

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA HANKING HOLDINGS LIMITED

中國罕王控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03788)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS HIGHLIGHT

- 1. Profit for the period increased significantly by 219.82%, with a dividend of HKD0.02 per Share**

In the first half of 2024, the Company's profit for the period increased significantly to RMB106,658,000, representing a year-on-year increase of RMB73,309,000 or 219.82%, which was mainly attributable to the year-on-year increase in sales volume of iron ore concentrate by 30.85% as well as the increase in gross profit per metric ton by 25.84%. According to the "Dividend Distribution Plan for Shareholders for the Three Years (2023-2025)" of the Company, the Board resolved the payment of an interim dividend of HKD0.02 per Share for the six months ended 30 June 2024 to Shareholders.

- 2. Iron ore business exceeded production targets, and its production costs decreased significantly as compared to the corresponding period of last year**

In the first half of 2024, the Group's iron ore concentrate output was 510,000 metric tons, representing a year-on-year increase of 28.14%; and sales were 509,000 metric tons, representing a year-on-year increase of 30.85%. The increase in production resulted in a decrease in fixed costs apportioned to a single metric ton of iron ore concentrate, coupled with the improvement in efficiency through refined management, the Group's cash operating cost of a single metric ton of iron ore concentrate amounted to RMB339, representing a year-on-year decrease of 12.18%.

3. Gold business obtained development funds and gradually achieve the goal of becoming a gold producer within three years

Subsequent to the reporting period, the Company seized a favorable opportunity to sell the Mt Bundy large-scale gold project in North Australia, which is expected to record a gain of approximately AUD150 million. Following the sale of the project, the Company will focus its human and financial resources on the exploration, licensing and feasibility studies for the Cygnet Gold Project in Western Australia, with a view to producing gold more quickly and achieving the Company's goal of becoming a gold producer within three years. Details of the transaction are set out in the Company's announcement dated 5 July 2024 and circular dated 22 August 2024.

MAJOR FINANCIAL DATA AND INDICATORS

	For the six months ended 30 June		Change
	2024	2023	
Revenue (RMB thousand)	1,268,564	1,493,459	(15.06%)
Profit for the period attributable to owners of the Company (RMB thousand)	107,467	33,654	219.33%
Earnings per Share (RMB cent)	5.6	1.7	229.41%
Interim dividend (HKD per Share)	0.02	0.02	0%
Net margin	8.41%	2.23%	Up 6.18 percentage points
Return on net assets	7.19%	2.56%	Up 4.63 percentage points

The Board of China Hanking Holdings Limited hereby announced the unaudited consolidated results of the Group for the six months ended 30 June 2024 (the “**2024 Interim Results**”). The 2024 Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and Deloitte Touche Tohmatsu, the auditor of the Company, and have been approved by the Board on 23 August 2024.

OPERATION REVIEW

I. IRON ORE BUSINESS

1. Industry situation

In the first half of 2024, the price of iron ore showed a trend of falling, rising and then fluctuating and falling, showing an inverted “N” shape, with a slight decline overall. As of 28 June 2024, the 62% port spot price index for iron ore stood at US\$107.79/metric ton, representing a decrease of 23.06% as compared with the beginning of the year. This was mainly affected by supply and demand, on the one hand, iron ore shipments from Brazil and non-mainstream countries all increased with varying degrees, and on the other hand, the slowdown in demand growth from large iron ore consuming countries, led by the PRC. However, it is also noted that the decline in the price of imported iron ore in the first half of the year was greater than the decline in the price of iron ore concentrate in Liaoning. Looking forward to the second half of 2024, the supply of overseas ore will be higher than that of the first half of the year in accordance with seasonal patterns, and the output of domestic iron ore concentrate will increase slightly from the first half of the year; and the demand side in the second half of the year is expected to shrink due to the suppression of low capacity utilization rate and high inventory in domestic downstream industries, which will suppress iron ore prices.

2. Operation status

Exceeded production targets

In the first half of 2024, the Company’s iron ore business continued to promote refined management, rationally planned mining and excavation projects, shortened the preparation and operation time for overhaul of ore processing equipment, rationally dispatched mining, processing and production, and improved overall production efficiency, thereby achieving an iron ore concentrate output of 510,000 metric tons, representing a year-on-year increase of 28.14%; and sales volume of 509,000 metric tons, representing a year-on-year increase of 30.85%.

In the first half of 2024, we benefited from the improvement in production management and control efficiency brought about by refined management and smart mine system, coupled with the decrease in fixed costs apportioned to a single metric ton of iron ore concentrate as a result of the increase in production, the Group’s cash operating cost of a single metric ton of iron ore concentrate amounted to RMB339, representing a year-on-year decrease of RMB47 or 12.18%.

Breakdown of cash operation costs of the iron ore business

	For the six months ended 30 June		
	2024	2023	
	(RMB/metric ton of iron ore concentrate)	(RMB/metric ton of iron ore concentrate)	Change
Mining ^{note 1}	160	187	(14.44%)
Processing ^{note 2}	80	99	(19.19%)
Transportation	13	12	8.33%
Tax	61	56	8.93%
Mine management ^{note 3}	25	32	(21.88%)
	<hr/>	<hr/>	
Total	339	386	(12.18%)
	<hr/> <hr/>	<hr/> <hr/>	

- Notes: 1. Optimization of the project resulted in a decrease in the amount of excavation compared with the same period last year; the increase in the production of iron ore concentrate resulted in a dilution of the cost apportioned to a single ton of iron ore concentrate.
2. Replacement of the roller sleeves of high-pressure roller and lower iron ore concentrate production in the same period last year resulted in higher cost per metric ton of processing in the same period last year.
3. The increase in the production of iron ore concentrate resulted in a decrease in fixed costs apportioned to a single metric ton of iron ore concentrate.

In the first half of 2024, the average selling price of the Group's iron ore concentrate was RMB1,013/metric ton, representing a year-on-year increase of 4.97%. As a result of the combined effect of the increase in the average selling price of iron ore concentrate and the decrease in its average cost of sales, the iron ore business achieved a gross profit of RMB324,607,000, representing a year-on-year increase of 65.22%; the gross margin was 62.98%, representing a year-on-year increase of 10.53 percentage points.

