罕王
HANKING

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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03788)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

BUSINESS HIGHLIGHTS

1. Commencement of commercial production of the gold business to record profit

The Southern Cross Operation Gold Project of China Hanking Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") located in Western Australia (the "**SXO Gold Project**") commenced to produce gold in February 2015 and was put into commercial production in August 2015. As of 31 December 2015, the gold business recorded a profit of RMB50,276,000.

2. Hedging by the gold business to reduce volatility risk in gold price

By entering into the Gold Price Hedging Agreement with Mitsui & Co. Precious Metals Inc. ("**MPM**") Hong Kong branch, Hanking Gold Mining Pty Ltd ("**Hanking Gold**") sold 20,000 ounces of gold to MPM at a price of AUD1,670 per ounce. The hedging price of gold was significantly higher than the market spot price then, delivering higher margin profit to the Group and also reducing the impacts on the production and operation of the gold business arising from volatility in gold price.

3. Continuous increase in output and sales of iron ore concentrates

In 2015, production capacity was further realized through optimization of processing facilities of Maogong Mine and continuous improvement of processing technology of other iron ore mines. In 2015, the output of iron ore concentrates of the Group amounted to 2,035 thousand metric tons, representing an increase of 7.07% as compared with the year before.

In light of the market condition, the Company further realized the quality and grade of iron ore concentrates and adjusted sales strategies, which ensured the smooth and orderly production, sales and operation. In 2015, the sales amount of iron ore concentrates reached 2,022 thousand metric tons (2014: 1,940 thousand metric tons), exceeding the target of 2 million metric tons for the first time and representing an increase of 4.23% as compared with the year before.

4. Continuous increase in resources

In 2015, through exploration and integration of resources around the SXO Gold Project, the gold resource that complied with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**") of the SXO Gold Project under the gold business of the Company has been increased to 25,770 thousand metric tons (after mining depletion during the year) at an average grade of 3.7 g/t for 3.034 million ounces of contained gold, representing an increase of 1.13% as compared with the year before. Meanwhile, the JORC Code-compliant reserve of the gold business increased by 62.6% on a year-on-year basis to 6,319 thousand metric tons at an average grade of 2.9 g/t for 592 thousand ounces of contained gold, representing an increase of 62.6% as compared to that at the end of 2014. The resources of the iron ore business of the Company had a net increase of 23,414 thousand metric tons of ore from the surroundings of existing mining license areas. As of the end of 2015, the JORC Code-compliant iron ore resources of the iron ore business of the Company amounted to 243,980 thousand metric tons, at a TFe grade of 28.7%.

FINANCIAL HIGHLIGHTS

The revenue of the Group in 2015 amounted to approximately RMB1,219,751,000, representing a decrease of approximately RMB148,901,000 or 10.88% as compared with the corresponding period of last year.

The loss of the Group in 2015 was approximately RMB401,678,000 (including the non-recurring provision for impairment loss on assets in an amount of approximately RMB238,631,000 and net loss from exchange losses in an amount of approximately RMB46,073,000), representing an increase of approximately RMB378,789,000 as compared with the corresponding period of last year.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2015 (the "**Annual Results for 2015**") together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	2	**1,219,751**	1,368,652
Cost of sales		**(929,221)**	(887,981)
Gross profit		**290,530**	480,671
Investment and other income	3	**33,389**	24,328
Other expenses and losses	4	**(292,763)**	(56,975)
Distribution and selling expenses		**(38,386)**	(44,678)
Administrative expenses		**(230,786)**	(256,769)
Finance costs	5	**(169,319)**	(113,364)
(Loss) profit before tax	6	**(407,335)**	33,213
Income tax expense	7	**5,657**	(56,102)
Loss for the year		**(401,678)**	(22,889)
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain (loss) on available-for-sale financial assets		**5,066**	(22,174)
Exchange differences on translation of financial statements of foreign operations		**(33,258)**	(18,820)
Remeasurement of defined benefit pension plans		**326**	–
Other comprehensive expense for the year, net of income tax		**(27,866)**	(40,994)
Total comprehensive expense for the year		**(429,544)**	(63,883)
(Loss) profit for the year attributable to:			
Owners of the Company		**(381,596)**	8,990
Non-controlling interests		**(20,082)**	(31,879)
		(401,678)	(22,889)
Total comprehensive expense attributable to:			
Owners of the Company		**(407,113)**	(33,067)
Non-controlling interests		**(22,431)**	(30,816)
		(429,544)	(63,883)
(LOSS) EARNINGS PER SHARE			
– Basic and diluted (RMB cent per share)	9	**(20.9)**	0.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTES	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,510,095**	1,450,984
Intangible assets		**1,075,186**	1,038,886
Prepaid lease payments		**285,636**	314,534
Available-for-sale financial assets		**11,362**	8,695
Deferred tax assets		**22,694**	8,475
Loan receivable from a third party		**11,300**	11,300
Deposit on acquisition of property, plant and equipment		**17,486**	21,770
Restricted deposits		**23,112**	4,014
		2,956,871	2,858,658
CURRENT ASSETS			
Inventories		**147,606**	137,306
Prepaid lease payments		**42,873**	63,100
Trade and other receivables	*10*	**647,357**	572,019
Tax recoverable		**4,342**	11,743
Available-for-sale financial assets		**110,727**	–
Pledged bank deposits		**913,785**	502,453
Bank balances and cash		**99,223**	299,587
		1,965,913	1,586,208
CURRENT LIABILITIES			
Trade and other payables	*11*	**535,572**	425,859
Borrowings	*12*	**2,761,947**	1,636,485
Loans payable to non-controlling interest of a subsidiary		**–**	3,173
Consideration payable		**69,608**	82,683
Tax liabilities		**32,131**	31,567
		3,399,258	2,179,767
NET CURRENT LIABILITIES		**(1,433,345)**	(593,559)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,523,526**	2,265,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AS AT 31 DECEMBER 2015

