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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03788

INTERIM REPORT 2023

CORE VALUE

People-first and Business Integrity

PRINCIPLE

Safety, Harmony and Green

CONTENTS

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.

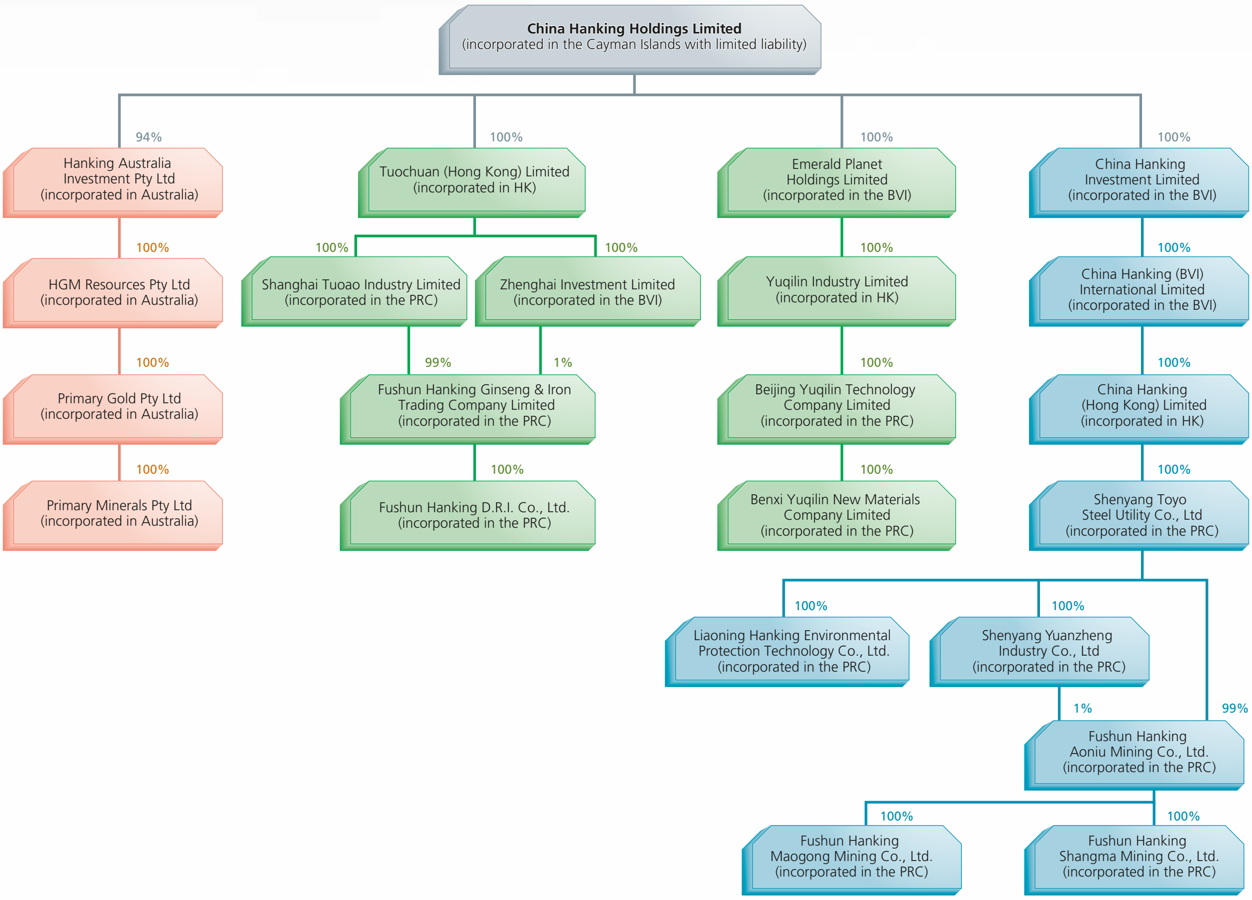
- **Gold Business in Australia**

  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 gold project of the Company, in an effort to create maximum value for the Shareholders.

CORPORATE INFORMATION

(CONTINUED)

Shareholding Structure of the Group Note



Note: This shareholding structure chart only sets out the principal subsidiaries of the Group as at 30 June 2023.

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
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KY1-1111
Cayman Islands

Headquarter in the PRC
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Authorized Representatives
Mr. Zheng Xuezhi
Ms. Wong Hoi Ting

Joint Company Secretaries
Ms. Zhang Jing
Ms. Wong Hoi Ting

Auditor
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Registered Public Interest Entity Auditors
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Hong Kong Share Registrar
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Website: www.hankingmining.com
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Directors
Executive Directors
Mr. Yang Jiye
(Chairman, Chief Executive Officer and President)
Mr. Zheng Xuezhi
(Chief Operating Officer and Executive Vice President)
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 **2023**	2022	Change
Revenue (RMB thousand)	**1,494,059**	1,357,641	10.05%
Profit for the period attributable to owners of the Company (RMB thousand)	**33,654**	47,830	-29.64%
Earnings per share (RMB cent)	**1.7**	2.5	-32.00%
Interim dividend (HKD per share)	**0.02**	0.02	0.00%
Net margin	**2.23%**	3.22%	Down 0.99 percentage points
Return on net assets	**2.56%**	2.94%	Down 0.38 percentage points



MANAGEMENT DISCUSSION AND ANALYSIS

I. Operation Review

1. The gold project in Australia has obtained all environmental protection approvals for mine development

The Company's Mt Bundy Gold Project in Australia received the environmental protection approval for the open-pit gold mine in the first half of 2023, and together with the environmental protection approval for the underground-pit gold mine received previously, all environmental protection approvals for the mine development of this gold project have been obtained. One of the most stringent approval procedures for gold mining project has been completed, and the Company is making full efforts to promote the development and construction of our mines.

2. High-purity iron business resumed normal and continuous production, with significant increase in production and sales volume

The Company's high-purity iron business resumed normal and continuous production in 2023 after experiencing factors such as power restriction and epidemic control. In the first half of 2023, the output of high-purity iron was 420,000 metric tons, representing an increase of 47.37% over the same period last year, and its sales volume was 448,000 metric tons, representing an increase of 78.49% over the same period last year, among which the sales volume of wind power ductile casting iron accounted for approximately 86% of the total sales volume, which has further consolidated Hanking's industry position as the largest supplier of wind power ductile casting iron in China.

3. Iron ore business drives its development by scientific and technological innovation

The Company's iron ore business, on the basis of stable operation, insists on driving its development by scientific and technological innovation. Taking the construction of smart mine as the starting point, the Company has improved its efficiency of production management and control and operation management through scientific and technological means as a whole, from bottom-level production, middle-level management to high-level decision-making. At the same time, we focus on the investment in product research and development, with a view to expanding the application field of products and improving the added value of products.

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 2023, the cumulative installed capacity of wind power in China was 389.21 GW, representing a year-on-year increase of 13.7%, and the newly-added installed capacity of wind power was 22.99 GW, representing a year-on-year increase of 77.7%, of which the newly-added installed capacity in June was 6.63 GW, representing a year-on-year increase of 212.7%. From the perspective of bidding volume from forward-looking indicators, the total bidding volume of wind power in China in 2022 was 86.9 GW, representing a year-on-year increase of 60.6%, hitting a record high. From January to June 2023, the total bidding volume of wind power in China was 34.5 GW, representing a year-on-year decrease of 22%, but still maintained at a relatively high level. China Renewable Energy Society (中國可再生能源學會) expects the average annual newly-added installed capacity in China will be 60-70 GW from 2023 to 2025, which is a significant increase from newly-added installed capacity of 38 GW in 2022. The growth in bidding volume and installed capacity of wind power will boost the market demand for wind power castings.