Operation breakdown of the iron ore business

	For the six months ended 30 June		
	2024	2023	Change
Output (thousand metric tons)	510	398	28.14%
Sales volume (thousand metric tons)	509	389	30.85%
Average selling price (RMB per metric ton)	1,013	965	4.97%
Average cost of sales (RMB per metric ton)	375	458	(18.12%)
Revenue (RMB thousand)	515,444	374,567	37.61%
Gross profit (RMB thousand)	324,607	196,470	65.22%
Gross margin	62.98%	52.45%	Up 10.53 percentage points

3. Resources and reserves

The Company is committed to identifying new ores in the existing mines and surrounding areas in order to procure high-quality resources at a lower cost. In the first half of 2024, the Company's focus remained on advancing exploration work at the Shangma and Maogong mining areas as planned. The draft of the Reserve Verification Report for Shangma Mine has been submitted for review, and the preliminary review has been completed at the Liaoning Provincial Natural Resources Affairs Service Center (遼寧省自然資源事務服務中心). The report is being revised and the data are being supplemented in accordance with the experts' comments.

As at the end of June 2024, the iron ore resources and reserves of the Group had no material change as compared to the data as at the end of 2023.

II. HIGH-PURITY IRON BUSINESS

1. Industry situation

According to the statistics of the National Energy Administration, in the first half of 2024, the cumulative installed capacity of wind power in the PRC was 470 million kilowatts, representing a year-on-year increase of 19.9%; the newly installed capacity of wind power was 25.84GW, representing a year-on-year increase of 12.4%. According to the 2024 Global Offshore Wind Power Report released by the Global Wind Energy Council (GWEC), in view of the global political situation and the energy security issues caused by the Russia-Ukraine conflict, offshore wind power, as an important energy option, is expected to achieve exponential growth in its newly installed capacity in the next decade. The cumulative installed capacity of global offshore wind power is expected to reach 40GW in 2029 and further increase to 60GW in 2032, resulting in a significant increase in the proportion of offshore wind power in the global energy mix. With the growth in the installed capacity of offshore wind power, domestic high-quality raw material manufacturers are expected to be fully benefited.

2. Operation status

Stable production

The Company's high-purity iron business has an annual production capacity of 930,000 metric tons. In the first half of 2024, the output of high-purity iron was 408,000 metric tons, representing a year-on-year decrease of 2.86%. The high-purity iron business places emphasis on continuous and stable production, and endeavors to ensure that the blast furnace is operating in good and stable condition for a long period of time. In the first half of 2024, the Company's high-purity iron sales volume was 389,000 metric tons, representing a year-on-year decrease of 13.17%, among which the sales volume of wind power ductile casting iron accounted for approximately 81% of the total sales volume. In the first half of 2024, the domestic high-purity pig iron market as a whole showed a price trend of first stabilizing and then fluctuating and weakening. The average selling price of the Company's high-purity iron was RMB3,131/metric ton, representing a year-on-year decrease of 2.13%. The high-purity iron business continued to develop new suppliers of major raw materials on the procurement side, grasp the procurement pace and reduce the procurement cost, achieving an average cost of sales of RMB3,051/metric ton, representing a year-on-year decrease of 4.36%; and a gross profit of RMB30,865,000, representing a year-on-year increase of 613.64%.

Development of new products and new customers

Under the increasingly fierce competition in the ductile iron market for wind power, the Company's high-purity iron business actively developed new products and new customers. Through technical exchanges with customers, we fully understood their needs for product quality. In combination with the Company's process technology, we have formulated internal control quality standards for specialized pig iron products that meet customers' needs, and put them into formal production. At present, the quality of such products is stable and can meet the use requirements of many new high-end casting customers. The high-purity iron business will actively increase the added value of the products and strive to continue to improve the gross profit level.

Operation breakdown of high-purity iron business

	For the six months ended 30		
	June		
	2024	2023	Change
Output (thousand metric tons)	408	420	(2.86%)
Sales volume (thousand metric tons)	389	448	(13.17%)
Average selling price (RMB per metric ton)	3,131	3,199	(2.13%)
Average cost of sales (RMB per metric ton)	3,051	3,190	(4.36%)
Revenue (RMB thousand)	1,216,935	1,434,175	(15.15%)
Gross profit (RMB thousand)	30,865	4,325	613.64%
			Up 2.24 percentage points
Gross margin	<u>2.54%</u>	<u>0.30%</u>	<u> </u>

III. GOLD BUSINESS IN AUSTRALIA

1. Industry situation

In the first half of 2024, against the backdrop of continued disturbances by geopolitical factors, support from global central banks' gold purchases, continued slowdown in US inflation data, and rising expectations of interest rate cuts by the Federal Reserve, gold prices have successively set new historical highs (SHFE gold once exceeded the historical high of RMB590/gram on 15 April 2024, and COMEX gold hit a new record high of US\$2,454/oz on 20 May 2024). Looking ahead, institutions are generally optimistic about the recent trend of gold prices.

2. Operation status

Mt Bundy Gold Project in Northern Australia

The Mt Bundy Gold Project in the Northern Territory of Australia has approximately 3,010,000 ounces of JORC Code gold resources, and approximately 1,640,000 ounces of gold reserves. The definitive feasibility study report for the project has been completed. The report has showed that the gold project is a robust, highly-productive and long life gold development project, with an average annual gold production of 170,000 ounces (approximately 5.5 metric tons) in the first 5 years of an initial 11 years mine life.

The Northern Territory Government has listed the project as a “major project” for government support. The necessary approvals for mine production and foundation of the project, including mining licenses, indigenous rights permits and environmental impact assessment approvals, have been obtained, and the conditions for starting construction have been met. The preliminary construction work of the project, including water treatment plant, drainage system, and power grid connection, has also been completed, which will provide strong support for the construction and operation of the mine.

Subsequent event – project disposal

On 4 July 2024, the Board considered and approved the share sale agreement entered into by the vendor (HGM Resources Pty Ltd, a subsidiary of the Company) (the “**Vendor**”) with the purchaser (Huineng Gold Pty Ltd) (the “**Purchaser**”) and the guarantor (Inner Mongolia Huineng Coal and Electricity Group Co., Ltd, the ultimate holding company of the Purchaser), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 100% of the shares in Primary Gold Pty Ltd at the purchase price of AUD300 million plus the environmental bond amount of AUD3,116,653. Primary Gold Pty Ltd, a wholly-owned subsidiary of the Vendor, holds the exploration and development business and assets of the Mt Bundy Gold Project. As at the date of this announcement, the conditions precedent to the transaction have not been satisfied and the transaction has not been completed. Details of the transaction are set out in the Company’s announcement dated 5 July 2024 and circular dated 22 August 2024.