	NOTES	**31 December 2015** **RMB'000**	31 December 2014 *RMB'000*
CAPITAL AND RESERVES			
Share capital	*13*	**149,137**	149,137
Reserves		**615,026**	1,022,139
Equity attributable to owners of the Company		**764,163**	1,171,276
Non-controlling interests		**204,172**	228,458
TOTAL EQUITY		**968,335**	1,399,734
NON-CURRENT LIABILITIES			
Borrowings		**211,405**	589,683
Consideration payable		**223,007**	206,652
Rehabilitation provision		**115,017**	68,090
Retirement benefit obligations		**1,023**	940
Deferred tax liabilities		**4,739**	–
		555,191	865,365
		1,523,526	2,265,099

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

The Company is a limited company incorporated in the Cayman Islands on 2 August 2010 with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2011.

The address of registered office of the Company in Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The address of principal place of business of the Company in Hong Kong is 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

The Company is an investing holding company. The Group is engaged in three principal activities:

(i) iron ore exploration, mining, processing and sale;
(ii) nickel ore exploration, mining, smelting and sale;
(iii) gold exploration, mining, processing, smelting and sale.

(b) Basis of preparation

The Directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2015 and as of that date, the current liabilities exceeded its current assets by RMB1,433,345,000. In addition, as at 31 December 2015, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB159,901,000.

As at 31 December 2015, the Group had available conditional banking facilities amounted to RMB688,000,000 and subsequent to the year end date, the Group had further obtained conditional banking facilities for working capital purpose amounted to RMB1,200,000,000 ("**Conditional Facilities**"). The utilization 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. Accordingly, the Directors are of the opinion that, together with the internal financial resources of the Group, 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 consolidated financial statements have been prepared on a going concern basis.

2. REVENUE

	2015	2014
	RMB'000	*RMB'000*
Iron ore concentrates	**925,311**	1,347,329
Gold	**291,947**	–
Silver	**585**	–
Nickel	**–**	15,117
Sales of raw and leftover materials	**1,908**	6,206
	1,219,751	1,368,652

3. INVESTMENT AND OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Bank interest income	**27,685**	22,168
Management fee	**3,961**	–
Government grants *(note)*	**962**	412
Dividends from equity investments	**–**	946
Others	**781**	802
	33,389	24,328

Note: Government grants represent unconditional incentive subsidies granted by the People's Republic of China (the "**PRC**") local government authorities.

4. OTHER EXPENSES AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Net foreign exchange loss	**46,073**	14,557
Loss on disposal of property, plant and equipment	**12,777**	10,223
Impairment loss on financial assets		
– available-for-sale equity investments	**441**	21,747
Loss on disposal of a subsidiary	**2,266**	–
Impairment loss on property, plant and equipment,		
intangible assets and prepaid lease payments recognised	**227,533**	7,909
Others	**3,673**	2,539
	292,763	56,975

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on bank and other borrowings	**131,189**	96,443
Interests on bills discounted	**21,135**	1,444
Imputed interest of consideration payable	**14,950**	14,343
Unwinding of discounts on provisions	**2,045**	1,134
	169,319	113,364

6. (LOSS) PROFIT BEFORE TAX

(Loss) profit before taxation has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**859,159**	765,997
Auditors' remuneration	**2,400**	2,500
Release of prepaid lease payments	**32,573**	51,982
(Reversal) recognition of allowance for inventories (included in cost of sales)	**(4,440)**	7,693
Impairment loss on other receivables recognised	**5,949**	1,189
Depreciation and amortisation:		
– Property, plant and equipment	**226,249**	172,527
– Intangible assets (included in cost of sales and administrative expenses)	**53,100**	15,114
	279,349	187,641
Staff costs (including Directors):		
– Salary and other benefits	**127,098**	155,640
– Retirement benefits scheme contributions	**27,483**	21,947
	154,581	177,587

7. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax ("**EIT**") – current	**823**	56,999
Under provision in prior years	**4,128**	1,102
	4,951	58,101
Deferred tax		
Deferred tax – current year	**(10,608)**	(1,999)
Total income tax expense recognised in the current year	**(5,657)**	56,102

The subsidiaries established in the PRC are subject to PRC enterprise income tax at a statutory tax rate of 25%.

Certain subsidiaries located in Hong Kong, Australia and Indonesia are subject to tax rates of 16.5%, 30% and 25% respectively. Other than PRC EIT tax, no provision for corporate tax for other jurisdictions has been made as there were no assessable profits for both years.

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2014 Final – RMB nil cent per share (2014: 2013 Final – RMB2.0 cents per share)	**–**	36,600

The Directors of the Company did not propose final dividend in respect of the year ended 31 December 2015 (2014: final dividend of nil per share in respect of the year ended 31 December 2014).

9. (LOSS) EARNINGS PER SHARE

The calculation of (loss) earnings per share is based on the loss for the year attributable to owners of the Company and the 1,830,000,000 shares in issue during the current year (2014: 1,830,000,000 shares).

Diluted (loss) earnings per share presented is the same as basic earnings per share as the Company did not have dilutive potential ordinary shares in issue in both 2015 and 2014.