2. Operation status

The Company's high-purity iron business has an annual production capacity of 930,000 metric tons. In 2023, it resumed normal and continuous production after experiencing factors such as power restriction and epidemic control. In the first half of 2023, the output of high-purity iron was 420,000 metric tons, representing an increase of 47.37% over the same period last year, and its sales volume was 448,000 metric tons, representing an increase of 78.49% over the same period last year, among which the sales volume of wind power ductile casting iron accounted for approximately 86% of the total sales volume. Continuous production ensured the long-term stable and smooth operation of blast furnace, and the hit rate of varieties of iron was improved accordingly.

In the first half of 2023, affected by the factors such as production reduction of upstream wind power casting enterprises in China and the fierce competition in the high-purity pig iron industry, the average selling price of the Company's high-purity iron was RMB3,199/metric ton, representing a year-on-year decrease of 18.16%, while the average cost of sales was RMB3,190/metric ton, representing a year-on-year decrease of 21.12%. The gross profit of high-purity iron business was RMB4,325,000, representing a year-on-year increase of 117.90%, and its gross margin was 0.30%, representing a year-on-year increase of 2.55 percentage points. Both gross profit and gross margin turned from negative to positive.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

In the first half of 2023, in terms of sales side, the Company continued to improve the quality of its wind power ductile casting iron products to stabilize its existing customers, and produced customized and differentiated products meeting the needs of different customers to explore new customers. In terms of procurement side, the Company actively identified and newly introduced a number of coke and iron ore concentrate suppliers to reduce the procurement cost of raw materials while ensuring a stable supply of raw materials and meeting the quality requirements, aiming to strive to reduce costs and increase efficiency.

Operation breakdown of high-purity iron business

	For the six months ended 30 June		
	2023	2022	Change
Output (thousand metric tons)	**420**	285	47.37%
Sales volume (thousand metric tons)	**448**	251	78.49%
Average selling price (RMB per metric ton)	**3,199**	3,909	-18.16%
Average cost of sales (RMB per metric ton)	**3,190**	4,044	-21.12%
Revenue (RMB thousand)	**1,434,175**	1,074,676	33.45%
Gross profit (RMB thousand)	**4,325**	-24,158	117.90%
Gross margin	**0.30%**	-2.25%	Up 2.55 percentage points

III. Iron Ore Business

1. Industry situation

In the first half of 2023, the price of iron ore showed a trend of first rising, then falling, and then bottoming out and rebounding. At first, affected by the positive market macro expectations and the winter storage of raw materials in steel mills, steel mills gradually increased their enthusiasm for production, driving up prices in the black metal sector. Subsequently, due to the low performance of actual macro data and the deepening of losses in steel mills triggered by the negative feedback from downstream finished raw materials, the price of iron ore was under pressure to move downward. Finally, due to the demand for finished raw materials showing the characteristics of "remained resilient in the off-season", the demand for iron ore maintained at a high level, and the price of iron ore also rebounded. Weak demand for steel in the first half of the year led to continued pressure on industry earnings, while the demand from real estate continued to slump, infrastructure and manufacturing industry have become the main driving force for upward demand for steel.

2. Operation status

Science and technology improve management efficiency

As a state-level "High-tech Enterprise" and a professional, advanced and specialized new "Little Giant" enterprise in Liaoning Province, Aoniu Mining takes the construction of smart mine as the starting point to improve its efficiency of production management and control and operation management through scientific and technological means. In the first half of 2023, the Company further improved the software and hardware construction of the smart mine system in major aspects such as the intelligent operation and maintenance system for high-pressure grinding roller and shaft elevator, production and operation management, and energy management, and expanded the application scenarios. In April, Aoniu Mining declared the "Intelligent Mineral Processing Digital Workshop in Maogong Mine of Hanking" project as the Liaoning Province's 2023 provincial "Digital Workshop" project.

In the first half of 2023, although the decrease in iron ore concentrate production led to an increase in fixed costs per metric ton, we benefited from the improvement in production management and control efficiency brought about by the smart mine system, and managed to control cash operation costs per metric ton of iron ore concentrate at RMB386, representing a year-on-year increase of only RMB15 or 4.04%.

Breakdown of cash operation costs of the iron ore business

	For the six months ended 30 June		
	2023 (RMB/metric ton of iron ore concentrate)	2022 (RMB/metric ton of iron ore concentrate)	Change
Mining	**187**	176	6.25%
Processing note 1	**99**	73	35.62%
Transportation note 2	**12**	22	-45.45%
Tax note 3	**56**	68	-17.65%
Mine management	**32**	32	0.00%
Total	**386**	371	4.04%

Notes: 1. Replacement of the roller sleeves of high-pressure roller and a year-on-year decrease in the output of iron ore concentrate during the period resulted in an increase in the cost per metric ton of processing.

2. The change in sales volume to different customers resulted in lower transportation cost per metric ton.

3. The decrease in sales price of iron ore concentrate per metric ton resulted in lower tax expense per metric ton.

Due to the suspension of production caused by land formalities in mines, in the first half of 2023, the Group's iron ore concentrate output was 398,000 metric tons, representing a year-on-year decrease of 11.36%. The iron ore business has resumed normal production since the mid-May 2023, with a planned annual output of 950,000 metric tons of iron ore concentrate. In the first half of 2023, the Group's sales of iron ore concentrate amounted to 389,000 metric tons, representing a year-on-year decrease of 14.88%. The average selling price was RMB965/metric ton, representing a year-on-year decrease of 12.75%. Affected by the decline in sales volume and average selling price of iron ore concentrate, the iron ore business achieved a gross profit of RMB197,070,000, representing a year-on-year decrease of 37.70%; the gross margin was 52.53%, representing a year-on-year decrease of 10.04 percentage points.

Operation breakdown of the iron ore business

	For the six months ended 30 June **2023**	2022	Change
Output (thousand metric tons)	**398**	449	-11.36%
Sales volume (thousand metric tons)	**389**	457	-14.88%
Average selling price (RMB per metric ton)	**965**	1,106	-12.75%
Average cost of sales (RMB per metric ton)	**458**	414	10.63%
Revenue (RMB thousand)	**375,167**	505,510	-25.78%
Gross profit (RMB thousand)	**197,070**	316,316	-37.70%
Gross margin	**52.53%**	62.57%	Down 10.04 percentage points

Innovation to improve added value of products

The Company emphasized on investment in product research and development, actively expanded the research and development and sales of high-grade iron ore concentrates, and further researched and developed other deep-processed products, with a view to expanding the application fields of its products and increasing the added value of its products.

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 2023, the Company's focus remained on advancing exploration work at the Shangma and Maogong mining areas as planned. On the basis of the exploration work in 2021 and 2022, the Company has effectively carried out systematic detailed investigation and exploration of concealed ore bodies in the deep part of the mining area based on the regional regularity of ore formation and the established ore identification model. The exploration results gained for more than two years have shown that the prospect of ore identification in the mining area is very broad. In addition to the considerable amount of resources found in the deep part of the Shangma mining area that has already been explored, there are also potential and valuable exploration areas to find a number of similar ore bodies in its periphery, which can provide the basis for the overall planning of the mine and the subsequent ore identification in the future.