Cygnets Gold Project in Western Australia

The Cygnets Gold Project in Western Australia currently has approximately 8 million metric tons of JORC Code ore resources at a grade of 4.6 gram/metric ton containing approximately 1.18 million ounces (approximately 36.7 metric tons) of gold. In the first half of 2024, the Company focused on exploration work on the project and engaged technical consultants to carry out a resource update on the project as well as commenced preparations for the compiling of the mining plan and approval for the project.

The primary reason for the sale of the above-mentioned Mt Bundy Gold Project was to focus the Company’s limited human and financial resources on the exploration, licensing and feasibility studies for the development of the Cygnets Gold Project, with a view to producing gold more quickly and achieving the Company’s goal of becoming a gold producer within three years.

As the Group’s gold business is still under pre-production preparation, no sales were recorded during the first half of 2024. For the six months ended 30 June 2024, the capital expenditure of the gold business was RMB16,318,000 (in the first half of 2023: RMB12,546,000), which was mainly used for the exploration, feasibility study and environmental assessment expenses of the gold mine.

3. Resources and reserves

In the first half of 2024, the gold resources and reserves of the Group had no material change as compared to the data as at the end of 2023.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As of 30 June 2024, the Group did not have any concrete 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 2024, revenue of the Group was RMB1,268,564,000, representing a decrease of RMB224,895,000 or 15.06% as compared to the corresponding period of last year. The decrease was mainly attributable to the sales volume of high-purity iron for the period decreased by 59,000 metric tons as compared to the corresponding period of last year and the sales price of high-purity iron for the period decreased by RMB68/metric ton as compared to the corresponding period of last year, which resulted in a decrease in revenue by RMB217,240,000.

In the first half of 2024, cost of sales incurred by the Group amounted to RMB921,590,000, representing a decrease of RMB350,383,000 or 27.55% as compared to the corresponding period of last year, mainly attributable to: 1) the combined effect of a decrease in sales volume of high-purity iron for the period by 59,000 metric tons as compared to the corresponding period of last year and a decrease in unit cost for the period by RMB139/metric ton as compared to the corresponding period of last year due to the decrease in price of coke, the major raw material; and 2) a decrease in unit cost of iron ore concentrate by RMB83/metric ton as compared to the corresponding period of last year due to the optimization of engineering works and the increase in the output of iron ore concentrate for the period.

In the first half of 2024, gross profit of the Group was RMB346,974,000, representing an increase of RMB125,488,000 or 56.66% over the corresponding period of last year. As compared to the corresponding period of last year, gross margin of the Group increased from 14.83% to 27.35% during the first half of 2024.

Analysis on the revenue by major products

	For the six months ended 30 June 2024				For the six months ended 30 June 2023			
	RMB'000				RMB'000			
	Iron Ore Business	High-purity Iron Business	Others	Total	Iron Ore Business	High-purity Iron Business	Others	Total
Iron Ore Concentrates	52,603	-	-	52,603	58,850	-	-	58,850
High-purity Iron	-	1,196,518	-	1,196,518	-	1,431,253	-	1,431,253
Others	488	17,773	1,182	19,443	475	1,777	1,104	3,356
Total	53,091	1,214,291	1,182	1,268,564	59,325	1,433,030	1,104	1,493,459

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

In the first half of 2024, other income of the Group was RMB5,587,000, representing a decrease of RMB5,322,000 or 48.79% as compared to the corresponding period of last year. Other income mainly represented interest income.

In the first half of 2024, other losses and other expense of the Group were RMB3,548,000, representing an increase of RMB2,131,000 or 150.39% as compared to the corresponding period of last year, mainly attributable to the Group's provision for impairment of interests in associates of RMB5,976,000 in the first half of 2024. Other losses mainly consisted of the impairment loss of assets, foreign exchange gains or losses, disposal gains or losses of available-for-sale financial assets, net gain or loss from disposal of properties, plants and equipment, and other overheads, etc.

In the first half of 2024, the reversal of impairment loss under the Group's expected credit loss model was RMB5,442,000, representing an increase of RMB4,811,000 or 762.44% as compared to the corresponding period of last year. The Group has, upon more due consideration, made provision for an impairment loss on financial assets such as receivables under expected credit loss model according to the historical settlement pattern, industry practice, the Group's historical actual loss experience and general economic conditions of the industry in which the debtors operate.

3. Distribution and Selling Expenses, Administrative Expenses

In the first half of 2024, the distribution and selling expenses of the Group were RMB40,747,000, representing a decrease of RMB5,139,000 or 11.20% as compared to the corresponding period of last year, which was mainly due to the decrease in sales volume of high-purity iron of 59,000 metric tons as compared to the corresponding period of last year. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

In the first half of 2024, the administrative expenses of the Group were RMB101,101,000, representing a decrease of RMB3,653,000 or 3.49% as compared to the corresponding period of last year. Administrative expenses included remuneration paid to the management and administrative staff of the Group, depreciation and amortization, leasing and office expenses, business development expenses, professional consultation and service expenses, taxation expenses, bank charges and others.

4. Finance Costs and Income Tax Expense

In the first half of 2024, the finance costs of the Group amounted to RMB35,892,000, representing an increase of RMB751,000 or 2.14% as compared to the corresponding period of last year. Finance costs included interest expenses on bank borrowing, discount expenses and other finance expenses.

In the first half of 2024, the income tax expense of the Group was RMB67,394,000, representing an increase of RMB59,395,000 or 742.53% as compared to the corresponding period of last year. Income tax expense included the total amount of current tax payable and deferred tax.

5. Profit for the Period and Total Comprehensive Income

Based on the above, in the first half of 2024, the Group's profit for the period was RMB106,658,000, representing an increase of RMB73,309,000 or 219.82% 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 in the first half of 2024 was RMB97,790,000, representing an increase of RMB59,236,000 or 153.64% as compared to the corresponding period of last year.