10. TRADE AND OTHER RECEIVABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade receivables		
Related parties	**98,097**	36,569
Third parties	**238,326**	88,253
	336,423	124,822
Bills receivables	**92,326**	209,955
	428,749	334,777
Other receivables		
Advance to suppliers	**12,992**	17,016
Interest receivable on bank deposits	**15,227**	10,413
Deposits *(note)*	**30,015**	26,840
Deposit for resource tax	**113,699**	123,912
Value-added tax recoverable	**16,014**	23,079
Staff advances	**8,958**	13,827
Others	**21,703**	22,155
	218,608	237,242
Total trade and other receivables	**647,357**	572,019

Note: The amount represented various environment protection deposits required under the relevant PRC regulations for fulfilling the environment obligation during the mining process.

The Group allows an average credit period of 7 days to its customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 7 days	**49,809**	33,044
8 days to 90 days	**96,328**	91,778
91 days to 1 year	**190,286**	–
	336,423	124,822

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit quality of the trade receivables that are neither past due nor impaired had not been changed during the current period.

Movement of the allowance for trade receivable

	2015 *RMB'000*	2014 *RMB'000*
Opening and closing balance	**182**	182

According to the credit period policy of the Group, the trade receivables which has an aging over 7 days for sales were regarded as past due. Aging of trade receivables which are past due but not impaired is analysed as follow:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
8 days to 90 days	**96,328**	91,778
91 days to 1 year	**190,286**	–
	286,614	91,778

The Group did not provide an allowance on the remaining past due receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience and subsequent settlement. The Group does not hold any collateral over these balances.

Movement of allowance for doubtful debts on other receivables

	2015	2014
	RMB'000	*RMB'000*
Opening balance	**2,793**	1,604
Impairment losses recognised	**5,949**	1,189
Closing balance	**8,742**	2,793

11. TRADE AND OTHER PAYABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade payable		
Related parties	**7,186**	6,724
Third parties	**98,265**	77,840
	105,451	84,564
Bills payable	**4,550**	35,851
	110,001	120,415
Other payables		
Advance from customer *(note)*	**563**	30,000
Other tax payables	**52,211**	14,018
Payable of acquisition of property plant and equipment	**212,332**	153,689
Outsourced service payable	**3,792**	6,586
Transportation fee payable	**11,369**	27,565
Accrued expenses	**80,839**	40,167
Salary and bonus payables	**38,791**	11,727
Interest payable	**2,970**	7,673
Others	**22,704**	14,019
	425,571	305,444
	535,572	425,859

Note: The balance in 2014 represented customer advance as a guarantee of supplying iron ore concentrates by the Group. It was interest-free and fully utilized in purchase of iron ore concentrates during the year.

Payment terms with suppliers are mainly on credit within 90 days from the time when the goods are received from suppliers. The following is an aged analysis of trade payables based on the date of the goods received at the end of the reporting period:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
0 to 90 days	**95,787**	66,728
91 days to 365 days	**7,935**	14,108
1 year to 2 years	**346**	1,384
2 years to 3 years	**21**	1,528
Over 3 years	**1,362**	816
	105,451	84,564

12. BORROWINGS

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Bank loans	**2,894,509**	2,226,168
Other loans *(note a)*	**78,843**	–
	2,973,352	2,226,168
Secured	**2,603,352**	1,686,168
Unsecured	**370,000**	540,000
	2,973,352	2,226,168
Fixed-rate	**1,562,455**	1,387,758
Floating-rate	**1,410,897**	838,410
	2,973,352	2,226,168
Carrying amount repayable *(note (b))*:		
Due within one year	**2,761,947**	1,636,485
More than one year, but not more than two years	**146,504**	589,683
More than two years, but not more than five years	**64,901**	–
	211,405	589,683
	2,973,352	2,226,168

Note:

(a) It represents loan advanced from a government authority for purchase of mining rights. The loan carries interest at the benchmark interest rate issued by the People's Bank of China ("**PBOC**") and is repayable within five years.

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

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

	2015	2014
	%	*%*
Fixed-rate borrowings	**4.83-8.00**	6.27-8.00
Variable-rate borrowings	**1.32-5.00**	1.23-6.46

At 31 December 2015 and 2014, the Group had variable rate borrowings which carried interest based on the benchmark interest rate issued by PBOC or London Interbank Offered Rate ("**LIBOR**"). Interest was reset every one month, three months, six months or one year.

The unsecured bank borrowings of approximately RMB370,000,000 (2014: RMB540,000,000) at 31 December 2015 were guaranteed by Ms. Yang Min, a controlling shareholder of the Company and the companies controlled by Ms. Yang Min.

Save as the assets pledged as security for bank borrowings, Ms. Yang Min and Mr. Yang Jiye, son of Ms. Yang Min, together with the companies controlled by them, provided guarantee for secured bank borrowings of the Group of approximately RMB1,715,403,000 (2014: RMB1,137,758,000).

13. SHARE CAPITAL

The amount as at 31 December 2015 and 2014 represented the issued share capital of the Company. Details of movement of share capital of the Company are as follow:

	Number of shares		**Share capital**	
	2015	2014	**2015**	2014
	'000	*'000*	***RMB'000***	*RMB'000*
Ordinary shares of HK$0.1 each				
Authorised				
At 1 January and 31 December 2015	**10,000,000**	10,000,000	**1,000,000**	1,000,000
Issued				
At 1 January and 31 December 2015	**1,830,000**	1,830,000	**149,137**	149,137

All shares in issue rank pari passu in all respects.