The Group is in the process of calculating the resource data on the basis of the previous exploration work. As at the end of June 2023, the iron ore resources and reserves of the Group had no material change as compared to the data as at the end of 2022.

IV. Gold Business in Australia

1. Industry situation

Since November 2022, the gold price has started to rise from US$1,629/ounce, and reached a peak of US$2,081/ounce in May 2023. As of 30 June 2023, Loco-London gold in the first half of the year was generally strong in the range of US$1,804-2,081/ounce, with an increase of 5.3%. Gold has multiple attributes such as commodity, currency, finance and risk aversion. Under the influence of multiple factors such as the Federal Reserve's gradual entry into the final stage of interest rate hike, inflation in Europe and the US remaining resilient, the pressure on the global economy, and geopolitical conflicts, etc., all favoured the upward movement of the price of gold.

2. Operation status

In the first half of 2023, the Company's Mt Bundy Gold Project in the Northern Territory of Australia received environmental protection approvals for its Rustlers Roost and Quest 29 open-pit gold mines, and together with the environmental protection approval for the Tom's Gully underground-pit gold mine received in 2020, all environmental protection approvals for the mine development of this gold project have been obtained. This marks the completion of one of the most stringent approval procedures for gold mining projects in the Northern Territory.

The Mt Bundy Gold Project was awarded as a "Major Project" by the Northern Territory Government in 2020 and, with strong support from the Government, the Company has commenced the initial work of mine construction, including the construction of a new bridge, the completion of engineering geological drilling for the plant foundation and tailings pond, the installation of drainage system for the Rustlers Roost pit and commencement of drainage, and the construction of a high-quality water purification treatment plant. Currently, the local power grid is being connected to the mining area.

The definitive feasibility study for the gold project is progressing on schedule and several significant improvements have been made, including the organic combination of open-pit mine and underground-pit mine to build a central processing plant with an annual processing capacity of 5 million metric tons of ore. Through a large number of mineral processing and grinding tests, the gold recovery rate in the pre-feasibility study report is targeted to increase from 85% to over 88%, and the grinding granularity is targeted to increase from 75 microns to 106 microns. These improvements will further reduce energy costs and capital expenditures, and significantly improve the overall economic benefits of the project. The definitive feasibility study report is expected to be completed in September 2023.

As the Group's gold business is still under pre-production preparation, no sales were recorded during the first half of 2023. For the six months ended 30 June 2023, the capital expenditure of the gold business was RMB12,546,000 (in the first half of 2022: RMB8,114,000), which was mainly used for the environmental impact assessment and exploration expenses of the gold deposits.

3. Resources and reserves

In the first half of 2023, the Group's gold business designed a new phase of drilling plan, including diamond drills for mineral processing and RC drills for ore identification, and established drilling contracts. Field laying of holes and drilling work has commenced.

In the first half of 2023, the gold resources and reserves of the Group had no material change as compared to the data as at the end of 2022.

Future Plans for Material Investment or Capital Assets

As of 30 June 2023, 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 2023, revenue of the Group was RMB1,494,059,000, representing an increase of RMB136,418,000 or 10.05% as compared to the corresponding period of last year. The increase was mainly attributable to: 1) the sales volume of high-purity iron for the period increased by 197,000 metric tons as compared to the corresponding period of last year and the sales price of high-purity iron for the period decreased by RMB710/metric ton as compared to the corresponding period of last year, which resulted in an increase in revenue by RMB359,499,000; and 2) the sales price of iron ore concentrate for the period decreased by RMB141/metric ton as compared to the corresponding period of last year and the sales volume of iron ore concentrate for the period decreased by 68,000 metric tons as compared to the corresponding period of last year, which resulted in a decrease in revenue by RMB130,343,000.

In the first half of 2023, cost of sales incurred by the Group amounted to RMB1,271,973,000, representing an increase of RMB183,868,000 or 16.90% as compared to the corresponding period of last year, mainly attributable to the combined effect of an increase in sales volume of high-purity iron for the period by 197,000 metric tons as compared to the corresponding period of last year and a decrease in unit cost for the period by RMB854/metric ton as compared to the corresponding period of last year.

In the first half of 2023, gross profit of the Group was RMB222,086,000, representing a decrease of RMB47,450,000 or 17.60% over the corresponding period of last year. As compared to the corresponding period of last year, gross margin of the Group declined from 19.85% to 14.86% during the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Analysis on the revenue by major products

	For the six months ended 30 June 2023 RMB'000				For the six months ended 30 June 2022 RMB'000			
	Iron Ore Business	High-purity Iron Business	Others	Total	Iron Ore Business	High-purity Iron Business	Others	Total
Iron Ore Concentrates	58,850	–	–	58,850	284,200	95,540	–	379,740
High-purity Iron	–	1,431,253	–	1,431,253	–	972,506	–	972,506
Others	1,075	1,777	1,104	3,956	635	4,356	404	5,395
Total	59,925	1,433,030	1,104	1,494,059	284,835	1,072,402	404	1,357,641

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

In the first half of 2023, other income of the Group was RMB10,309,000, representing a decrease of RMB1,250,000 or 10.81% as compared to the corresponding period of last year. Other income mainly represented interest income.

In the first half of 2023, other losses and other expense of the Group were RMB1,417,000, representing a decrease of RMB1,094,000 or 43.57% as compared to the corresponding period of last year. Other losses mainly consisted of the impairment loss of assets, foreign exchange losses, disposal gains or losses of available-for-sale financial assets, net gain or loss from disposal of properties, plants and equipment, and other overheads, etc. Other expense represented donation expenditure.

In the first half of 2023, the reversal of impairment loss under the Group's expected credit loss model was RMB631,000, representing a decrease of RMB2,187,000 or 77.61% as compared to the corresponding period of last year, mainly due to the fact that the Group has, upon more due consideration, made provision for an impairment loss on receivables under expected credit loss model according to the historical settlement pattern, industry practice, the Group's historical actual loss experience and general economic conditions of the industry in which the debtors operate.

3. **Distribution and Selling Expenses, Administrative Expenses**

In the first half of 2023, the distribution and selling expenses of the Group were RMB45,886,000, representing an increase of RMB10,210,000 or 28.62% as compared to the corresponding period of last year, which was mainly due to 1) the increase in sales volume of high-purity iron of 197,000 metric tons as compared to the corresponding period of last year, resulted in an increase of RMB15,480,000 in the distribution and selling expenses; and 2) the sales volume of iron ore concentrate decreased by 68,000 metric tons as compared to the corresponding period of last year, resulted in a decrease of RMB5,375,000 in the distribution and selling expenses. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

In the first half of 2023, the administrative expenses of the Group were RMB104,754,000, representing an increase of RMB11,804,000 or 12.70% 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 2023, the finance costs of the Group amounted to RMB35,141,000, representing a decrease of RMB5,736,000 or 14.03% 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 2023, the income tax expense of the Group was RMB7,999,000, representing a decrease of RMB54,720,000 or 87.25% as compared to the corresponding period of last year. Income tax expense included the total amount of current tax payable and deferred tax. During the same period last year, the recognition of Aoniu Mining as a national high and new technology enterprise expired, therefore it was temporarily subject to enterprise income tax at a rate of 25%. At the end of 2022, Aoniu Mining was re-accredited as a national high and new technology enterprise.

