



中國罕王控股有限公司

CHINA HANKING HOLDINGS LIMITED

罕王
HANKING

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03788

2022 INTERIM REPORT



CORE VALUE

People-first and Business Integrity

PRINCIPLE

Safety, Harmony and Green



CONTENTS

Corporate Information	2
Financial Highlights	5
Management Discussion and Analysis	6
Other Information	20
Report on Review of Condensed Consolidated Financial Statements	28
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	29
Condensed Consolidated Statement of Financial Position	30
Condensed Consolidated Statement of Changes in Equity	32
Condensed Consolidated Statement of Cash Flows	34
Notes to the Condensed Consolidated Financial Statements	35
Definitions of Terms	63



CORPORATE INFORMATION

China Hanking Holdings Limited was incorporated in the Cayman Islands on 2 August 2010, and was listed on the Hong Kong Stock Exchange on 30 September 2011 (stock code: 03788).

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

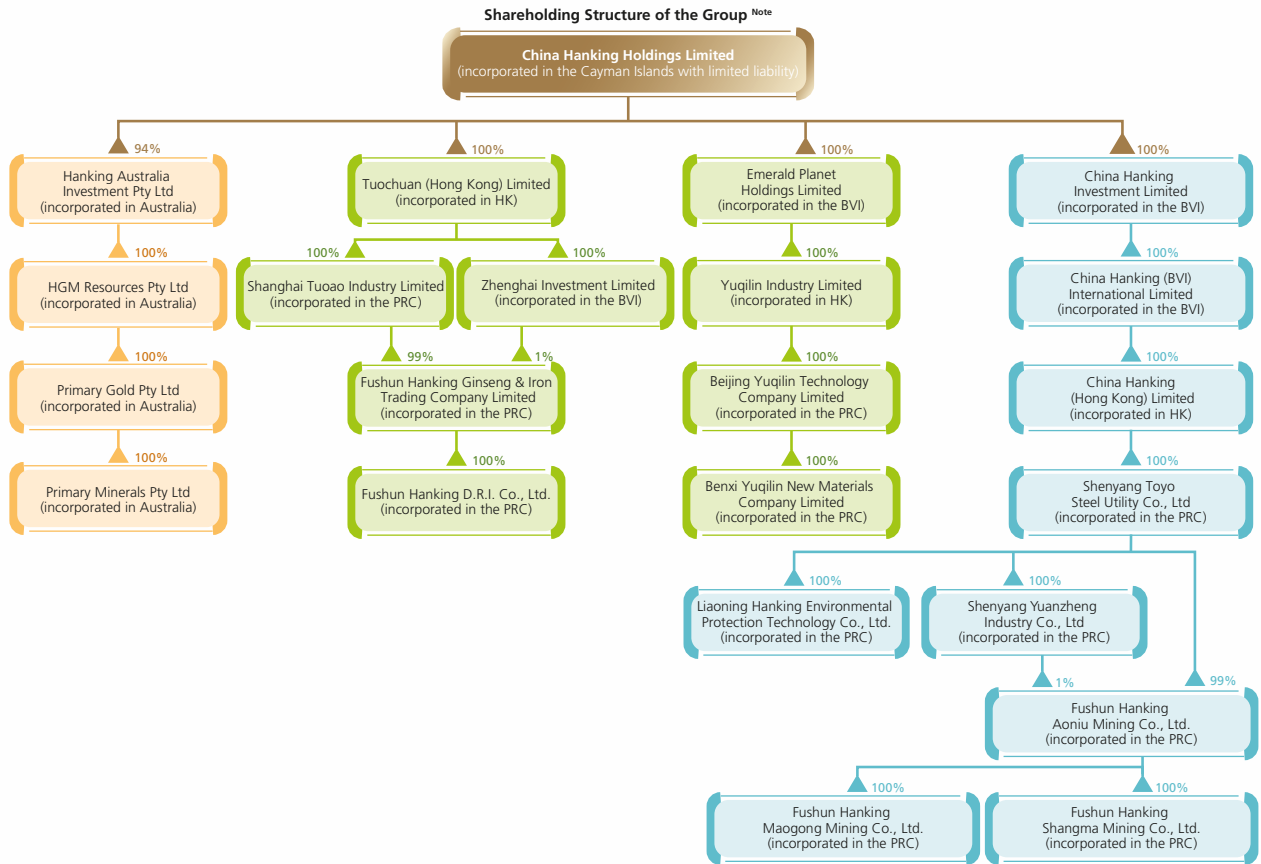
- **Iron Ore and High-purity Iron Business in China**