OPERATION REVIEW

Gold Business

In 2015, the international gold price moved in a range bound pattern and hovered at a low level, which was likely to bottom out soon. Against the backdrop of the rising US Dollar index, gold price was under significant pressure during the year. Meanwhile, the investment appeal of gold receded as the investment cost grew higher driven by the rising effective market interest rates and strong performances of the capital markets such as the equity markets. Importantly, China has gained increasing influence in the international gold market with increased participation. With the acceleration of Renminbi internationalization, the PRC government continuously increased its gold reserve. As at 31 December 2015, the gold reserves of China amounted to 56.66 million ounces (equivalent to 1,762 metric tons).

In 2015, the international gold spot market opened at USD1,184.3 per ounce and closed at USD1,060.5 per ounce, with a decrease of approximately 10.45%. The highest and lowest gold prices recorded during the period were USD1,307.8 per ounce and USD1,042.7 per ounce respectively, fluctuating within a range of USD265.1.

As the Company's gold business is located in Australia and most of the cost incurred was paid in Australian dollars, the gold price denominated in AUD is in closer correlation with its operating results. In 2015, the international gold spot market opened at AUD1,470.7 per ounce and closed at AUD1,456.4 per ounce, with a decrease of approximately 0.97%. The highest and lowest gold prices recorded during the period were AUD1,651.1 per ounce and AUD1,440.4 per ounce respectively, fluctuating within a range of AUD210.7. As the AUD exchange rate went down, the gold price denominated in AUD was relatively strong.

In 2013, the Company acquired the 100% equity interests of the SXO Gold Project, which is located 360 kilometers east of Perth, Western Australia with extensive infrastructures including highways, railways, airport, water and electricity supplies, and wholly owns the Marvel Loch Processing Plant (the "**Processing Plant**"). It owns mining licenses covering an area of 942 square kilometers ("**km^2**"), which included the gold ore belt with a length of 150 kilometers.

1. *Production Review*

Through the hard work of the gold business team, the Company's gold business has achieved break-through progresses in 2015:

1) In 2015, the sales revenue of the gold business amounted to RMB292,532,000, of which sales revenue of gold amounting to RMB291,947,000 and sales revenue of silver amounting to RMB585,000. Net profit amounted to RMB50,276,000, representing a net profit margin of 17.19%. The earnings before interest, taxes, depreciation and amortization ("**EBITDA**") of the gold business was RMB136,955,000, and the profit margin of EBITDA was 46.82%.

2) The gold business produced the first gold pour in February 2015 and was put into commercial production in August. In 2015, the gold business had three operating mines, while the rest were under maintenance, of which Cornishman Gold Mine and Great Victoria Gold ("**GVG**") Mine adopting open-pit mining and Nevoria Mine adopting underground mining. All ore mined were transported to the Processing Plant for further processing.

3) By entering into the Gold Price Hedging Agreement with MPM Hong Kong branch, Hanking Gold pre-sold 20,000 ounces of gold to MPM at a price of AUD1,670 per ounce. The gold hedging price of gold was significantly higher than the market spot price then, guaranteed higher margin profit to the Group and also reducing the impacts on the production and operation of the gold business arising from volatility in gold price.

4) In accordance with the accounting policies of Hanking Gold, the gold sales during dry commissioning and capital construction was used to offset the capitalised mining costs of the relevant mines, while the gold sales from the gold output after the commercial production was accounted as sales revenue. As of 31 December 2015, Hanking Gold sold 38,805 ounces of gold.

	Gold *(ounces)*	**Average unit selling price** *(AUD/ounce)*	**Sales revenue** *(RMB'000)*
Future trade	9,444	1,662	76,479
Spot trade	29,361	1,510	216,052
Total	38,805	1,547	292,532

5) The direct cash costs (C1) of the gold business were RMB3,715 per ounce, and the all-in sustaining costs (AISC) were RMB4,774 per ounce. Hanking Gold strictly enforced the annual budget through various cost control measures and conducted analysis on each actual cost on a monthly basis to promptly solve the problems emerged from production and operation.

The breakdown of C1 direct cash costs is as follows:

	Unit Cost (AUD/ounce)	
	2015	2014
Open-pit mining	**523**	N/A
Underground mining	**174**	N/A
Processing and maintenance	**330**	N/A
Mine management costs (including costs for production safety and environmental protection)	**105**	N/A
Cash cost adjustments	**(370)**	N/A
Adjusted C1 Cash costs (AUD)	**762**	N/A
Adjusted C1 Cash costs (RMB)	**3,715**	N/A

- *Cornishman Gold Mine*

  Cornishman Gold Mine is located in the middle of the SXO Gold Project and is 26 kilometers away from the Processing Plant, with extensive infrastructures such as highways, electricity and water supplies. There are three mining areas currently in operation, namely Cornishman Middle, North and South, which are all open-pit mines. Hanking Gold engaged Watpac Limited ("**Watpac**"), an independent third party mining company, to provide open-pit mining services such as drilling, blasting, loading, unloading and hauling. The ores mined were transported by an independent third party transportation company to the Processing Plant for further processing. The services shall comply with the requirements of the Australian laws regarding production safety and environmental production. As of 31 December 2015, a total of 638,901 metric tons of ores were mined, and the mining cost per metric ton was AUD76.

- *GVC Gold Mine*

  GVG Gold Mine is located at the south of the SXO Gold Project and is 12 kilometers away from the Processing Plant, with extensive infrastructures such as highways, electricity and water supplies. Open-pit mining is adopted for GVG Gold Mine, and an independent third party mining company was engaged to provide open-pit mining services. The ores minded were transported to the Processing Plant by an independent third party transportation company for further processing. As of 31 December 2015, a total of 179,304 metric tons of ores were mined, and the mining cost per metric ton was AUD4.89 as no stripping was conducted.