5. **Profit for the Period and Total Comprehensive Income**

Based on the above, in the first half of 2023, the Group's profit for the period was RMB33,349,000, representing a decrease of RMB10,401,000 or 23.77% 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 2023 was RMB38,554,000, representing a decrease of RMB5,312,000 or 12.11% as compared to the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

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

As at 30 June 2023, the net value of property, plant and equipment of the Group was RMB777,383,000, representing a decrease of RMB45,001,000 or 5.47% as compared to that as at the end of the previous year.

As at 30 June 2023, the inventories of the Group were RMB226,759,000, representing a decrease of RMB168,270,000 or 42.60% 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 2023, the intangible assets of the Group were RMB433,244,000, representing an increase of RMB17,475,000 or 4.20% as compared to that as at the end of the previous year, mainly due to the exploration expense of the iron ore and gold during the period.

7. Trade and Other Receivables, Trade and Other Payables

As at 30 June 2023, trade receivables of the Group were RMB85,138,000, representing a decrease of RMB2,868,000 as compared to that as at the end of the previous year.

As at 30 June 2023, other receivables of the Group were RMB113,812,000, representing a decrease of RMB8,603,000 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 2023, bills receivables of the Group (bank acceptance bills) were RMB257,634,000, representing an increase of RMB143,235,000 as compared to that as at the end of the previous year, of which undiscounted and unendorsed bank acceptance bills were RMB99,883,000. Such bills can be discounted at any time to satisfy the Group’s capital requirement.

As at 30 June 2023, trade payables of the Group were RMB176,138,000, representing an increase of RMB10,105,000 as compared to that as at the end of the previous year. As at 30 June 2023, other payables of the Group were RMB172,009,000, representing a decrease of RMB49,918,000 as compared to that as at the end of the previous year, mainly due to the payment of consideration payable of RMB33,200,000 during the period.

8. **Cash Use Analysis**

The summary of the Group's consolidated statement of cash flows in the first half of 2023 is set out below:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Net cash flows from operating activities	**145,992**	96,800
Net cash flows from investing activities	**(444,758)**	61,430
Net cash flows from financing activities	**346,751**	(241,888)
Net increase/(decrease) in cash and cash equivalents	**47,985**	(83,658)
Cash and cash equivalents at the beginning of the period	**134,411**	279,491
Effect of changes in foreign exchange rate on cash and cash equivalents	**1,694**	1,891
Cash and cash equivalents at the end of the period	**184,090**	197,724

In the first half of 2023, the net cash inflow from operating activities was RMB145,992,000. The amount was mainly attributed to the profit before tax of RMB41,348,000, together with depreciation and amortization of RMB81,545,000, finance costs of RMB35,141,000 and the net change in working capital of RMB10,181,000, which were offset by the payment of income tax of RMB15,218,000.

In the first half of 2023, the net cash outflow from investing activities amounted to RMB444,758,000. The amount mainly included the amount of RMB20,087,000 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 RMB37,545,000 paid for the acquisition of intangible assets, the amount of RMB33,200,000 as consideration payable for the acquisition of subsidiaries, the amount of RMB37,916,000 as payment for the investment in an associate and the net placement of borrowings and bills deposits of RMB322,015,000.

In the first half of 2023, the net cash inflow from financing activities was RMB346,751,000, which was mainly from the new bank borrowings of RMB389,707,000, the repayment of bank borrowings of RMB216,500,000, proceeds from notes financing of RMB770,000,000, payments for notes financing of RMB490,000,000 and the settlement of loan interest of RMB34,416,000.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

9. Cash and Borrowings

As at 30 June 2023, the available cash and bank acceptance bills of the Group amounted to RMB283,973,000, representing an increase of RMB133,015,000 or 88.11% as compared to the end of last year.

Breakdown of Available Cash and Bank Acceptance Bills

	30 June 2023	31 December 2022	Changes	
	RMB'000	*RMB'000*	Amount *RMB'000*	Ratio
Cash and bank balance	**184,090**	134,411	49,679	36.96%
Bank acceptance bills (undiscounted and unendorsed)	**99,883**	16,547	83,336	503.63%
Available cash and bank acceptance bills	**283,973**	150,958	133,015	88.11%

As at 30 June 2023, bills payables and borrowings of the Group amounted to RMB1,050,000,000 and RMB771,054,000, respectively, and the amount net of borrowings and bills deposits was RMB775,622,000, representing an increase of RMB130,639,000 or 20.25% as compared to the end of last year.

Breakdown of Borrowings and Bills Payables

	30 June 2023	31 December 2022	Changes	
	RMB'000	*RMB'000*	Amount *RMB'000*	Ratio
Borrowings – due within one year	**595,054**	541,400	53,654	9.91%
Borrowings – due after one year	**176,000**	57,000	119,000	208.77%
Subtotal	**771,054**	598,400	172,654	28.85%
Bills payables	**1,050,000**	770,000	280,000	36.36%
Total	**1,821,054**	1,368,400	452,654	33.08%
Less: borrowings and bills deposits	**1,045,432**	723,417	322,015	44.51%
Net borrowings and bills payables	**775,622**	644,983	130,639	20.25%

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 2022.

10. Gearing Ratio

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group increased from 61.90% as at 31 December 2022 to 64.60% as at 30 June 2023.

The Group's net gearing ratio increased from 39.85% as at 31 December 2022 to 44.84% as at 30 June 2023. The net gearing ratio is calculated by dividing net borrowings and bills payables net of borrowings and bills deposits as well as bank balance and cash by total equity.

11. Major Risks

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

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

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

Foreign exchange risk: As of the date of this 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. 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.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

12. Pledge of Assets and Contingent Liabilities

Some of the bank borrowings and bills payables of the Group are secured by bank deposits, property, plant and equipment, mining rights as well as right-of-use assets. As at 30 June 2023, the net carrying value of the pledged bank deposits, property, plant and equipment, mining rights and right-of-use assets amounted to RMB1,045,432,000, RMB37,404,000, RMB53,960,000 and RMB5,733,000, respectively.

As at 30 June 2023, the Group had no material contingent liabilities.

13. Capital Commitment

As at 30 June 2023, the capital commitment of the Group was RMB14,416,000, representing an increase of RMB10,576,000 or 275.42% as compared to the end of last year. The capital commitment mainly consisted of engineering expenditures of RMB13,150,000 for the high-purity iron business.

14. Capital Expenditure

The Group's capital expenditure decreased from RMB53,414,000 in the first half of 2022 to RMB44,960,000 in the first half of 2023, representing a year-on-year decrease of 15.83%. Expenditure incurred in the first half of 2023 mainly included (i) expenditure for plants, machines and equipment and properties amounting to RMB17,904,000; (ii) expenditure for intangible assets amounting to RMB22,545,000; and (iii) increase of RMB4,511,000 in right- of-use assets.

15. Significant Investments Held

As at 30 June 2023, the Group did not hold any significant investments.

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

The Group had no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the first half of 2023.

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 2023.

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 2023, 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)	Less than 0.01%
Zheng Xuezhi	Beneficial owner	7,668,000 (long positions)	0.39%

Notes:

1. 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.

2. 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 2023, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the interests in share options of Hanking Australia as disclosed in the paragraph headed "13. Share Option Scheme" below, at no time during the six months ended 30 June 2023 was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement which enables the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of acquisition of Shares, underlying shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2023, as far as the Directors, having made all reasonable enquires, are aware, the following persons 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 Jiye[1]	Interest in controlled corporation	1,314,061,666 (long positions)	67.04%
		4,000,000 (short positions)	0.20%
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%
Yang Min[2]	Interest in controlled corporation	6,025,000 (long positions)	0.31%
China Hanking (BVI) Limited	Beneficial owner	6,025,000 (long positions)	0.31%
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%

Notes:

1. 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.