Thanks to the advantages of its own high-quality iron ore resources and unique technical process, the average grade of iron ore concentrate produced by Hanking is over 68%. Due to the minimal impurity contents of sulfur, phosphorus and titanium, together with the technical advantages accumulated over the years, high-purity iron products smelted by Hanking enjoy strong corrosion resistance and high tensile strength, thereby well meeting the casting requirements of major equipment in wind power, marine engineering and other sectors. Therefore, the Company’s iron ore and high-purity iron business in China provide 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 complete closed loop of acquisition, resource exploration, relaunched production and operation and capitalization in respect of SXO Gold Project, Hanking Australia has developed a gold mining and operation team with outstanding performance and applied its experience to the existing PGO gold project, in an effort to create maximum value for the Shareholders.

CORPORATE INFORMATION
(CONTINUED)



Note: This shareholding structure chart only sets out the principal subsidiaries of the Group as at 30 June 2022.

CORPORATE INFORMATION

(CONTINUED)

Company's Statutory Chinese Name

中國罕王控股有限公司

Company's Statutory English Name

China Hanking Holdings Limited

Stock Code

03788

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarter in the PRC

22nd Floor, Hanking Tower
No. 227, Qingnian Street
Shenhe District
Shenyang 110016
Liaoning Province
PRC

Principal Place of Business in Hong Kong

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Authorized Representatives

Mr. Zheng Xuezhi
Ms. Wong Hoi Ting

Joint Company Secretaries

Ms. Zhang Jing
Ms. Wong Hoi Ting

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

Hong Kong Legal Advisor

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

Principal Share Registrar in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Investor Inquiries

Investor Hotline: +852 3158 0506
Facsimile: +852 3158 0508
Website: www.hankingmining.com
E-mail: ir@hanking.com

Directors**Executive Directors**

Mr. Yang Jiye
(*Chairman, Chief Executive Officer and President*)
Mr. Zheng Xuezhi
Dr. Qiu Yumin

Non-executive Directors

Mr. Kenneth Lee
Mr. Xia Zhuo

Independent Non-executive Directors

Mr. Wang Ping
Dr. Wang Anjian
Mr. Ma Qingshan

Audit Committee

Mr. Wang Ping (*Chairman*)
Dr. Wang Anjian
Mr. Kenneth Lee

Remuneration Committee

Mr. Wang Ping (*Chairman*)
Mr. Kenneth Lee
Mr. Ma Qingshan

Nomination Committee

Mr. Yang Jiye (*Chairman*)
Dr. Wang Anjian
Mr. Ma Qingshan

Health, Safety, Environmental Protection and Community Committee

Dr. Qiu Yumin (*Chairman*)
Mr. Yang Jiye
Dr. Wang Anjian

FINANCIAL HIGHLIGHTS

	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



MANAGEMENT DISCUSSION AND ANALYSIS

I. Operation Review

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%.

II. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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			Down 18.93 percentage points
	-2.25%	16.68%	points

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

III. 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%.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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 Aoni 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 Aoni 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 Aoni 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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			Down 4.86 percentage points
	62.57%	67.43%	

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.

MANAGEMENT DISCUSSION AND ANALYSIS

*(CONTINUED)***IV. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Analysis on the revenue by major products

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	RMB'000				RMB'000			
	High-purity Iron		Others	Total	High-purity Iron		Others	Total
	Iron Ore Business	Iron Business			Iron Ore Business	Iron Business		
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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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 RMB'000	2021 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

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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 RMB'000	31 December 2021 RMB'000	Changes Amount RMB'000	Ratio
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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Foreign exchange risk: As of the date of this report, 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 report, 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, Associated Companies and Joint Ventures

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

17. Significant Subsequent Events

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

OTHER INFORMATION

1. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

So far as the Company is aware, as at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions taken or deemed to have under such provisions of the SFO), or which was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

(1) Interests in the Shares of the Company:

Name of Director and Chief Executive	Status/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Yang Jiye ¹	Interest in controlled corporation	1,314,061,666 (long positions)	67.04%
		4,000,000 (short positions)	0.20%
Xia Zhuo ²	Interest in controlled corporation	19,130,589 (long positions)	0.98%
		Beneficial owner	60,000 (long positions)
Zheng Xuezhi	Beneficial owner	4,741,000 (long positions)	0.24%

Notes:

- Mr. Yang Jiye holds 100% interest in each of Bisney Success Limited and Tuochuan Capital Limited. As a result, Mr. Yang Jiye is deemed to hold interest in 694,360,500 Shares held by Bisney Success Limited and 619,701,166 Shares (long positions) and 4,000,000 Shares (short positions) held by Tuochuan Capital Limited.
- Mr. Xia Zhuo holds 54.38% interest in Splendour Ventures Limited. As a result, Mr. Xia Zhuo is deemed to hold interest in 19,130,589 Shares held by Splendour Ventures Limited. The accurate percentage of the 60,000 Shares beneficially owned by Mr. Xia Zhuo is 0.00306122%.