- *Nevoria Gold Mine*

  Nevoria Gold Mine is located in the middle of the SXO Gold Project and is 11 kilometers away from the Processing Plant, with extensive infrastructures such as highways, electricity and water supplies. Hanking Cold collaborated with Pit n Portal Mining Service Pty Ltd. ("**PNP**"), an independent third party, and set up a partnership namely Hanking Gold Mining Alliance. PNP provided underground mining services for Nevoria Gold Mine, while Hanking Gold provided aboveground management including logistics and gold ore processing. Profit was distributed between both parties on a profit-sharing basis, of which 80% was for Hanking Gold and 20% was for PNP. The ores mined were transported to the Processing Plant by an independent third party transportation company for further processing. As of 31 December 2015, a total of 216,885 metric tons of ores were mined, and the mining cost per metric ton was AUD56.

- *Processing Plant*

  The Processing plant is located in the middle of the SXO Gold Project and is wholly-owned by Hanking Gold, which has extensive infrastructures such as highways, railways, electricity and water supplies, with an annual ore processing capacity of 2,400 thousand metric tons. The Processing Plant adopted the industry-proven carbon in pulp (CIP) production technique, and the gold will be moulded into gold dores at the smelting room of the Processing Plant before being delivered to Perth Mint to be refined for sale. The Processing Plant completed the refurbishment of processing in 2014 and started commissioning in January 2015. As of 31 December 2015, the Processing Plant processed a total of 993,360 metric tons of ores with a recovery rate of 90%, producing a total of 58,887 ounces of gold at the mining cost of AUD24.18 per metric ton of ores.

2. *Continuous Increase in Gold Resources and Reserves*

(1) Resources

By integrating resources of the surrounding mines, Hanking Gold entered into an agreement to acquire the 100% equity interests of Redwing Gold Deposit. Redwing Gold Deposit has JORC Code-compliant resources of 1.4 million metric tons of ores with an average grade of 2.4 g/t for 108 thousand ounces gold. The resource is defined by a drilling with 150 drill holes, and includes multiple gold lodes. The ore bodies are near surface and suitable for open-pit mining.

At the beginning of 2015, exploration drilling activities at Axehandle Gold Mine were completed by Hanking Gold, with a total of 85 drilling holes amounting to an aggregate length of 11,460 meters. CSA Global Pty Ltd, an independent Australian technology consulting firm, was engaged by Hanking Gold to carry out resources estimation based on the data derived from the 200 drilling holes previously drilled. According to their report, the JORC Code-compliant resources at Axehandle Gold Mine were increased to 3,760 thousand metric tons with an average grade of 2.5 g/t for a total of 301 thousand ounces gold, of which 90% were measured or indicated resources.

Thus, through exploration and integration of the resources in the surrounding areas, the JORC Code-compliant ore resources of our SXO Gold Project (after mining depletion during the year) were increased to 25,770 thousand metric tons with an average grade of 3.7 g/t for a total of 3,034,000 ounces of gold resources, representing a year-on-year increase of 1.13%.

JORC CODE-COMPLIANT GOLD RESOURCES STATISTICAL TABLE OF HANKING GOLD (UP TO 31 DECEMBER 2015)

	Cut On Grade (g/t)		Measured			Indicated			Inferred			Total		
Deposit	**Open-pit**	**Underground-pit**	**Ore tonnage** (thousand metric tons)	**Grade** (g/t)	**Gold contained** (thousand ounces)	**Ore tonnage** (thousand metric tons)	**Grade** (g/t)	**Gold contained** (thousand ounces)	**Ore tonnage** (thousand metric tons)	**Grade** (g/t)	**Gold contained** (thousand ounces)	**Ore tonnage** (thousand metric tons)	**Grade** (g/t)	**Gold contained** (thousand ounces)
Marvel Loch	2.2	N/A	287	3.1	2.9	2,930	3.2	299	1,400	2.5	112	4,617	3.0	440
Nevoria	0.6	2	–	–	–	3,513	3.4	381	328	4.0	42	3,841	3.4	423
Transvaal	Note	2.6	–	–	–	1,630	4.7	249	1,800	4.9	286	3,430	4.8	535
Jaccoletti	2.6	2.6	–	–	–	–	4.6	–	715	5.5	126	715	5.5	126
Axehandle	0.7	N/A	2,330	2.6	193	990	2.5	78	440	2.2	31	3,760	2.5	301
Cornishman	0.9	2.5	878	4.4	124	627	4.6	92	460	5.3	79	1,965	4.7	295
Edwards Find	0.7	0.7	–	–	–	381	3.1	38	363	2.6	30	744	2.8	68
Frasers	Note	Note	–	–	–	1,117	4.6	165	1,474	6.1	289	2,591	5.5	454
Yilgarn Star	4	4	–	–	–	385	6.6	82	–	–	–	385	6.6	82
Redwing	0.5	–	–	–	–	–	–	–	1,400	2.4	108	1,400	2.4	108
Others	Note	Note	367	1.0	12	1,610	2.7	140	345	4.5	50	2,322	2.7	202
Total			3,862	2.9	358	13,183	3.6	1,524	8,725	4.1	1,153	25,770	3.7	3,034

Note: Data shown in the table above cover data of various deposits of the SXO Gold Project, among which, data of the Redwing Gold Deposit are extracted from the resource estimate report signed by Mr. J F Brigden, the resource geologist of Sons of Gwalia Ltd., who is the competent person for the JORC Code-compliant resource estimate; data of Frasers and Cornishman are extracted from the resource estimate report signed by Dr. Shi Bielin, a senior resource geologist of CSA Global Pty Ltd., in accordance with the JORC Code. Dr. Shi Bielin is a member of both of AusIMM and AIG, and has extensive experience in such type of gold mines at the SXO Gold Project. Data of other mines are extracted from the resource estimate report issued by St Barbara Mining Ltd. ("**SBM**") in 2012. The report was signed by Mr. Phillip Uttley, the chief geologist of SBM, in accordance with the JORC Code. Mr. Phillip Uttley is a member of AusIMM and has extensive experience in such type of gold mines at the SXO Gold Project.