2. 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 2023, the Company had not been notified by any persons 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 24 May 2023, in accordance with Article 84(1) of the articles of association of the Company, Mr. Zheng Xuezhi (executive Director), Mr. Kenneth Lee (non-executive Director) and Dr. Wang Anjian (independent non-executive Director) retired by rotation at the AGM, and being eligible, offered themselves for re-election.

Mr. Kenneth Lee ceased to be the director of Bona Film Group Co., Ltd. (SZSE: 001330), a company listed on Shenzhen Stock Exchange, with effect from March 2023.

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 2023.

6. Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed in the paragraph headed "14. Restricted Share Award Scheme" below, for the six months ended 30 June 2023, 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 2023, the Group had a total of 1,738 employees (as at 30 June 2022: 1,772 employees).

For the six months ended 30 June 2023, the aggregate remuneration expenses and other employee benefits costs of the Group amounted to RMB100,206,000 (for the six months ended 30 June 2022: RMB92,636,000). 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 six months ended 30 June 2023, 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 14 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, 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 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.

9. Audit Committee

During the period from 1 January 2023 to 30 June 2023, 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 2023 interim results for the six months ended 30 June 2023 of the Company which has not been audited by the independent auditor, believes that the interim results have been prepared in accordance with the accounting standards, rules and regulations adopted, and made appropriate disclosure.

OTHER INFORMATION
(CONTINUED)

10. Interim Dividend

The Board recommended the payment of an interim dividend of HKD0.02 per Share for the six months ended 30 June 2023 to the Shareholders. It is expected that the interim dividend will be paid to the Shareholders by 20 October 2023.

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 Monday, 9 October 2023 to Thursday, 12 October 2023, 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 Friday, 6 October 2023. Shareholders whose names appear on the register of members of the Company on Thursday, 12 October 2023 will be entitled to receive the interim dividend.

11. Major Legal Proceeding

During the six months ended 30 June 2023, 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.

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 28 July 2023, Tuochuan Capital pledged 280,000,000 Shares (representing approximately 14.29% of the issued share capital of the Company as at 28 July 2023) 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 RMB180,000,000 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 28 July 2023.

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 2023.

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 is not subject to the disclosure requirement under Chapter 17 of the Listing Rules as Hanking Australia is not a principal subsidiary of the Company.

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

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

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

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

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

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

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

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

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

14. Restricted Share Award Scheme

The Company adopted a restricted share award scheme (the "**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 the Scheme in aggregate shall be no more than 90,000,000 Shares, representing 4.59% of the total issued Shares as of the date of this report.

The purpose and objective of the 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.

The Company, as the settlor, has entered into a trust deed with First Shanghai Securities Limited (第一上海證券有限公司) (the "**Trustee**") in respect of the appointment of the Trustee for the administration of the Scheme. The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme (the "**Scheme Rules**") and the trust deed.

Pursuant to the Scheme Rules, the Board shall cause to pay the Trustee the purchase price and the related expenses from the Group's resources for the Shares to be awarded under the Scheme (the "**Award Shares**") and the Trustee shall apply the purchase price to purchase from the market all of the Award Shares and shall hold such Award Shares until they are vested with the selected participants in accordance with the Scheme Rules and the trust deed. For the avoidance of doubt, all Award Shares purchased as aforesaid shall only be used for allocation to the selected participants in accordance with the Scheme Rules.

As of the date of this report, the Trustee, as instructed by the Board, purchased a total of 33,963,000 Shares on the market at a total consideration of HKD46,665,400 (among which 2,900,000 Shares were purchased on the market during the six months ended 30 June 2023 at the total consideration of HKD2,299,590). The Trustee holds these Shares pursuant to the Scheme Rules and the terms of the trust deed.

As of the date of this report, no Award Shares have been granted to the selected participants under the Scheme.

By order of the Board
Mr.Yang Jiye
Chairman of the Board and Executive Director

23 August 2023

FINANCIAL REPORT

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 31 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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
23 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June **2023** **RMB'000** **(Unaudited)**	 2022 RMB'000 (Unaudited)
Revenue	3A	**1,494,059**	1,357,641
Cost of sales		**(1,271,973)**	(1,088,105)
Gross profit		**222,086**	269,536
Other income	4	**10,309**	11,559
Other gains and losses	5	**(617)**	(2,511)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**631**	2,818
Distribution and selling expenses		**(45,886)**	(35,676)
Administrative expenses		**(104,754)**	(92,950)
Research and development expenses		**(2,075)**	(2,894)
Other expense		**(800)**	–
Share of results of associates		**(2,405)**	(2,536)
Finance costs		**(35,141)**	(40,877)
Profit before tax		**41,348**	106,469
Income tax expense	7	**(7,999)**	(62,719)
Profit for the period	6	**33,349**	43,750
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**5,205**	116
Other comprehensive income for the period		**5,205**	116
Total comprehensive income for the period		**38,554**	43,866
Profit (loss) for the period attributable to:			
Owners of the Company		**33,654**	47,830
Non-controlling interests		**(305)**	(4,080)
		33,349	43,750
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**38,796**	47,964
Non-controlling interests		**(242)**	(4,098)
		38,554	43,866
Basic and diluted earnings per share (RMB cent per share)	9	**1.7**	2.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**777,383**	822,384
Goodwill		**209,132**	209,132
Intangible assets	11	**433,244**	415,769
Right-of-use assets	12	**195,914**	200,378
Interests in associates	13	**84,993**	34,556
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,631**	2,114
Deferred tax assets		**48,295**	35,621
Deposits on acquisition of property plant and equipment		**20,661**	12,943
Restricted deposits	14	**37,047**	36,405
Pledged bank deposits	17	**72,000**	–
Investment deposit	13	**–**	7,542
Amount due from a related party	25	**6,047**	7,283
		1,886,347	1,784,127
Current assets			
Inventories		**226,759**	395,029
Trade and other receivables	15	**198,950**	210,421
Receivables at fair value through other comprehensive income ("**FVTOCI**")	16	**257,634**	114,399
Financial assets at FVTPL		**–**	1,000
Pledged bank deposits	17	**973,432**	723,417
Cash and cash equivalents	17	**184,090**	134,411
		1,840,865	1,578,677
Current liabilities			
Trade, bills and other payables	18	**1,398,147**	1,157,960
Amount due to a related party	25	**10,113**	63,438
Borrowings	19	**595,054**	541,400
Lease liabilities		**3,315**	4,622
Contract liabilities		**87,276**	111,800
Tax liabilities		**82,233**	76,778
Deferred income		**–**	437
		2,176,138	1,956,435
Net current liabilities		**(335,273)**	(377,758)
Total assets less current liabilities		**1,551,074**	1,406,369

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

At 30 June 2023

	NOTES	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Capital and reserves			
Share capital	21	**160,203**	160,203
Reserves		**1,152,327**	1,114,157
Equity attributable to owners of the Company		**1,312,530**	1,274,360
Non-controlling interests		**6,734**	6,976
Total equity		**1,319,264**	1,281,336
Non-current liabilities			
Borrowings	19	**176,000**	57,000
Lease liabilities		**3,404**	5,153
Provisions		**42,406**	42,880
Other long-term liabilities	20	**10,000**	20,000
		231,810	125,033
		1,551,074	1,406,369