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

As at 30 June 2024, the net value of property, plant and equipment of the Group was RMB671,826,000, representing a decrease of RMB64,417,000 or 8.75% as compared to that as at the end of the previous year.

As at 30 June 2024, the inventories of the Group were RMB189,954,000, representing a decrease of RMB42,402,000 or 18.25% as compared to that as at the end of the previous year, mainly due to the decrease in inventory of high-purity iron business.

As at 30 June 2024, the intangible assets of the Group were RMB279,058,000, representing a decrease of RMB285,507,000 or 50.57% as compared to that as at the end of the previous year, mainly due to the reclassification of the assets of the gold project expected to be sold to assets classified as held for sale during the period.

7. Trade and Other Receivables, Trade and Other Payables

As at 30 June 2024, trade receivables of the Group were RMB107,871,000, representing an increase of RMB20,985,000 as compared to that as at the end of the previous year.

As at 30 June 2024, other receivables of the Group (net of the portion of assets classified as held for sale) were RMB78,708,000, representing a decrease of RMB22,713,000 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 2024, bills receivables of the Group (bank acceptance bills) were RMB325,923,000, representing a decrease of RMB68,762,000 as compared to that as at the end of the previous year, of which undiscounted and unendorsed bank acceptance bills were RMB72,718,000. Such bills can be discounted at any time to satisfy the Group's capital requirement.

As at 30 June 2024, trade payables of the Group were RMB194,793,000, representing a decrease of RMB50,859,000 as compared to that as at the end of the previous year. As at 30 June 2024, other payables of the Group (net of the portion of liabilities associated with assets classified as held for sale) were RMB123,458,000, representing a decrease of RMB38,213,000 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 in the first half of 2024 is set out below:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	98,608	145,992
Net cash flows from investing activities	10,146	(444,758)
Net cash flows from financing activities	(35,239)	346,751
Net increase in cash and cash equivalents	73,515	47,985
Cash and cash equivalents at the beginning of the period	270,258	134,411
Assets reclassified to held for sale	(8)	–
Effect of changes in foreign exchange rate on cash and cash equivalents	675	1,694
Cash and cash equivalents at the end of the period	344,440	184,090

In the first half of 2024, the net cash inflow from operating activities was RMB98,608,000. The amount was mainly attributed to the profit before tax of RMB174,052,000, together with depreciation and amortization of RMB79,248,000 and finance costs of RMB35,892,000, which were offset by the net change in working capital of RMB83,484,000 and the payment of income tax of RMB104,955,000.

In the first half of 2024, the net cash inflow from investing activities amounted to RMB10,146,000. The amount mainly included the amount of RMB36,101,000 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 RMB37,697,000 paid for the acquisition of intangible assets, the amount of RMB13,854,000 paid for the acquisition of subsidiaries, the recovery of borrowings from third parties of RMB36,600,000 and the net recovery of borrowings and bills deposits of RMB58,087,000, etc.

In the first half of 2024, the net cash outflow from financing activities was RMB35,239,000, which was mainly from the new bank loans of RMB562,600,000, the repayment of bank loans of RMB487,500,000, the net outflow from notes financing of RMB51,217,000, payment of dividends of RMB34,731,000 and the settlement of loan interest of RMB35,036,000.

9. Cash and Borrowings

As at 30 June 2024, the available cash and bank acceptance bills of the Group amounted to RMB417,158,000, representing an increase of RMB53,866,000 or 14.83% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

	30 June 2024	31 December 2023	Changes Amount	Ratio
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Cash and bank balance	344,440	270,258	74,182	27.45%
Bank acceptance bills (undiscounted and unendorsed)	72,718	93,034	(20,316)	(21.84%)
Available cash and bank acceptance bills	417,158	363,292	53,866	14.83%

As at 30 June 2024, bills payables and borrowings of the Group amounted to RMB641,533,000 and RMB759,075,000, respectively, and the amount net of borrowings and bills deposits was RMB705,006,000, representing a decrease of RMB28,880,000 or 3.94% as compared to the end of last year.

Breakdown of Borrowings and Bills Payables

	30 June 2024	31 December 2023	Changes Amount	Ratio
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Borrowings – due within one year	759,075	728,621	30,454	4.18%
Borrowings – due after one year	–	55,000	(55,000)	(100.00%)
Subtotal	759,075	783,621	(24,546)	(3.13%)
Bills payables	641,533	692,750	(51,217)	(7.39%)
Total	1,400,608	1,476,371	(75,763)	(5.13%)
Less: borrowings and bills deposits	586,193	644,938	(58,745)	(9.11%)
Less: discounted bank acceptance bills	109,409	97,547	11,862	12.16%
Net borrowings and bills payables	705,006	733,886	(28,880)	(3.94%)

Save for the information disclosed above or otherwise in this announcement, the Group has no outstanding mortgage, pledge, debentures or other loan capital issued or agreed to be issued, bank overdrafts, loans, liabilities under acceptance or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities. The Directors have confirmed that, save as disclosed above, there was no material change in the debts or contingent liabilities of the Group since 31 December 2023.

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group decreased from 59.87% as at 31 December 2023 to 57.32% as at 30 June 2024.

As at 30 June 2024, the Group's net gearing ratio was 23.81%. The net gearing ratio is calculated by dividing net borrowings and bills payables net of borrowings and bills deposits as well as bank balance and cash by total equity.

11. Major Risks

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

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

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

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

12. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings and bills payables of the Group are secured by bank deposits, bank acceptance bill, property, plant and equipment, mining rights as well as right-of-use assets. As at 30 June 2024, the net carrying value of the pledged bank deposits, property, plant and equipment, mining rights and right-of-use assets amounted to RMB586,193,000, RMB109,409,000, RMB62,987,000, RMB41,817,000 and RMB5,733,000, respectively.

As at 30 June 2024, the Group had no material contingent liabilities.

13. Capital Commitment

As at 30 June 2024, the capital commitment of the Group was RMB3,799,000, representing a decrease of RMB18,852,000 or 83.23% as compared to the end of last year. The capital commitment mainly consisted of piecemeal engineering expenditures of RMB2,704,000 for the iron ore business.

14. Capital Expenditure

The Group's capital expenditure increased from RMB44,960,000 in the first half of 2023 to RMB62,541,000 in the first half of 2024, representing a year-on-year increase of 39.10%. Expenditure incurred in the first half of 2024 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB12,508,000; (ii) expenditure for intangible assets amounting to RMB48,815,000; and (iii) increase of RMB1,218,000 in right-of-use assets.