(2) Interests in the shares of associated corporations of the Company:

Name of Director and Chief Executive	Name of Associated Corporation	Status/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Qiu Yumin ¹	Hanking Australia Investment Pty Ltd	Interest in controlled corporation	6,300,000 (long positions)	3.00%
Yang Jiye ²	Hanking Australia Investment Pty Ltd	Interest in controlled corporation	6,300,000 ³ (long positions)	3.00%
Zheng Xuezhi ²	Hanking Australia Investment Pty Ltd	Interest in controlled corporation	6,300,000 ³ (long positions)	3.00%

OTHER INFORMATION

(CONTINUED)

Notes:

1. Dr. Qiu Yumin and his spouse jointly hold 100% equity interests in Golden Resource Pty Ltd. Hence, Dr. Qiu Yumin is deemed to be interested in 6,300,000 shares of Hanking Australia held by Golden Resource Pty Ltd.
2. Each of Mr. Yang Jiye and Mr. Zheng Xuezhi holds 33.33% equity interests in Best Fate Limited. Hence, each of Mr. Yang Jiye and Mr. Zheng Xuezhi is deemed to be interested in 6,300,000 shares of Hanking Australia held by Best Fate Limited.
3. These 6,300,000 shares are the same block of shares.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

2. Substantial Shareholders' Interests or Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2022, as far as the Directors of the Company, having made all reasonable enquires, are aware, the following persons (other than the Directors and chief executives of the Company) owned interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Status/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Yang Min ¹	Interest in controlled corporation	6,025,000 (long positions)	0.31%
China Hanking (BVI) Limited	Beneficial owner	6,025,000 (long positions)	0.31%
Bisney Success Limited	Beneficial owner	694,360,500 (long positions)	35.43%
Tuochuan Capital Limited	Beneficial owner	619,701,166 (long positions)	31.62%
		4,000,000 (short positions)	0.20%
Fushun Branch, China Citic Bank Corporation Limited	Person having a security interest in Shares	280,000,000 (long positions)	14.29%
Xinfu Branch, Bank of Fushun Co., Ltd.	Person having a security interest in Shares	500,000,000 (long positions)	25.51%

OTHER INFORMATION

(CONTINUED)

Note:

1. Ms. Yang Min holds 100% interest in China Hanking (BVI) Limited. Thus Ms. Yang Min is deemed to have an interest in 6,025,000 Shares held by China Hanking (BVI) Limited.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. Changes of Directors and Chief Executive and Their Information

At the annual general meeting (the “**AGM**”) of the Company held on 26 May 2022, in accordance with Article 84(1) of the articles of association of the Company, Dr. Qiu Yumin (executive Director), Mr. Xia Zhuo (non-executive Director) and Mr. Wang Ping (independent non-executive Director) retired by rotation at the AGM, and being eligible, offered themselves for re-election.

Save as disclosed above, there is no other change relating to Directors and chief executive of the Company and their information.

4. Directors’ Service Contract

The Company has entered into a director’s service contract and a letter of appointment with each of the Directors. The particulars of these service contracts include: (1) the term of their appointment as Directors is for three years commencing from 17 March 2021 (in the case of Mr. Yang Jiye, Mr. Zheng Xuezhi, Dr. Qiu Yumin, Mr. Kenneth Lee, Mr. Xia Zhuo, Mr. Wang Ping, Dr. Wang Anjian and Mr. Ma Qingshan); and (2) are subject to early termination in accordance with their respective terms.

5. Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code, 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 and the relevant employees. 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.

OTHER INFORMATION

*(CONTINUED)***6. 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.

7. Employee and Remuneration Policy

As at 30 June 2022, the Group had a total of 1,772 employees (as at 30 June 2021: 1,812 employees).

For the six months ended 30 June 2022, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to RMB92,636,000 (for the six months ended 30 June 2021: RMB97,089,000). The remuneration policy of the Group is formulated on the basis of performance of individual employees and the prevailing salaries' trends in various regions, emphasizing on the direct relation between the employees' income and the operation performance and revenue of the Group. The remuneration policy is subject to review by the Group every year. The Group also provides its employees with training programmes, mandatory provident fund scheme, pension, medical insurance, occupational injury insurance, unemployment insurance, maternity insurance and other insurances required by the government as well as discretionary bonuses.