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company												
	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	**Total** RMB'000
At 1 January 2023 (audited)	**160,203**	**(38,814)**	**342,158**	**249,575**	**672,332**	**(11,644)**	**2,869**	**(1,577,161)**	**(16,988)**	**1491,830**	**1,274,360**	**6,976**	**1,281,336**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**33,654**	**33,654**	**(305)**	**33,349**
Other items of comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**5,142**	**–**	**–**	**–**	**–**	**5,142**	**63**	**5,205**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**–**	**–**	**5,142**	**–**	**–**	**–**	**33,654**	**38,796**	**(242)**	**38,554**
Transfer to future development funds reserve, net of utilisation	**–**	**–**	**–**	**–**	**(18,392)**	**–**	**–**	**–**	**–**	**18,392**	**–**	**–**	**–**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**1,420**	**–**	**–**	**–**	**1,420**	**–**	**1,420**
Purchase of ordinary shares pursuant to the Scheme- (as defined in note 22)	**–**	**(2,046)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,046)**	**–**	**(2,046)**
At 30 June 2023 (unaudited)	**160,203**	**(40,860)**	**342,158**	**249,575**	**653,940**	**(6,502)**	**4,289**	**(1,577,161)**	**(16,988)**	**1,543,876**	**1,312,530**	**6,734**	**1,319,264**
At 1 January 2022 (audited)	160,203	(33,173)	342,158	248,143	681,085	(16,426)	1,402	(1,577,161)	(16,988)	1,770,552	1,559,795	8,477	1,568,272
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	47,830	47,830	(4,080)	43,750
Other items of comprehensive income (expense) for the period	–	–	–	–	–	134	–	–	–	–	134	(18)	116
Total comprehensive income (expense) for the period	–	–	–	–	–	134	–	–	–	47,830	47,964	(4,098)	43,866
Transfer to future development funds reserve, net of utilisation	–	–	–	–	11,792	–	–	–	–	(11,792)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	410	–	–	–	410	–	410
Dividend declared (note 8)	–	–	–	–	–	–	–	–	–	(199,517)	(199,517)	–	(199,517)
Profit appropriation to statutory surplus reserve	–	–	–	1,165	–	–	–	–	–	(1,165)	–	–	–
Purchase of ordinary shares pursuant to the Scheme (as defined in note 22)	–	(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	1,407,096	4,379	1,411,475

Note:

Other than those additional disclosures relating to the current period movements in future development funds reserve 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 2022.

(a) The fund comprises mainly the safety fund which can be used for safety facilities and environment improvement. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from this safety fund to retained earnings. This safety fund is not available for distribution to shareholders. The amount provided and utilised during the current interim period amounted to RMB2,831,000 (30 June 2022: RMB26,128,000) and RMB21,223,000 (30 June 2022: RMB14,336,000) respectively.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	**145,992**	96,800
Investing activities		
Purchases of property, plant and equipment	**(20,087)**	(42,607)
Payments for intangible assets	**(37,545)**	(36,101)
Payments for right-of-use assets	**(4,511)**	(8,215)
Purchases of financial assets at FVTPL	**–**	(1,126)
Proceeds on disposal of financial assets at FVTPL	**1,000**	–
Proceeds on disposal of property, plant and equipment	**5**	263
Interest received	**9,882**	10,868
Withdrawal of restricted cash	**–**	830
Placement of restricted cash	**(371)**	(929)
Settlement of consideration payable for acquisition of a subsidiary (note 18(c))	**(33,200)**	(52,000)
Repayment received from a third party	**–**	20,000
Acquisition of investment in an associate (note 13)	**(37,916)**	(9,000)
Withdrawal of pledged bank deposits in relation to borrowings and bills payable	**430,145**	607,310
Placement of pledged bank deposits in relation to borrowings and bills payable	**(752,160)**	(419,951)
Payments of rental deposit	**–**	(7,912)
Net cash (used in) from investing activities	**(444,758)**	61,430
Financing activities		
New borrowings raised	**389,707**	275,000
Repayments of borrowings	**(216,500)**	(303,263)
Proceeds from notes financing	**770,000**	–
Payments for notes financing	**(490,000)**	–
Payments of lease liabilities	**(2,669)**	(1,589)
Interest paid	**(34,416)**	(40,483)
Dividend paid to owners of the Company	**–**	(191,425)
Advance from a related party	**116,019**	210,428
Repayment of advance from a related party	**(169,344)**	(189,000)
Purchase of ordinary shares pursuant to the Scheme (as defined in note 22)	**(2,046)**	(1,556)
Repayment of amount due to an independent third party (note 18(b))	**(14,000)**	–
Net cash from (used in) financing activities	**346,751**	(241,888)
Net increase (decrease) in cash and cash equivalents	**47,985**	(83,658)
Cash and cash equivalents at 1 January	**134,411**	279,491
Effect of foreign exchange rate changes	**1,694**	1,891
Cash and cash equivalents at 30 June	**184,090**	197,724

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 Assessment

The Directors have given careful consideration to the going concern of the Group in light of the fact that as at 30 June 2023, the Group's current liabilities exceeded its current assets by renminbi ("**RMB**") 335,273,000. In addition, as at 30 June 2023, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements amounting to RMB14,416,000 as disclosed in note 24.

As at 30 June 2023, the Group had available conditional banking facilities of RMB460,000,000 ("**Conditional Facilities**"). The utilisation of these Conditional Facilities are subject to approval on a case-by-case basis. The Directors are confident that the Group would be successful in obtaining approval in respect of these Conditional Facilities according to its historical successful experience and the relevant terms and conditions to drawdown. The Directors are also confident that 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 RMB180,000,000.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

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 new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

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

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

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

2.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (continued)

2.1.1 Accounting policies (continued)

For leasing transactions and rehabilitation provisions in which the tax deductions are attributable to the lease liabilities and ultimate costs incurred, the Group applies IAS 12 requirements to the lease liabilities, rehabilitation provisions and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities and rehabilitation provisions to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

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

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

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB8,542,000 and deferred tax liabilities of RMB8,542,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

In addition, the Group will apply Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* (continued)

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2023			
	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	**58,850**	**–**	**–**	**58,850**
High-purity iron	**–**	**1,431,253**	**–**	**1,431,253**
Building materials	**–**	**–**	**1,016**	**1,016**
Raw and leftover materials	**1,075**	**1,777**	**88**	**2,940**
Total	**59,925**	**1,433,030**	**1,104**	**1,494,059**
Geographical markets				
Mainland China	**59,925**	**1,433,030**	**1,104**	**1,494,059**

	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

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

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

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

Segment revenue and results

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

Six months ended 30 June 2023

	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	59,925	1,433,030	–	1,104	–	1,494,059
Inter-segment sales	315,242	1,145	–	–	(316,387)	–
	375,167	1,434,175	–	1,104	(316,387)	1,494,059
Segment profit (loss)	98,030	(64,075)	(4,754)	(6,696)	26,983	49,488
Central administration costs and directors' salaries						(4,907)
Other income and other gains and losses						(828)
Share of results of associates						(2,405)
Group's profit before tax						41,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