(2) Reserves

Hanking Gold conducted pit optimization design and feasibility study on Axehandle Gold Mine and the open-pit gold mine of Cornishman North in the first half of 2015. According to the results, the reserves of such open-pit mining project at Axehandle amounted to 2,660 thousand metric tons with an average grade of 2.4 g/t for a total of 207 thousand ounces gold, of which 78% were proved reserves. The JORC Code-compliant reserves of the open-pit gold mine of Cornishman North were increased by 321 thousand metric tons of ores for 21 thousand ounces gold, of which 17 thousand ounces were the proved reserves and 4 thousand ounces were the probable reserves. As at the end of 2015, stripping at Axehandle Gold Mine commenced.

As of the end of 2015, the JORC Code-compliant reserves of the gold business had been increased by 62.6% on a year-on-year basis amounting to 6,319 thousand metric tons of ores at an average grade of 2.9 g/t for 592 thousand ounces of gold, representing an increase of 62.6% as compared to that of the end of 2014.

JORC CODE-COMPLIANT OPEN-PIT GOLD RESERVES AT AXEHANDLE AND CORNISHMAN NORTH

Mine	Reserve Category	Ore tonnage *(thousand metric ton)*	Grade *(g/t)*
Axehandle	Proved	2,083	2.4
	Probable	577	2.5
	Total	2,660	2.4
Cornishman North	Proved	241	2.2
	Probable	80	1.8
	Total	321	2.1

3. Developments of gold mines

- *Redwing Gold Deposit*

  Hanking Gold reached an agreement with Audax Minerals Pty Ltd, an Australia company, after amicable negotiation, pursuant to which, Hanking Gold acquired 100% equity interest of Redwing Gold Deposit at a consideration of AUD700,000 in cash. Redwing Gold Deposit is located at the south of the metallogenic belt of the SXO Gold Project, approximately 50 kilometers away from the Processing Plant which is 100% owned by Hanking Gold, enjoying convenient transportation. Ore from Redwing Gold Deposit could be transported to and processed by the Processing Plant. Redwing Gold Deposit has JORC Code-compliant resources of 1.4 million metric tons of ores at an average grade of 2.4 g/t for 108,000 ounces gold. The resource is defined by a drilling with 150 drill holes, and includes multiple gold lodes. The ore bodies are near surface and suitable for open-pit mining. Redwing Gold Deposit is in a 5 km^2 exploration license areas and Hanking Gold has applied an exploration license for 67 km^2 area around it. Hanking Gold has made the full payment of AUD700,000 and completed the relevant legal procedures for the acquisition. The successful acquisition of Redwing Gold Deposit extended the strike length of the metallogenic belt of the SXO Gold Project to 150 kilometers. It was an important step in the implementation of the Company's regional consolidation strategy, which was beneficial for the full utilization of the infrastructures like Hanking Gold's own Processing Plant and the achievement of synergies and scale effects. With the existing mining rights and resources, the Company planned to carry out resource upgrade and feasibility studies to convert more underground resources into JORC Code-compliant reserves for development, so as to maximize the value of mines.

- *Axehandle Gold Mine*

  Axehandle Gold Mine is located at the south of the current open-pit gold mine of Cornishman. It is on the side of Hanking Gold's haul road to the Processing Plant and is 22 kilometers away from the Processing Plant, with excellent condition for development and extensive infrastructures such as highways, railways, electricity and water supplies. In July 2015, Hanking Gold completed the pit optimization design and reserve estimation of Axehandle Gold Mine. Stripping at Axehandle Gold Mine commenced at the end of 2015, and Watpac, an independent third party mining company, was engaged to provide open-pit mining services. As of 31 December 2015, the stripping amount was 1,714,814 cubic meters.

As at 31 December 2015, the capital expenditure of the Group's gold business amounted to RMB366,994,000 (31 December 2014: RMB130,971,000), and the capital commitment was RMB21,274,000 (31 December 2014: RMB23,487,000).

IRON ORE BUSINESS

In 2015, due to the continuous slowdown in the growth of fixed asset investments in the PRC, output of steel and iron in China recorded decrease for the first time, while supply of iron ore continued to increase (especially the significant increase in the output of Rio Tinto in 2015), resulting in a constant overcapacity in the iron ore market. Another factor affecting the iron ore price was the decrease in production costs of the major iron ore suppliers due to an overall plunge in the price of bulk commodities such as crude oil driven by substantial appreciation of the US Dollar during 2015. Given the overcapacity in the market and the decreasing production costs of the suppliers, the iron ore price continued to show an overall decline trend in 2015. Platts Fe 62% (CFR) opened at 71.75 and closed at 43.25 in 2015, representing a decline of 39.7%, which was lower than that recorded in 2014 with two noticeable rallies.

1. Operation review

In 2014, the iron ore business adjusted its production layout and completed the processing technological upgrading projects of all the mines other than Maogong Mine, effectively improving the production output structure. In 2015, the production capacity was further improved through continuous optimization of processing facilities of Aoniu Mine and technology upgrading of the processing plant of Maogong Mine. In 2015, output of iron ore concentrates of the Group amounted to 2,035 thousand metric tons, representing an increase of 7.07% as compared with the previous year.