8. 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, 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 if and when appropriate.

OTHER INFORMATION

(CONTINUED)

9. 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.

10. 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.

11. Major Legal Proceeding

During the six months ended 30 June 2022, the Group was not involved in any major legal proceedings or arbitrations. To the knowledge of the Directors, there is no other pending or potential major legal proceeding or claim.

OTHER INFORMATION

(CONTINUED)

12. Continuing Disclosure under the Listing Rules

On 8 June 2020, Tuochuan Capital Limited (“**Tuochuan Capital**”) pledged 300,000,000 Shares (representing approximately 16.48% of the issued share capital of the Company as at 8 June 2020) in favour of Bank of Fushun Co., Ltd., Xinfu Branch. Of the aforementioned pledged shares, 100,000,000 Shares (representing approximately 5.49% of the issued share capital of the Company as at 8 June 2020) were pledged as security for a loan in the amount of RMB125,000,000 for Hanking D.R.I., a subsidiary of the Company as general working capital under the loan agreement dated 8 June 2020. Details of which are set out in the announcement of the Company dated 10 June 2020.

On 12 July 2022, Tuochuan Capital pledged 280,000,000 Shares (representing approximately 14.29% of the issued share capital of the Company as at 12 July 2022) in favour of China Citic Bank Corporation Limited, Fushun Branch (the “**Citic Bank**”) as security for a term loan facility up to a maximum aggregate amount of RMB188,000,000 provided by the Citic Bank to Aoniu Mining, a subsidiary of the Company. Details of which are set out in the announcement of the Company dated 12 July 2022.

Saved as disclosed above, the Company had no other disclosure obligations under Rule 13.20, Rule 13.21 and Rule 13.22 of the Listing Rules as at 30 June 2022.

13. Share Option Scheme

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

On 27 April 2020, 10 December 2020 and 6 July 2022, Hanking Australia granted 3,950,000, 1,800,000 and 1,300,000 options (the “**Options**”), respectively, to subscribe for 7,050,000 shares in the share capital of Hanking Australia (each an “**HAI Share**”) to certain employees of Hanking Australia (the “**Grantees**”). Among the Options, the exercise price for 2,950,000 Options is AUD0.286 per HAI Share, the exercise price for 1,000,000 Options is AUD0.3 per HAI Share, the exercise price for 1,800,000 Options is AUD0.39 per HAI Share and the exercise price for 1,300,000 Options is AUD0.429 per HAI Share. The exercise price was determined and approved by the board of directors of Hanking Australia based on the recommendation of the independent tax adviser, the fair market price and the performance of the staff. The number of shares accounts for approximately 3.25% of the total share capital upon the exercise of the Options of Hanking Australia after the full exercise of the Options. The Options granted have an exercisable term of four years from the relevant date of grant. As the HAI Shares are not publicly listed on any stock exchange as at the date of this report, no information with respect to the closing price of the shares of Hanking Australia is available. During the six months ended 30 June 2022 and as at the date of this report, no Option granted had been exercised, cancelled or lapsed. As a result, the number of outstanding Options were both 5,750,000 Options as at 1 January 2022 and 30 June 2022. As at the date of this report, the maximum number of HAI Shares remaining available for issue under the Scheme is 21,000,000 HAI Shares, representing approximately 10% of the issued shares of Hanking Australia.

OTHER INFORMATION

(CONTINUED)

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

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

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

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

For further details with respect to the Options granted, please refer to note 23 to the condensed consolidated financial statements.

14. 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 report, the trustee, as instructed by the Board, purchased a total of 25,158,000 Shares on the market at a total consideration of HKD39,843,570. 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 report, no Shares have been granted to the selected participants under this scheme.

By order of the Board

Mr. Yang Jiye

Chairman of the Board and Executive Director

26 August 2022

FINANCIAL REPORT

Report on Review of Condensed Consolidated Financial Statements	28
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	29
Condensed Consolidated Statement of Financial Position	30
Condensed Consolidated Statement of Changes in Equity	32
Condensed Consolidated Statement of Cash Flows	34
Notes to the Condensed Consolidated Financial Statements	35