15. Significant Investments Held

As at 30 June 2024, 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 2024.

17. Significant Subsequent Events

Save as disclosed in “subsequent event – project disposal” on page 9 of this announcement, there were no other significant events taken place subsequent to the end of the six months ended 30 June 2024.

18. Material Changes

Save as disclosed in this announcement, there have been no material changes in respect of the future development of the business of the Group (including the Company’s prospects for the current financial year) since the publication of the Company’s 2023 annual report.

OTHERS

Corporate Governance

Save as disclosed herein, during the six months ended 30 June 2024, the Company has complied with the principles and all the applicable code provisions of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and, meanwhile, complied with most of the best practices as recommended therein.

With effect from 20 March 2018, Mr. Yang Jiye, the chairman of the Board of the Company, has assumed the role of CEO and President of the Company. Although this is not in compliance with the requirements under code provision C.2.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company believes that vesting the roles of both chairman of the Board and CEO in Mr. Yang Jiye can provide strong and consistent leadership and enable more effective planning and better execution of long-term business strategies, which is beneficial to the overall development of the Company. As required under the decision-making framework of the Company, all significant decisions shall be made by all Directors to ensure balance of power and authority. The Company will decide whether to appoint another person as the CEO based on the business operation when appropriate.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, and also formulated the Written Guideline on Dealings in the Securities of the Company by Directors and the Relevant Employees (the “**Company Guideline**”), which adopted the standards equivalent to the provisions of Appendix C3 to the Listing Rules as the model code regarding dealings in the Company’s securities by the Directors. Specific enquiries have been made to all Directors and the relevant employees of the Company, who have confirmed that they have complied with the Model Code and the Company Guideline throughout the six months period ended 30 June 2024.

Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules), if any). The Company does not have any treasury Shares as at 30 June 2024.

Audit Committee

During the period from 1 January 2024 to 22 May 2024, 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.

During the period from 23 May 2024 to 30 June 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wang Ping (Chairman of the Audit Committee), Dr. Wang Anjian and Mr. Zhao Bingwen.

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 C1 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 2024 Interim Results which has not been audited by independent auditor, believes that the interim results have been prepared in accordance with the accounting standards, rules and regulations adopted, and made appropriate disclosure.

Interim Dividend

The Board recommended the payment of an interim dividend of HKD0.02 per Share for the six months ended 30 June 2024 to the Shareholders. It is expected that the interim dividend will be paid to the Shareholders by 18 October 2024.

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, 4 October 2024 to Wednesday, 9 October 2024, both days inclusive, during which period no transfer of Shares will be registered. For unregistered Shareholders who wish to be eligible to receive the 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, 3 October 2024. Shareholders whose names appear on the register of members of the Company on Wednesday, 9 October 2024 will be entitled to receive the interim dividend.

Publication of Interim Results and Report

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

The Company's 2024 interim report containing all the information required under the Listing Rules will be sent to the Shareholders and will be published on the websites of the Company and Hong Kong Stock Exchange in due course.

Acknowledgement

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

FINANCIAL STATEMENTS AND NOTES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTE	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3A	1,268,564	1,493,459
Cost of sales		(921,590)	(1,271,973)
Gross profit		346,974	221,486
Other income	4A	5,587	10,909
Other gains and losses	4B	(3,348)	(617)
Impairment losses under expected credit loss model, net of reversal		5,442	631
Distribution and selling expenses		(40,747)	(45,886)
Administrative expenses		(101,101)	(104,754)
Research and development expenses		(59)	(2,075)
Other expense		(200)	(800)
Share of results of associates		(2,604)	(2,405)
Finance costs		(35,892)	(35,141)
Profit before tax		174,052	41,348
Income tax expense	6	(67,394)	(7,999)
Profit for the period	5	106,658	33,349

		Six months ended 30 June	
	<i>NOTE</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Impairment loss for receivables at fair value through other comprehensive income (“FVTOCI”) included in profit or loss		(820)	–
Exchange differences on translation of financial statements of foreign operations		(8,048)	5,205
Other comprehensive (expense) income for the period		(8,868)	5,205
Total comprehensive income for the period		97,790	38,554
Profit (loss) for the period attributable to:			
Owners of the Company		107,467	33,654
Non-controlling interests		(809)	(305)
		106,658	33,349
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		98,811	38,796
Non-controlling interests		(1,021)	(242)
		97,790	38,554
Basic and diluted earnings per Share (RMB cent per Share)	9	5.6	1.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>NOTES</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		671,826	736,243
Goodwill		209,132	209,132
Intangible assets		279,058	564,565
Right-of-use assets		185,691	192,259
Interests in associates		9,956	18,536
Financial assets at fair value through profit or loss ("FVTPL")		388	2,563
Deferred tax assets		160,904	97,742
Deposits on acquisition of long-lived assets		20,079	12,581
Restricted deposits		22,239	37,347
Pledged bank deposits		20,468	71,994
Investment deposits	7	–	7,000
		1,579,741	1,949,962
Current assets			
Inventories		189,954	232,356
Trade and other receivables	10	186,579	188,307
Receivables at FVTOCI	11	325,923	394,685
Financial assets at FVTPL		3,000	–
Pledged bank deposits		565,725	572,944
Cash and cash equivalents		344,440	270,258
Amount due from a related party		6,047	6,047
		1,621,668	1,664,597
Assets classified as held for sale	12	346,870	–
		1,968,538	1,664,597

	<i>NOTES</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade, bills and other payables	<i>13</i>	959,784	1,100,073
Amount due to a related party		15,142	2,742
Borrowings	<i>14</i>	759,075	728,621
Lease liabilities		3,137	3,303
Contract liabilities		83,202	76,877
Tax liabilities		110,078	142,914
		1,930,418	2,054,530
Liabilities associated with assets classified as held for sale	<i>12</i>	75,126	–
		2,005,544	2,054,530
Net current liabilities		(37,006)	(389,933)
Total assets less current liabilities		1,542,735	1,560,029
Capital and reserves			
Share capital	<i>15</i>	160,203	160,203
Reserves		1,308,750	1,243,715
Equity attributable to owners of the Company		1,468,953	1,403,918
Non-controlling interests		45,618	46,639
Total equity		1,514,571	1,450,557
Non-current liabilities			
Borrowings	<i>14</i>	–	55,000
Lease liabilities		704	2,098
Provisions		27,460	42,374
Other long-term liabilities		–	10,000
		28,164	109,472
		1,542,735	1,560,029

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

B. Going Concern Assessment

The Directors have given careful consideration to the going concern of the Group in light of the fact that as at 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB37,006,000. In addition, as at 30 June 2024, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements amounting to RMB3,799,000.