3B. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

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

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Iron Ore Business	**1,129,773**	1,044,531
High-purity Iron Business	**2,032,613**	1,860,403
Gold Business	**342,878**	317,693
Total reportable segment assets	**3,505,264**	3,222,627
Other reporting segment	**71,416**	78,421
Unallocated		
Property, plant and equipment	**4**	4
Financial assets at FVTPL	**1,631**	3,114
Other receivables	**6,163**	14,276
Interest in associates	**84,993**	34,556
Cash and cash equivalents	**57,741**	9,806
Consolidated assets	**3,727,212**	3,362,804

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

3B. OPERATING SEGMENTS (continued)

Segment assets and liabilities (continued)

Segment liabilities

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Iron Ore Business	**690,026**	573,356
High-purity Iron Business	**1,673,741**	1,462,338
Gold Business	**18,817**	18,468
Total reportable segment liabilities	**2,382,584**	2,054,162
Other reporting segment	**5,864**	7,806
Unallocated		
Tax liabilities	**19,500**	19,500
Consolidated liabilities	**2,407,948**	2,081,468

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 used and held by the headquarter; and

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

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**9,882**	10,872
Government grants	**427**	687
	10,309	11,559

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value loss on financial assets at FVTPL	**(516)**	(1,303)
Net foreign exchange gain	**866**	2,675
Impairment loss on property, plant and equipment	**–**	(6,593)
(Loss) gain on disposal of property, plant and equipment	**(33)**	232
Others	**(934)**	2,478
	(617)	(2,511)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
– Depreciation of property, plant and equipment	**63,064**	64,117
– Depreciation of right-of-use assets	**8,275**	9,867
– Amortisation of intangible assets	**10,206**	10,496
Total depreciation and amortisation	**81,545**	84,480
Capitalised in inventories	**(69,235)**	(70,334)
	12,310	14,146
Staff costs (including directors):		
– Salary and other benefits	**92,701**	86,817
– Retirement benefits scheme contributions	**6,085**	5,409
– Share-based payment	**1,420**	410
Total staff costs	**100,206**	92,636
Capitalised in inventories	**(35,582)**	(32,803)
	64,624	59,833
Write-down of inventories	**–**	24,555

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax expenses comprise:		
PRC enterprise income tax ("**EIT**") – current	**19,519**	70,266
Withholding tax	**–**	3,800
Under provision of EIT in prior years	**1,154**	4,726
	20,673	78,792
Deferred tax expense	**(12,674)**	(16,073)
Income tax expense	**7,999**	62,719

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, Fushun Hanking Aoniu Mining Co., Ltd. *(撫順罕王傲牛礦業有限公司) ("**Aoniu Mining**"), obtained "High Technology Enterprise" status for 3 years that entitled it a preferential tax rate of 15% for a period of three years from 2022 to 2024.

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. Hanking D.R.I. is currently re-applying the qualification of "High Technology Enterprise" status during the current interim period.

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

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For the six months ended 30 June 2023

8. DIVIDENDS

No dividends in respect of the end of the year ended 31 December 2022 (2022: a final dividend of HKD0.12 per share amounting to HKD235,200,000 (equivalent to RMB202,298,000) in aggregate in respect of the year ended 31 December 2021) was declared and paid to the owners of the Company.

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 RMB36,142,000) in aggregate (2022: interim dividend of HKD0.02 per share, in an aggregate amount of HKD39,200,000 (equivalent to RMB35,550,000)) will be paid to the owners of the Company whose names appear in the register of members of the Company on 12 October 2023.

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	
	2023	2022
	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	**33,654**	47,830
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,928,164,000**	1,935,484,000

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 (2022: 1,269,000 shares) repurchased as restricted shares held for strategic incentive award scheme.

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 RMB17,904,000 (six months ended 30 June 2022: RMB24,098,000) for expansion of business and production capacity of the Group.

During the six months ended 30 June 2022, 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 Mine according to the latest primary exploration assessment.

No impairment loss has been recognised during the current interim period.

11. MOVEMENTS IN INTANGIBLE ASSETS

During the current interim period, the Group had additions of exploration and evaluation assets and software of RMB22,545,000 (six months ended 30 June 2022: RMB21,101,000).

No impairment loss has been recognised during the current interim period.

12. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the current interim period, the Group recognised leasehold lands of RMB4,511,000 (six months ended 30 June 2022: RMB8,215,000) and lease liabilities of nil (six months ended 30 June 2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

13. INTERESTS IN ASSOCIATES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cost of investment in associates	**91,842**	39,000
Share of post-acquisition result	**(6,849)**	(4,444)
	84,993	34,556

Name of associates	**Principal activities**	**Place of establishment and operation**	**Proportion of ownership interest and voting power held by the Group**	
			30 June 2023 %	**31 December 2022** %
Tibet Oudi Electronic Technology Co., Ltd* (西藏歐帝電子科技有限公司) ("**Tibet Oudi**") (note a)	Production and sales of LCD products	PRC	10.22	10.22
Cygnet Gold Pty Ltd ("**Cygnet**") (note b)	Exploration and evaluation of mining minerals	Australia	47.73	–
MCW Limited* (株式會社MCW) (note c)	Nursing school	Japan	15.00	–

* English name is for identification purpose only.

13. INTEREST IN ASSOCIATES (continued)

Notes:

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

b) Following the investment deposit of RMB7,542,000 made by the Group at 31 December 2022, the Group had made further investment of RMB37,916,000 to Cygnet and following which it became an associate of the Group as at 30 June 2023. The investment in Cygnet was made by Watkins Gold Pty Ltd, a wholly owned subsidiary of Hanking Australia Investment Pty Ltd. ("**Hanking Australia**").

c) The investment was made by the Company. The Company entitled the right to appoint two directors out of five in the board of directors, as such, the directors of the Company considered the Group is able to exercise significant influence over MCW and accounted for as investment in an associate.

14. RESTRICTED DEPOSITS

As at 30 June 2023, restricted deposits of RMB37,047,000 (31 December 2022: RMB36,405,000) 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 2023

15. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables		
– Third parties	**109,724**	113,054
Less: allowance for credit loss	**(24,586)**	(25,048)
	85,138	88,006
Other receivables		
– Advances to suppliers	**34,512**	34,010
– Deposits	**4,122**	3,231
– Deposit for resource tax	**11,680**	12,123
– Other tax recoverable	**10,284**	9,684
– Value-added tax recoverable	**8,470**	13,156
– Staff advance	**6,191**	6,396
– Prepaid expense	**3,439**	3,568
– Prepayment (note i)	**–**	7,384
– Amount due from an independent third party (note ii)	**36,293**	36,800
– Others	**14,783**	12,194
	129,774	138,546
Less: allowance for credit loss	**(15,962)**	(16,131)
Total other receivables	**113,812**	122,415
Total trade and other receivables	**198,950**	210,421

Notes:

i. Transferred to interest in associates upon completion of the investment during the current interim period.

ii. The amount represents a short term advance to a Group's major supplier, which will be matured on 31 December 2023 and bear fixed interest rate of 2% per annum.

During the current interim period, the Group allows an average credit period of 7 days (2022: 7 days) to customers of iron ore concentrates, 60 days (2022: 60 days) to customers of high-purity iron and 30 days (2022: 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 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,789,000 (2022: RMB41,702,000) which are past due.