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CHINA HANKING HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Hanking Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 29 to 62, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company (the “**Directors**”) are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (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	10	849,378	896,022
Goodwill		209,132	209,132
Intangible assets	11	407,470	391,217
Right-of-use assets	12	201,978	204,861
Interest in an associate	13	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	14	37,665	37,590
Pledged bank deposits	17	–	20,000
Rental deposit		7,912	–
		1,787,394	1,810,331
Current assets			
Inventories		363,906	226,358
Trade and other receivables	15	286,573	237,886
Receivables at fair value through other comprehensive income ("FVTOCI")	16	316,016	396,589
Financial assets at FVTPL		1,000	1,000
Pledged bank deposits	17	691,895	859,254
Bank balances and cash	17	197,724	279,491
		1,857,114	2,000,578
Current liabilities			
Trade, bills and other payables	18	1,303,431	1,358,560
Amount due to a related party	26	32,052	10,624
Borrowings	19	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Capital and reserves			
Share capital	21	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	19	57,000	122,500
Lease liabilities		3,112	5,101
Provision		43,997	44,346
Other long-term liabilities	20	20,000	35,000
		124,109	206,947
		1,535,584	1,775,219

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company											Total RMB'000	
	Share capital RMB'000	Restricted shares held for incentive award scheme RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Future development funds reserve RMB'000 (note a)	Translation reserve RMB'000	Share- based payments reserve RMB'000	Special reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000		Non- controlling interests RMB'000
At 1 January 2022 (audited)	160,203	(33,173)	342,158	248,143	681,065	(16,426)	1,402	(1,577,161)	(16,988)	1,770,552	1,559,795	8,477	1,588,272
Profit (loss) for the period	-	-	-	-	-	-	-	-	47,830	47,830	47,830	(4,088)	43,750
Other items of comprehensive expense for the period	-	-	-	-	-	134	-	-	-	-	134	(18)	116
Total comprehensive income (expense) for the period	-	-	-	-	-	134	-	-	47,830	47,830	47,964	(4,088)	43,866
Transfer to future development funds reserve, net of utilisation	-	-	-	-	11,792	-	-	-	(11,792)	-	-	-	-
Recognition of equity-settled share-based payments (note 23)	-	-	-	-	-	-	410	-	(99,517)	(99,517)	410	-	410
Dividend declared (note 8)	-	-	-	-	-	-	-	-	(1,165)	(1,165)	-	-	(1,165)
Profit appropriation to statutory surplus reserve	-	-	-	1,165	-	-	-	-	-	-	-	-	-
Purchase of ordinary shares pursuant to the Scheme (as defined in note 22)	-	(1,556)	-	-	-	-	-	-	-	(1,556)	(1,556)	-	(1,556)
At 30 June 2022 (unaudited)	160,203	(34,729)	342,158	249,308	692,877	(16,292)	1,812	(1,577,161)	(16,988)	1,605,908	1,407,996	4,379	1,411,375
At 1 January 2021 (audited)	160,203	(23,636)	342,158	232,245	688,948	5,071	614	(1,577,161)	(16,988)	1,393,332	1,155,116	8,839	1,163,955
Profit (loss) for the period	-	-	-	-	-	-	-	-	320,581	320,581	320,581	(1,227)	319,354
Other items of comprehensive expense for the period	-	-	-	-	-	(9,275)	-	-	-	(9,275)	(9,275)	(338)	(9,613)
Total comprehensive (expense) income for the period	-	-	-	-	-	(9,275)	-	-	320,581	320,581	311,306	(1,565)	319,741
Transfer to future development funds reserve, net of utilisation	-	-	-	-	944	-	-	-	(944)	-	-	-	-
Recognition of equity-settled share-based payments (note 23)	-	-	-	-	-	-	414	-	-	(127,979)	414	-	414
Dividend declared (note 8)	-	-	-	-	-	-	-	-	(9,573)	(9,573)	(127,979)	-	(127,979)
Profit appropriation to statutory surplus reserve	-	-	-	9,573	-	-	-	-	-	-	-	-	-
Purchase of ordinary shares pursuant to the Scheme (as defined in note 22)	-	(752)	-	-	-	-	-	-	-	(752)	(752)	-	(752)
At 30 June 2021 (unaudited)	160,203	(24,388)	342,158	242,118	689,892	(4,204)	1,028	(1,577,161)	(16,988)	1,545,417	1,338,105	7,274	1,345,379

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CONTINUED)

For the six months ended 30 June 2022

Note:

Other than those additional disclosures relating to the current period movements in reserves as described below, the definition and nature of statutory reserve, future development funds reserve, special reserve and other reserves are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