In 2015, the price of iron ore continued to fall, mainly due to the oversupply resulting from the mass production of iron ore around the world. The tightening of financing and shortage in cash position for the iron ore industry also led to the plunge in iron ore prices. In light of these market conditions, the Company adjusted its production layout on the principle of "efficiency first" and suspended the production of Shangma Mine and Xingzhou Mine to effectively improve the production output structure, and also improved the quality and grade of iron ore concentrates to ensure the smooth and orderly production. In 2015, against the backdrop of continuous decline in the price of iron ore concentrates, the Company adopted various measures to cut costs and improve efficiency. The sales amount of iron ore concentrates amounted to 2,022 thousand metric tons (2014: 1,940 thousand metric tons), representing a year-on-year increase of 4.23%. The average selling price of iron ore concentrates was RMB458 per metric ton (2014: RMB691 per metric ton), representing a year-on-year decrease of 33.72%.

	For the year ended 31 December (thousand metric tons)		
	2015	2014	**Change**
Stripping amount	**9,083**	15,078	-39.76%
Output of iron ore	**5,925**	7,305	-18.90%
Output of iron ore concentrates	**2,035**	1,901	7.07%
Sales amount of iron ore concentrates	**2,022**	1,940	4.23%

In light of the downturn in the iron ore industry, the Group adjusted its production layout and exerted strict cost control, which resulted in substantial decrease in the production and management costs of the iron ore business, representing a year-on-year decrease of 13.99% and 28.30% respectively. As the Group improved the grade and recovery rate of the products through optimization of production structure and technology upgrading and adopted various measures to control costs such as lowering the unit contract price for underground mining works, reducing workforce and staff salaries and cutting costs and expenses, the average cash operation costs of iron ore concentrates per metric ton decreased significantly to RMB317 (2014: RMB389), which represented a year-on-year decrease of 18.51%, enabling the Group to maintain its core competitiveness with low costs in the industry.

	Cash operation costs of iron ore mines (RMB per metric ton of iron ore concentrate)		
	2015	2014	**Change**
Mining	**140**	153	-8.50%
Processing	**94**	117	-19.66%
Transportation	**19**	21	-9.52%
Tax *(Note)*	**34**	62	-45.16%
Mine management	**30**	37	-18.92%
Total	**317**	389	-18.51%

In 2015, the revenue of iron ore business of the Company was RMB927,219,000 (2014: RMB1,349,784,000), representing a year-on-year decrease of 31.31%, with an EBITDA *(Note)* of RMB212,352,000 (2014: RMB497,879,000), representing a year-on-year decrease of RMB285,527,000, which was mainly due to the decrease in the price of iron ore concentrates. The profit margin of EBITDA was 22.90% (2014: 36.89%), representing a decrease of 13.98 percentage points as compared with the previous year.

Note: The calculation of the EBITDA of iron ore business was based on earnings before taxes, plus depreciation and amortization, interest and provision for impairment.

2. *Operating mines*

1) *Aoniu Mine*

Aoniu Mine is located in the township of Hou'an, Fushun County, Fushun City, and is operated by the Company through its subsidiary Fushun Hanking Aoniu Mining Limited ("**Aoniu Mining**"). Aoniu Mine owns mining licenses covering areas totalling 1.8911 km^2 and has extensive infrastructures including paved roads, water and electricity supplies, and etc. Through enhancement of management and adequate production arrangement, the output of Aoniu Mine in 2015 reached a record high, amounting to 1,092 thousand metric tons, representing a year-on-year increase of 7.16%.

In 2015, Aoniu Mine was engaged in both open-pit mining and underground mining. The open-pit mining works were mainly located along Traverses 104-101 at the peak of the original Waibogou, with a length of 300 meters ("**m**") and mining elevations varying from 368m to 308m. Dilution and loss control were carried out through the mining process, with monthly optimization of pit shell. An independent third party was engaged to undertake the underground mining establishment/development works and underground mining, which was inspected for acceptance stage by stage. During the first half of 2015, the inspection and acceptance procedures for the underground mining works below the 320m level were completed. Underground mining was carried out at the 320m and 265m level, while drift development, mining and exploration were carried out above the 265m level and at the 215m level. In 2015, Aoniu Mine and the underground mining contractor entered into a new agreement, resulting in a decrease of 35.19% per metric ton in the undergrounding mining service charge by contractors, and hence the comprehensive mining cost was decreased by 14.00%.

Aoniu Mine has two processing plants. After completion of technology upgrading in 2014, the average grade of iron ore concentrates produced in 2015 was improved to 69.4%. Benefiting from the technology upgrading and decrease in the costs of raw materials, the processing costs per metric ton of iron ore concentrates decreased by 15.79% as compared with the previous year. Efforts were made to improve product quality and strengthen cost control, so as to better meet the market needs.

Aoniu Mine	**For the year ended 31 December**		
	2015	2014	**Change**
Output of iron ore concentrates (thousand metric tons)	**1,092**	1,019	7.16%
Sales amount of iron ore concentrates (thousand metric tons)	**1,081**	1,045	3.44%
Mining costs (RMB per metric ton of iron ore concentrate)	**129**	150	-14.00%
Of which, underground mining by contractor	**35**	54	-35.19%
Processing costs (RMB per metric ton of iron ore concentrate)	**96**	114	-15.79%
Government tax (RMB per metric ton of iron ore concentrate) *Note 1*	**33**	62	-46.77%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 2*	**27**	29	-6.90%

Note 1: The decrease was mainly attributable to the decrease of resource tax from RMB12 per metric ton of iron ore to RMB6 per metric ton in May 2015, and also the decrease in surcharge due to the decrease in selling price.