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
– Within 7 days	**63,839**	37,501
– 8 days to 30 days	**11,398**	4,714
– 31 days to 60 days	**8,112**	11,291
– 61 days to 90 days	**–**	643
– 91 days to 1 year	**523**	33,537
– 1 year to 2 years	**1,266**	320
	85,138	88,006

16. RECEIVABLES AT FVTOCI

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Receivables at FVTOCI comprise:		
Bills receivables (note)	**257,634**	114,399

Note: Included in the Group's bills receivables are amounts of RMB35,404,000 (2022: nil) transferred to certain banks by discounting the bills on a full recourse basis and RMB122,347,000 (2022: RMB97,852,000) being endorsed to certain suppliers on a full recourse basis. If the bills are not paid on maturity, the banks and the suppliers have the right to 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

16. RECEIVABLES AT FVTOCI (continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Carrying amount of transferred assets	157,751	97,852
Carrying amount of associated liabilities	(157,751)	(97,852)
Net position	–	–

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
– Within 6 months	242,204	109,719
– 6 months to 1 year	15,430	4,680
	257,634	114,399

17. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits represented security deposits for bills payables and bank borrowings, carry fixed interest rates ranging from 0.2% to 3.5% (31 December 2022: 0.3% to 3.8%) per annum.

Cash and cash equivalents 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 2022: 0.125% to 0.35%) per annum.

18. 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables (note a)		
– Within 15 days	**55,467**	75,709
– 15 days to 90 days	**52,572**	26,492
– 91 days to 1 year	**59,536**	56,851
– 1 year to 2 years	**2,294**	1,991
– 2 years to 3 years	**2,069**	1,191
– Over 3 years	**4,200**	3,799
	176,138	166,033
Bills payables	**1,050,000**	770,000
Other payables		
Advance receipt of value-added tax from customers	**11,603**	14,599
Other tax payable	**32,574**	25,614
Payable for acquisition of property, plant and equipment	**31,589**	26,054
Outsourced service payable	**14,295**	13,021
Transportation fee payable	**18,398**	26,294
Accrued expense	**2,103**	413
Salary and bonus payables	**12,568**	15,401
Interest payable	**270**	298
Dividend payable	**5,476**	5,476
Refundable deposits	**6,717**	6,676
Amount due to independent third parties (note b)	**18,500**	32,500
Consideration payable (note c)	**2,000**	35,200
Payable for mining rights (note 20)	**10,000**	15,000
Others	**5,916**	5,381
	172,009	221,927
Total trade, bills and other payables	**1,398,147**	1,157,960

18. TRADE, BILLS AND OTHER PAYABLES (continued)

Notes:

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

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

(c) The balance represented the outstanding guarantee debt due to Beijing Zhuguan Technology Limited* (北京主冠科技有限公司) ("**Beijing Zhuguan**"), ex-equity owner of Benxi Yuqilin New Materials Company Limited* (本溪玉麒麟新材料有限公司) acquired in 2020. Details of the acquisition and guarantee debt were set out in 2021 annual report of the Company.

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 6 months	**875,000**	490,000
6 months to 1 year	**175,000**	280,000
	1,050,000	770,000

* English name is for identification purpose only.

19. BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Bank loans	**771,054**	598,400
Secured and guaranteed	**534,750**	408,500
Secured and unguaranteed	**123,304**	76,900
Unsecured and guaranteed	**110,000**	110,000
Unsecured and unguaranteed	**3,000**	3,000
	771,054	598,400
The above loans are carried at fixed-rate	**771,054**	598,400
Carrying amount repayable (note):		
Due within one year	**595,054**	541,400
More than one year, but not more than two years	**176,000**	2,000
More than two years, but not more than five years	**–**	55,000
	771,054	598,400

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 2023

19. BORROWINGS (continued)

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

	30 June 2023 % (Unaudited)	31 December 2022 % (Audited)
Fixed-rate borrowings	**3.45 – 8.60**	3.45 – 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, RMB122,000,000 (31 December 2022: RMB122,500,000) 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, leasehold lands and shares of subsidiaries of the Group.

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

The unsecured bank borrowings of approximately RMB110,000,000 (31 December 2022: RMB110,000,000) at 30 June 2023 were guaranteed by the Controlling Shareholders and the companies controlled by them.

20. OTHER LONG-TERM LIABILITIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Payables for purchase of mining rights (note)	**20,000**	35,000
Less: current portion (note 18)	**(10,000)**	(15,000)
	10,000	20,000

Note:

It represents payable to a government authority for purchase of mining rights of RMB20,000,000 (2022: RMB35,000,000), which will be repayable by two equal instalments per annum (2022: three equal instalments per annum).

The current portion of RMB10,000,000 (2022: RMB15,000,000) is included in other payables set out in note 18.

21. SHARE CAPITAL

The amount as at 30 June 2023 and 31 December 2022 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 2022, 30 June 2022, 31 December 2022 and 30 June 2023	10,000,000,000		
Issued and fully paid:			
At 1 January 2022, 30 June 2022, 31 December 2022 and 30 June 2023	1,960,000,000	196,000	160,203

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the six months ended 30 June 2023

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 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.

In May 2023, the trustee of the Company's Scheme purchased a total of 2,900,000 ordinary shares from the secondary market at a total consideration of approximately RMB2,046,000 pursuant to the terms of the trust deed under the Scheme.

As at 30 June 2023, no Award Shares have been granted to any Selected Participants pursuant to the Scheme.

23. 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).

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(CONTINUED)

For the six months ended 30 June 2023

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value as at 30/06/2023	Fair value as at 31/12/2022	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: RMB1,631,000**	Listed equity securities in Australia: RMB2,114,000	Level 1	Quoted bid prices in an active market.	N/A
Receivables at FVTOCI	**Receivables at FVTOCI in the PRC: RMB257,634,000**	Receivables at FVTOCI in the PRC: RMB114,399,000	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: nil**	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.

24. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 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	**14,416**	3,840

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

25. 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities:		
Shenyang Shengtai Property Management Co., Ltd.* (瀋陽盛泰物業管理有限公司) ("**Shenyang Shengtai**") (note a)	**134**	34
Property fee:		
Shenyang Shengtai	**714**	226
Rental income:		
Beijing Heyan Yue'se Medical Beauty Clinic Co., Ltd* (北京和顏悦色醫療美容診所有限公司) (note c)	**600**	600
Share-based payment expense:		
Dr. Qiu	**723**	–
Guarantee fee:		
Tuochuan Capital Limited (note a)	**2,444**	–

* English name is for identification purpose only.

25. RELATED PARTY DISCLOSURES (continued)

(b) Lease liabilities

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Shenyang Shengtai	**4,054**	5,336

(c) Amount due to a related party

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Hanking Investment (note a)	**10,113**	63,438

(d) Amount due from a related party

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Best Fate Limited ("**Best Fate**") (note b)	**6,047**	7,283

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

For the six months ended 30 June 2023

25. 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	**5,567**	5,303
Retirement benefits schemes contribution	**494**	390
	6,061	5,693

Notes:

(a) Shenyang Shengtai, Tuochuan Capital Limited 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.

(b) 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. A supplementary agreement was signed to extend the term of payment for another three years commencing from 1 January 2022. Accordingly, the amount was classified to non-current assets during the current year.

(c) Mr. Yang Jiye, one of the Controlling Shareholders of the Company, has significant influence over Beijing Heyan Yue'se Medical Beauty Clinic Co., Ltd.

26. 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 2023.

DEFINITIONS OF TERMS

"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"	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)

DEFINITIONS OF TERMS

(CONTINUED)

"RMB"	Renminbi, 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 Aoniu Mining
"Share(s)"	ordinary share(s) with a nominal value of HKD0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"United States"	the United States of America
"US$" or "USD"	the lawful currency of the United States