- (a) The future development fund can only be used for the future development of the iron ore mining business and production of high-purity iron and is not available for distribution to shareholders. RMB26,128,000 and RMB22,953,000 of future development fund was provided during the six months ended 30 June 2022 and 2021, respectively. RMB14,336,000 and RMB22,009,000 was utilised during the six months ended 30 June 2022 and 2021, respectively.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash from operating activities	96,800	659,912
Investing activities		
Purchases of property, plant and equipment	(42,607)	(44,256)
Payments for intangible assets	(36,101)	(55,001)
Payments for right-of-use assets	(8,215)	(11,399)
Purchases of financial assets at FVTPL	(1,126)	–
Proceeds on disposal of property, plant and equipment	263	734
Interest received	10,868	6,635
Withdrawal of restricted cash	830	248
Placement of restricted cash	(929)	(647)
Settlement of consideration payable for acquisition of a subsidiary (note 18(c))	(52,000)	–
Advance to a third party	–	(3,130)
Repayment received from a third party	20,000	–
Acquisition of investment in an associate (note 13)	(9,000)	(30,000)
Withdrawal of pledged bank deposits in relation to borrowings and bills payable	607,310	211,666
Placement of pledged bank deposits in relation to borrowings and bills payable	(419,951)	(359,000)
Payments of rental deposit	(7,912)	–
Net cash from (used in) investing activities	61,430	(284,150)
Financing activities		
New borrowings raised	275,000	234,500
Repayments of borrowings	(303,263)	(405,000)
Payments of lease liabilities	(1,589)	(2,610)
Interest paid	(40,483)	(47,734)
Dividend paid to owners of the Company	(191,425)	(127,979)
Repayment of advance from Beijing Zhuguan (as defined in note 18(b))	–	(16,697)
Advance from a related party	210,428	105,715
Repayment of advance from a related party	(189,000)	(94,416)
Purchase of ordinary shares pursuant to the Scheme (as defined in note 22)	(1,556)	(752)
Net cash used in financing activities	(241,888)	(354,973)
Net (decrease) increase in cash and cash equivalents	(83,658)	20,789
Cash and cash equivalents at 1 January	279,491	181,244
Effect of foreign exchange rate changes	1,891	2,729
Cash and cash equivalents at 30 June	197,724	204,762

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 renminbi (“**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 disclosed in note 25.

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 (the “**IASB**”), 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)**Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	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 People's Republic of China (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) ("**Building Material Business**").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

3B. OPERATING SEGMENTS (continued)**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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

3B. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

3B. OPERATING SEGMENTS (continued)**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 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

3B. OPERATING SEGMENTS (continued)

Segment assets and liabilities (continued)

Segment liabilities

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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 RMB'000 (Unaudited)	2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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, Fushun Hanking Aoni Mining Co., Ltd. *(撫順罕王傲牛礦業有限公司) ("Aoni 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. Aoni Mining is currently reapplying the qualification of "High Technology Enterprise" status upon expiry during the current interim period. The tax rate of Aoni 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) ("Hanking D.R.I.") 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

8. DIVIDENDS

During the current interim period, a final dividend of Hong Kong Dollars (“**HKD**”) 0.12 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 of the Company 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group had additions of property, plant and equipment (including capital expenditure for construction in progress) of RMB24,098,000 (six months ended 30 June 2021: RMB29,564,000) for expansion of business and production capacity of the Group.

During the current interim period, an impairment loss of RMB6,593,000 has been recognised in respect of the certain working area being impaired in full because the management of the Group determined to cease the working area of Shangma Mining according to the latest primary exploration assessment.

During the six months ended 30 June 2021, the management of the Group determined that the recoverable amount of the cash generating unit, in which the assets of Building Material Business belongs to, is lower than its carrying amount. The impairment amount has been allocated to property plant and equipment such that the carrying amount of property, plant and equipment is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment loss of RMB5,072,000 has been recognised against the carrying amount of property, plant and equipment of Building Material Business.

11. MOVEMENTS IN INTANGIBLE ASSETS

During the current interim period, the Group had additions of exploration and evaluation assets and other intangible assets of RMB21,101,000 (six months ended 30 June 2021: RMB40,001,000).

No impairment loss has been recognised during the current interim period. For the six months ended 30 June 2021, an impairment loss of RMB296,000 has been recognised in respect of certain exploration and evaluation assets related to the Gold Business being impaired in full because the management of the Group expect such amount was unrecoverable.

12. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the current interim period, the Group recognised right-of-use assets of RMB8,215,000 (six months ended 30 June 2021: RMB11,399,000) and lease liabilities of nil (six months ended 30 June 2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

13. INTEREST IN AN ASSOCIATE

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cost of investment in an associate	39,000	30,000
Share of post-acquisition result	(6,193)	(3,657)
	32,807	26,343

Name of associate	Principal activity	Place of establishment and operation	Registered/paid up capital		Proportion of ownership interest and voting power held by the Group	
			30 June 2022	31 December 2021	30 June 2022 %	31 December 2021 %
Tibet Oudi Electronic Technology Co., Ltd* (西藏歐帝電子科技有限公司) ("Tibet Oudi")	Production and sales of LCD products	PRC	RMB13,333,000	RMB12,000,000	10.50	8.33

Note: The investment in Tibet Oudi was made by Shanghai Tuobao Industry Limited ("Shanghai Tuobao"), a wholly owned subsidiary of the Group. Shanghai Tuobao entitled the right to appoint one director out of seven in the board of directors of Tibet Oudi, as such, the Group is able to exercise significant influence over Tibet Oudi and accounted for as investment in an associate.

* English name is for identification purpose only.

14. RESTRICTED DEPOSITS

As at 30 June 2022, restricted deposits of RMB37,665,000 (31 December 2021: RMB37,590,000) are deposits placed in banks as rehabilitation deposits for iron and gold mining operations. These deposits were not expected to release within the next twelve months, accordingly, they were classified as non-current assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES (continued)

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 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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

16. RECEIVABLES AT FVTOCI

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

16. RECEIVABLES AT FVTOCI (continued)

Receivables at FVTOCI endorsed to suppliers with full recourse:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represented security deposits for notes payables and bank borrowings, carry fixed interest rates ranging from 0.35% to 3.80% (31 December 2021: 0.35% to 3.80%) per annum.

Bank balances and cash of the Group comprise cash and short term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging 0.125% to 0.35% (31 December 2021: 0.125% to 0.35%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

18. 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 (note 20)	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

18. TRADE, BILLS AND OTHER PAYABLES (continued)

Notes: (continued)

- (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) (“**Beijing Zhuguan**”), 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 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

19. BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

19. BORROWINGS (continued)

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

	30 June 2022 % (Unaudited)	31 December 2021 % (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 chief executive officer, president and executive director of the Company, and Ms. Yang Min (collectively, the “**Controlling Shareholders**”) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

20. OTHER LONG-TERM LIABILITIES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Payables for purchase of mining rights (note)	35,000	50,000
Less: current portion (note 18)	(15,000)	(15,000)
	20,000	35,000

Note:

It represents payable to a government authority for purchase of mining rights of RMB35,000,000 (2021: RMB50,000,000), which will be repayable by three equal instalments per annum (2021: four equal instalments per annum).

The current portion of RMB15,000,000 (2021: RMB15,000,000) is included in other payables set out in note 18.

21. 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 HKD'000	RMB equivalent 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

22. RESTRICTED SHARES HELD FOR STRATEGIC INCENTIVE AWARD SCHEME

On 29 August 2019, the board of directors of the Company (the “**Board**”) resolved to adopt a restricted share award scheme (the “**Scheme**”) whereby awards of ordinary shares (the “**Award 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 until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme.

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

In April and June 2021, the trustee of the Company’s Scheme purchased a total of 681,000 ordinary shares from the secondary market at a total consideration of RMB752,000 pursuant to the terms of the trust deed under the Scheme.

In March and April 2022, the trustee of the Company’s Scheme purchased a total of 1,269,000 ordinary shares from the secondary market at a total consideration of approximately RMB1,556,000 pursuant to the terms of the trust deed under the Scheme.

As at 30 June 2022, no Award Shares have been granted to any Selected Participants pursuant to the Scheme.

23. SHARE-BASED PAYMENTS

The share option scheme of Hanking Australia Investment Pty Ltd. (“**Hanking Australia**”) was adopted on 25 January 2019. The scheme is designed to recognise the contributions of selected key persons (including the employees and directors of Hanking Australia and its related body corporates, and any person who was determined by the board of directors of Hanking Australia to be a key person when issuing or granting the options) to the Company, and provide an incentive for and to motivate them to remain in their employments with the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

23. SHARE-BASED PAYMENTS (continued)

The scheme mandate limit is 10% of the shares of Hanking Australia in issue on the date on which the scheme was adopted. The scheme shall be valid and effective for a period of 48 months from the date of adoption. The maximum number of shares of Hanking Australia to be issued upon the exercise of options that may be granted under the scheme is 21,000,000 shares. The scheme will be expired on 25 January 2023.