As at 30 June 2024, the Group had available conditional banking facilities of RMB375,470,000 (“**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.

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”) and except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Non-current assets held for sale

Non-current assets (and disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatory effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim 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 2024			
	Iron Ore Business <i>RMB'000</i> (Unaudited)	High-purity Iron Business <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Sales of goods (recognised at a point in time)				
Iron ore concentrates	52,603	–	–	52,603
High-purity iron	–	1,196,518	–	1,196,518
Building materials	–	–	995	995
Raw and leftover materials	488	17,773	187	18,448
Total	53,091	1,214,291	1,182	1,268,564
Geographical markets				
Mainland China	53,091	1,214,291	1,182	1,268,564
	For the six months ended 30 June 2023			
	Iron Ore Business <i>RMB'000</i> (Unaudited)	High-purity Iron Business <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Sales of goods (recognised at a point in time)				
Iron ore concentrates	58,850	–	–	58,850
High-purity iron	–	1,431,253	–	1,431,253
Building materials	–	–	1,016	1,016
Raw and leftover materials	475	1,777	88	2,340
Total	59,325	1,433,030	1,104	1,493,459
Geographical markets				
Mainland China	59,325	1,433,030	1,104	1,493,459

3B. OPERATING SEGMENTS

The Group's operating businesses are structured and managed separately 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 ("**Gold Business**") in Australia. The Group identified an operating segment which is a component of the Group (a) that engages in business activities from which it may earn revenue and incur expenses; and (b) whose operating results are reviewed regularly by the chief executive officer, being the chief operating decision maker, to make decisions about resources allocation and performance assessment.

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

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

Segment revenue and results

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

Six months ended 30 June 2024

	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	53,091	1,214,291	-	1,182	-	1,268,564
Inter-segment sales	462,353	2,644	-	-	(464,997)	-
	<u>515,444</u>	<u>1,216,935</u>	<u>-</u>	<u>1,182</u>	<u>(464,997)</u>	<u>1,268,564</u>
Segment profit (loss)	<u>235,248</u>	<u>(35,503)</u>	<u>(1,207)</u>	<u>(5,048)</u>	<u>(4,906)</u>	<u>188,584</u>
Central administration costs and directors' salaries						(5,970)
Other income and other gains and losses						(5,958)
Share of results of associates						<u>(2,604)</u>
Group's profit before tax						<u>174,052</u>

Six months ended 30 June 2023

	Iron Ore Business <i>RMB'000</i> (Unaudited)	High-purity Iron Business <i>RMB'000</i> (Unaudited)	Gold Business <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Adjustments and eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue						
External sales	59,325	1,433,030	–	1,104	–	1,493,459
Inter-segment sales	315,242	1,145	–	–	(316,387)	–
	<u>374,567</u>	<u>1,434,175</u>	<u>–</u>	<u>1,104</u>	<u>(316,387)</u>	<u>1,493,459</u>
Segment profit (loss)	<u>98,030</u>	<u>(64,075)</u>	<u>(4,754)</u>	<u>(6,696)</u>	<u>26,983</u>	<u>49,488</u>
Central administration costs and directors' salaries						(4,907)
Other income and other gains and losses						(828)
Share of results of associates						<u>(2,405)</u>
Group's profit before tax						<u>41,348</u>

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 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Iron Ore Business	1,031,198	1,218,489
High-purity Iron Business	1,687,152	1,834,140
Gold Business	<u>518,081</u>	<u>459,094</u>
Total reportable segment assets	3,236,431	3,511,723
Other reporting segments	63,564	68,518
Unallocated		
Financial assets at FVTPL	3,388	2,563
Other receivables	6,047	6,047
Interests in associates	9,956	18,536
Cash and cash equivalents	<u>228,893</u>	<u>7,172</u>
Consolidated assets	<u>3,548,279</u>	<u>3,614,559</u>

Segment liabilities

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Iron Ore Business	538,258	690,808
High-purity Iron Business	1,381,961	1,422,462
Gold Business	78,456	18,846
	<hr/>	<hr/>
Total reportable segment liabilities	1,998,675	2,132,116
Other reporting segment	4,850	5,281
	<hr/>	<hr/>
Unallocated		
Tax liabilities	30,183	26,605
	<hr/>	<hr/>
Consolidated liabilities	2,033,708	2,164,002
	<hr/> <hr/>	<hr/> <hr/>

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 associates, financial assets at FVTPL, other receivables and cash and cash equivalents which are held by the headquarter and cannot be allocated; and
- all liabilities are allocated to reportable and operating segments other than certain tax liabilities incurred by the headquarter.

4A. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income	4,382	9,882
Government grants	605	427
Rental income	600	600
	<hr/>	<hr/>
	5,587	10,909
	<hr/> <hr/>	<hr/> <hr/>

4B. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment loss on interest in an associate	(5,976)	–
Fair value loss on financial assets at FVTPL	(698)	(516)
Net foreign exchange gain	1,891	866
Gain (loss) on disposal of property, plant and equipment	918	(33)
Others	517	(934)
	<u>(3,348)</u>	<u>(617)</u>

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
– Depreciation of property, plant and equipment	61,492	63,064
– Depreciation of right-of-use assets	7,770	8,275
– Amortisation of intangible assets	9,986	10,206
	<u>79,248</u>	<u>81,545</u>
Total depreciation and amortisation		
Capitalised in inventories	(66,209)	(69,235)
	<u>13,039</u>	<u>12,310</u>
Staff costs (including directors):		
– Salary and other benefits	91,470	92,701
– Retirement benefits scheme contributions	6,567	6,085
– Share-based payment	1,317	1,420
	<u>99,354</u>	<u>100,206</u>
Total staff costs		
Capitalised in inventories	(37,938)	(35,582)
	<u>61,416</u>	<u>64,624</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax expenses comprise:		
PRC enterprise income tax (“EIT”) – current	65,773	19,519
Withholding tax	3,578	–
Under provision of EIT in prior years	2,768	1,154
	<u>72,119</u>	<u>20,673</u>
Deferred tax expense	(4,725)	(12,674)
Income tax expense	<u>67,394</u>	<u>7,999</u>

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 28 November 2022, 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 2022 to 2024. During the current interim period, the management of the Group re-evaluated the requirements for qualifying as High Technology Enterprise and concluded that it is more appropriate to use the tax rate 25% instead of the preferential tax rate after taking into account the criteria pertaining in the qualifications.

