the Company
"China" or "PRC"	the People's Republic of China. For the purpose of this announcement, references in this announcement to the PRC or China do not include Hong Kong, Macau Special Administrative Region and Taiwan
"the Company" or "our Company" or "we"	China Hanking Holdings Limited (中國罕王控股有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to Ms. Yang Min, Mr. Yang Jiye, China Hanking (BVI) Limited, Bisney Success Limited and Tuochuan Capital Limited
"Directors"	the directors of the Company
"the Group" or "Hanking"	China Hanking Holdings Limited and its subsidiaries

"Hanking Australia"	Hanking Australia Investment Pty Ltd, a limited liability company established in Australia and a non wholly-owned subsidiary of the Company
"HKD"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JORC"	Australasian Joint Ore Reserves Committee
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"RMB"	the lawful currency of the PRC
"Shangma Mine"	located at Shangma Town, Fushun City, an iron mine operated through Shangma Branch of Aoniu Mining
"Share(s)"	ordinary share(s) with a nominal value of HKD0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"United States"	the United States of America
"US$" or "USD"	the lawful currency of the United States

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

Shenyang, the PRC, 26 August 2022

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