The table below discloses movement of the Hanking Australia's share options held by the Group's employees:

	Number of share options
Outstanding as at 1 January 2022	5,750,000
Granted during the period	–
Outstanding as at 30 June 2022	5,750,000

On 27 April 2020 and 10 December 2020, Hanking Australia granted 3,950,000 and 1,800,000 options (the "Options") to subscribe for 3,950,000 and 1,800,000 shares in the share capital of Hanking Australia to certain employees of Hanking Australia. The options will vest and become exercisable on the occurrence of certain vesting events. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. No new share option was issued or granted during the current interim period. During the six months ended 30 June 2022, the Group recognised a share-based payment expense of Australian Dollars ("AUD") 89,000 (equivalent to RMB410,000) (six months ended 30 June 2021: AUD89,000 (equivalent to RMB414,000)).

The following assumptions were used to calculate the fair value of the Options:

	27 April 2020	10 December 2020
Exercise price	AUD0.286-0.3	AUD0.39
Exercise life	4 years	4 years
Expected volatility	72.65%	156.37%
Risk-free interest rate	0.74%	0.29%

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30/06/2022	Fair value as at 31/12/2021	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Listed equity investments classified as financial assets at FVTPL	Listed equity securities in Australia: RMB1,970,000	Listed equity securities in Australia: RMB2,150,000	Level 1	Quoted bid prices in an active market.	N/A
Receivables at FVTOCI	Receivables at FVTOCI in the PRC: RMB316,016,000	Receivables at FVTOCI in the PRC: RMB396,589,000	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables using the discount rate that reflected the credit risk of the corresponding banks which are observable.	N/A
Unlisted managed investment funds classified as financial assets at FVTPL	Unlisted managed investment funds in the PRC: RMB1,000,000	Unlisted managed investment funds in the PRC: RMB1,000,000	Level 2	Discounted cash flow was used to capture the present value of the expected future economic benefit that will flow to the Group.	N/A

There was no transfer between Level 1 and 2 during the current interim period.

The Directors consider that the carrying amount of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximates their fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

25. CAPITAL COMMITMENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,042	45,848

26. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the current interim period, save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following related party transactions:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>Purchases of Goods from:</i>		
Fushun Hanking Casting and Forging Co., Ltd.* (撫順罕王重工鑄鍛有限公司) (note a)	-	1,796
<i>Interest expense on lease liabilities:</i>		
Shenyang Shengtai Property Management Co., Ltd.* (瀋陽盛泰物業管理有限公司) (“ Shenyang Shengtai ”) (note b)	34	69
<i>Property fee:</i>		
Shenyang Shengtai	226	55
<i>Rental income:</i>		
Beijing Heyan Yue'se Medical Beauty Clinic Co., Ltd* (北京和顏悅色醫療美容診所有限公司) (note d)	600	-

* English name is for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

26. RELATED PARTY DISCLOSURES (continued)

(b) Lease liabilities:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Shenyang Shengtai	1,016	1,498

(c) Amount due to a related party

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Hanking Investment (note b)	32,052	10,624

(d) Other receivable

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Best Fate Limited ("Best Fate") (note c)	5,619	5,619

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2022

26. RELATED PARTY DISCLOSURES (continued)**(e) Compensation of key management personnel**

The remuneration of Directors and other members of key management during the periods is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	5,303	4,116
Retirement benefits schemes contribution	390	285
	5,693	4,401

Notes:

- (a) The company is a related party which is controlled by Ms. Yang Min, one of the Controlling Shareholders of the Company.
- (b) Shenyang Shengtai and Hanking Investment are controlled by Mr. Yang Jiye, one of the Controlling Shareholders of the Company. The amount due to Hanking Investment is unsecured, interest-free and payable on demand.
- (c) On 17 December 2018, the Company entered into an agreement with Best Fate, pursuant to which the Company agreed to transfer 3% shares of Hanking Australia to Best Fate at the consideration of AUD1,260,000 (equivalent to approximately RMB5,619,000). The beneficial owners of Best Fate are the executive directors of the Company and/or directors of Hanking Australia. The amount carries an interest of 5.6% per annum.
- (d) Mr. Yang Jiye, one of the Controlling Shareholders of the Company, has significant influence over Beijing Heyan Yue'se Medical Beauty Clinic Co., Ltd.

27. NON-CASH TRANSACTION

There were no other significant non-cash transactions carried out in the current interim period.

28. EVENT AFTER THE END OF THE REPORTING PERIOD

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

DEFINITIONS OF TERMS

“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
“Audit Committee”	the audit committee of the Board
“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 report, references in this report 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
“Hanking D.R.I.”	Fushun Hanking D.R.I. Co., Ltd. (撫順罕王直接還原鐵有限公司), a limited liability company established in the PRC and a 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

DEFINITIONS OF TERMS

(CONTINUED)

“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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“Shangma Mine”	located at Shangma Town, Fushun City, an iron mine operated through Shangma Branch of Aoni 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