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.

7. ACQUISITION OF A SUBSIDIARY

On 5 February 2024, Aoni Mining, a wholly owned subsidiary of the Company, acquired a 100% equity interest in Fushun Shuangfu Mining Co., Ltd. (“**Shuangfu Mining**”) for RMB21,000,000, of which a deposit of RMB7,000,000 was paid as of 31 December 2023. Following completion of the acquisition, Shuangfu Mining became a wholly owned subsidiary of Aoni Mining.

As the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, with remaining balance of the purchase price allocated to exploration and evaluation assets at the date of purchase.

Assets and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Cash and cash equivalents	146
Intangible assets – exploration and evaluation assets	<u>21,118</u>
Other payables	<u>(264)</u>
Net assets	<u>21,000</u>
Consideration paid in cash in 2023	7,000
Consideration paid in cash in 2024	<u>14,000</u>
Net assets acquired	<u><u>21,000</u></u>

Net cash outflows arising on acquisition of Shuangfu Mining

	<i>RMB'000</i>
Consideration paid in cash in 2023	7,000
Consideration paid in cash in 2024	14,000
Less: cash and cash equivalents acquired	<u>(146)</u>
	<u><u>20,854</u></u>

8. DIVIDENDS

During the current interim period, a final dividend of HKD0.02 per Share amounting to HKD39,200,000 (equivalent to RMB35,706,000) in respect of the end of the year ended 31 December 2023 was declared, among which HKD38,409,000 (equivalent to RMB34,986,000) was paid to the owners of the Company whose names appear in the register of members of the Company on 7 June 2024 (six months ended 30 June 2023: no dividends in respect of the end of the year ended 31 December 2022 was declared and paid to the owners of the Company).

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HKD0.02 per Share amounting to HKD39,200,000 (equivalent to RMB35,777,000) in aggregate (six months ended 30 June 2023: interim dividend of HKD0.02 per Share, in an aggregate amount of HKD39,200,000 (equivalent to RMB36,142,000)) will be paid to the owners of the Company whose names appear in the register of members of the Company on 9 October 2024.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per Share for the period attributable to owners of the Company	<u>107,467</u>	<u>33,654</u>
Number of Shares		
Weighted average number of ordinary Shares for the purposes of basic and diluted earnings per Share	<u>1,920,461,000</u>	<u>1,928,164,000</u>

The weighted average number of ordinary Shares for the six months ended 30 June 2023 for the purpose of basic and diluted earnings per Share has been adjusted for the weighted average effect of 2,900,000 ordinary Shares repurchased as restricted Shares held for strategic incentive award scheme. There is no ordinary Shares repurchased during the current interim period.

10. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables		
– Third parties	126,209	106,598
Less: allowance for credit loss	(18,338)	(19,712)
	107,871	86,886
Other receivables		
– Advances to suppliers	26,387	24,713
– Deposits	3,110	2,811
– Deposit for resource tax	9,919	9,156
– Other tax recoverable	5,945	6,385
– Value-added tax recoverable	17,478	20,254
– Staff advance	2,550	2,453
– Prepaid expense	4,535	3,426
– Amount due from an independent third party (<i>note</i>)	–	36,600
– Others	22,635	13,522
	92,559	119,320
Less: allowance for credit loss	(13,686)	(17,899)
Total other receivables	78,873	101,421
Total trade and other receivables	186,744	188,307
Less:		
other receivables of the Disposal Group eliminated upon transfer to assets classified as held for sale (<i>note 12</i>)	(165)	–
	186,579	188,307

Note:

The amount of RMB36,600,000 on 31 December 2023 represents a short term advance to a Group's major supplier, which has been repaid in full during the current interim period.

During the current interim period, the Group allows an average credit period of 7 days (2023: 7 days) to customers of iron ore concentrates, 60 days (2023: 60 days) to customers of high-purity iron and 30 days (2023: 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 to extend the repayment date, based on customers' history of payment and credit quality, on a case-by-case basis.

As at 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,553,000 (2023: RMB12,322,000) which are past due.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
– Within 7 days	60,019	72,193
– 8 days to 30 days	28,613	945
– 31 days to 60 days	9,715	11,764
– 61 days to 90 days	8,586	1,117
– 91 days to 1 year	938	867
	107,871	86,886

11. RECEIVABLES AT FVTOCI

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Receivables at FVTOCI comprise:		
Bills receivables (<i>note</i>)	325,923	394,685

Note: Included in the Group's bills receivables are amounts of RMB109,409,000 (2023: RMB97,547,000) transferred to certain banks by discounting the bills on a full recourse basis and RMB143,796,000 (2023: RMB204,104,000) 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 the cash received as bank borrowings from the discounting of the bills and as payables from endorsement of the bills with full recourse. The financial asset is carried at fair value in the condensed consolidated statement of financial position.

Receivables at FVTOCI discounted to banks or endorsed to suppliers with full recourse:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Carrying amount of transferred assets	253,205	301,651
Carrying amount of associated liabilities	(253,205)	(301,651)
	<u> </u>	<u> </u>
Net position	<u> </u> <u> </u>	<u> </u> <u> </u>

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
– Within 6 months	325,530	365,210
– 6 months to 1 year	393	29,475
	<u> </u>	<u> </u>
	<u> </u> <u> </u>	<u> </u> <u> </u>

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 4 July 2024, the Company announced the approval of the share sale agreement to sell 100% of the shares of Primary Gold Pty Ltd and its wholly owned subsidiary Primary Minerals Pty Ltd (the “**Disposal Group**”). Pursuant to the share sale agreement, the Company conditionally agreed to dispose, and the purchaser, Huineng Gold Pty Ltd, conditionally agreed to purchase 100% of the shares in Primary Gold Pty Ltd at the purchase price of AUD300 million plus the environmental bond amount of AUD3,116,653 (equivalent to RMB1,444,351,000 in aggregate), which was offered by the purchaser following a competitive global sales process and based on an arm’s length negotiation. To the best knowledge of the Directors, this share disposal transaction will be classified as a very substantial disposal under the Listing Rules of Hong Kong Stock Exchange.

The assets and liabilities attributable to the Disposal Group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position. The Disposal Group is included in the Group’s Gold Business for segment reporting purposes (see note 3B).

The net proceeds of disposal are expected to exceed the net carrying amount of the Disposal Group and accordingly, no impairment loss has been recognized.

The major classes of assets and liabilities of the Disposal Group classified as held for sale are as follows:

	<i>RMB’000</i>
Property, plant and equipment	14,580
Intangible assets	317,266
Restricted deposits	14,851
Other receivables	165
Cash and cash equivalents	8
	<hr/>
Total assets classified as held for sale	346,870
	<hr/>
Provisions	14,851
Deferred tax liabilities	58,437
Trade and other payables	1,838
	<hr/>
Total liabilities classified as held for sale	75,126
	<hr/> <hr/>

13. TRADE, BILLS AND OTHER PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables (<i>note</i>)		
– Within 15 days	67,001	95,180
– 15 days to 90 days	97,004	113,452
– 91 days to 1 year	24,515	29,743
– 1 year to 2 years	641	1,380
– 2 years to 3 years	163	1,548
– Over 3 years	5,469	4,349
	<u>194,793</u>	<u>245,652</u>
Bills payables under note financing arrangement	<u>641,533</u>	<u>692,750</u>
Other payables		
Advance receipt of value-added tax from customers	10,997	10,041
Other tax payable	27,810	33,792
Payable for acquisition of property, plant and equipment	19,522	35,617
Outsourced service payable	11,014	12,858
Transportation fee payable	13,106	22,715
Accrued expense	3,787	4,526
Salary and bonus payables	15,143	15,535
Interest payable	208	286
Dividend payable	2,428	2,173
Refundable deposits	5,810	6,223
Payable for mining rights	10,000	10,000
Others	5,471	7,905
	<u>125,296</u>	<u>161,671</u>
Total trade, bills and other payables	<u>961,622</u>	<u>1,100,073</u>
Less:		
trade and other payables of the Disposal Group eliminated upon transfer to liabilities associated with assets classified as held for sale (<i>note 12</i>)	<u>(1,838)</u>	<u>–</u>
	<u>959,784</u>	<u>1,100,073</u>

Note:

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 6 months	621,533	606,750
6 months to 1 year	<u>20,000</u>	<u>86,000</u>
	<u>641,533</u>	<u>692,750</u>

14. BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans	<u>759,075</u>	<u>783,621</u>
Secured and guaranteed	449,000	487,500
Secured and unguaranteed	198,075	184,121
Unsecured and guaranteed	110,000	110,000
Unsecured and unguaranteed	<u>2,000</u>	<u>2,000</u>
	<u>759,075</u>	<u>783,621</u>
The above loans are carried at fixed-rate	<u>759,075</u>	<u>783,621</u>
Carrying amount repayable (<i>note</i>):		
Due within one year	759,075	728,621
More than one year, but not more than two years	<u>–</u>	<u>55,000</u>
	<u>759,075</u>	<u>783,621</u>

Note:

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

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

	30 June 2024 %	31 December 2023 %
	(Unaudited)	(Audited)
Fixed-rate borrowings	<u>3.45 – 8.60</u>	<u>3.45 – 8.60</u>

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, RMB328,000,000 (31 December 2023: RMB366,000,000) were secured by certain property, plant and equipment, mining rights, right-of-use assets and shares of subsidiaries of the Group, and RMB121,000,000 (31 December 2023: RMB121,500,000) were secured by certain assets of the companies controlled by the Controlling Shareholders and shares of subsidiaries of the Group.

The secured and unguaranteed bank borrowing of RMB87,900,000 (31 December 2023: RMB85,900,000) are secured by pledged bank deposits and RMB110,175,000 (31 December 2023: RMB98,221,000) are secured by receivables at FVTOCI of the Group.

The unsecured and guaranteed bank borrowings of approximately RMB110,000,000 (31 December 2023: RMB110,000,000) at 30 June 2024 were guaranteed by subsidiaries of the Group, the Controlling Shareholders and the companies controlled by them.

15. SHARE CAPITAL

The amount as at 30 June 2024 and 31 December 2023 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 2023, 30 June 2023, 31 December 2023 and 30 June 2024	<u>10,000,000,000</u>		
Issued and fully paid:			
At 1 January 2023, 30 June 2023, 31 December 2023 and 30 June 2024	<u>1,960,000,000</u>	<u>196,000</u>	<u>160,203</u>

DEFINITIONS

“Aoniu Mining”	Fushun Hanking Aoniu Mining Co., Ltd (撫順罕王傲牛礦業股份有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“AUD”	the lawful currency of Australia
“Australia”	The Commonwealth of Australia
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China. For the purpose of this announcement, references in this announcement to the PRC or China do not include Hong Kong, Macau Special Administrative Region and Taiwan
“the Company” or “our Company” or “we”	China Hanking Holdings Limited (中國罕王控股有限公司)
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to Ms. Yang Min, Mr. Yang Jiye, China Hanking (BVI) Limited, Bisney Success Limited and Tuochuan Capital Limited
“Directors”	the directors of the Company
“the Group” or “Hanking”	China Hanking Holdings Limited and its subsidiaries
“HKD”	Hong Kong dollars, 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HKD0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“United States”	the United States of America
“US\$” or “USD”	the lawful currency of the United States

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

Shenyang, the PRC, 23 August 2024

As at the date of this announcement, the executive Directors are Mr. Yang Jiye, Mr. Zheng Xuezhi, Dr. Qiu Yumin and Ms. Zhang Jing; the non-executive Directors are Mr. Xia Zhuo and Mr. Zhao Yanchao; and the independent non-executive Directors are Mr. Wang Ping, Dr. Wang Anjian and Mr. Zhao Bingwen.