Note 2: The transportation service was provided by third parties.

In 2015, the capital expenditure of Aoniu Mine was RMB8,189,000, of which investments for infrastructure projects amounted to RMB718,000, expenditure for acquisition of lands amounted to RMB468,000, and expenditure for property, plant and equipment amounted to RMB7,003,000. The capital commitment amounted to RMB50,000.

2) Maogong Mine

Maogong Mine is located in the township of Shiwen, Fushun County, Fushun City, and is operated by the Company through its subsidiary Fushun Hanking Maogong Mining Co., Ltd. ("**Maogong Mining**"). Maogong Mine owns mining licenses covering areas totalling 2.37 km^2, and has extensive infrastructures including paved roads, water and electricity supplies. Through optimization of production process and upon completion of production commissioning, the output of Maogong Mine amounted to 649 thousand metric tons, representing a substantial increase of 70.34% as compared with the previous year.

In 2015, Maogong Mine was engaged in both open-pit mining and underground mining. In 2015, open-pit mining was carried out to orebody No. 23, and efforts were made to fine-tune the mining plan, soil dumping plan and blasting work for orebodies No. 3, 9 and 10. An independent third party was engaged to undertake the shaft and drift development of the underground mining works and the mining at the stage of infrastructure construction. As of the end of 2015, the work of shaft and drift development of the underground mining works amounted to 228,668.43 cubic meters, with an accumulated investment of RMB99,857,000. The construction of the main shaft headframe amounted to 72m, with an accumulated investment of RMB8,000,000.

The processing plant of Maogong Mine has an annual processing capacity of 3 million metric tons. The technology upgrading of the processing plant has been completed in June 2015. The upgraded technique of "high-pressure grinding rolls + laminated high-frequency fine screen + selected wash mills" was applied to control the iron, silicon and impurity content in the iron ore concentrates and the particle size range of the products, so as to adjust the product specification according to market needs in a timely basis. After completion of the technology upgrading, the grade of iron ore concentrates was improved to 67%, with substantial increase in output and a significant decrease of 26.63% in processing costs.

Maogong Mine	**For the year ended 31 December**		
	2015	2014	**Change**
Output of iron ore concentrates (thousand metric tons)	**649**	381	70.34%
Sales amount of iron ore concentrates (thousand metric tons)	**652**	387	68.48%
Mining costs (RMB per metric ton of iron ore concentrate)	**208**	209	-0.48%
Of which, underground mining by contractor	**88**	N/A	N/A
Processing costs (RMB per metric ton of iron ore concentrate)	**135**	184	-26.63%
Government tax (RMB per metric ton of iron ore concentrate) *Note 1*	**30**	67	-55.22%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 2*	**11**	9	22.22%

Note 1: The decrease was mainly attributable to the decrease of resource tax from RMB12 per metric ton of iron ore to RMB6 per metric ton in May 2015, and also the decrease in surcharge due to the decrease in selling price.

Note 2: The transportation service was provided by third parties. The increase in freight on sales was mainly attributable to detour of transportation routes selected by Maogong Mine and the increase in transportation distance of certain customers during the year.

In 2015, Maogong Mine focused on the shaft and drift development of the underground mining works, the construction of the main shaft headframe and ore bin and the auxiliary facilities as well as the installation of equipments for the main shaft and headframe. As of 31 December 2015, the capital expenditure of Maogong Mine was RMB113,099,000, of which the investment for construction projects amounted to RMB60,851,000, expenditure for investment to expand exploration coverage amounted to RMB34,750,000, expenditure for acquisition of lands amounted to RMB210,000, and expenditure for property, plant and equipment amounted to RMB17,288,000. The capital commitment amounted to RMB137,603,000.

3) Benxi Mine

Benxi Mine is located in Pingshan District, Benxi City, and is operated by the Company through its subsidiary Benxi Hanking Mining Co., Ltd. ("**Benxi Mining**"). Benxi Mine owns mining licenses covering areas of 0.25 km^2, and has extensive infrastructures including paved roads, water and electricity supplies. As production at Benxi Mine was suspended for two months at the end of 2015 due to the market price of iron ore concentrates, the output for the year amounted to 242 thousand metric tons, representing a decrease of 10.37% as compared with the previous year.

An independent third party was engaged by Benxin Mine to undertake the underground mining. In 2015, in view of the market condition, Benxi Mine and the independent third party negotiated and reached agreement to reduce the mining service costs. Coupled with the decrease in ratio of concentration in processing, the mining costs per metric ton of iron ore concentrates recorded a year-on-year decrease of 8.61%. Benxi Mine engaged Benxi Hanking Iron Processing Co., Ltd. ("**Benxi Iron Processing**") to provide iron ore processing service. In 2015, after negotiation between the two parties, the processing service costs per metric ton of iron ore was reduced to RMB19 (excluding tax). Coupled with the completion of optimization of the production process, the processing costs recorded a year-on-year decrease of 8.43%.

Benxi Mine	**For the year ended 31 December**		
	2015	2014	**Change**
Output of iron ore concentrates (thousand metric tons)	**242**	270	-10.37%
Sales amount of iron ore concentrates (thousand metric tons)	**237**	273	-13.19%
Mining costs (RMB per metric ton of iron ore concentrate)	**488**	534	-8.61%
Of which, underground mining by contractor	**146**	252	-42.06%
Processing costs (RMB per metric ton of iron ore concentrate)	**152**	166	-8.43%
Of which, ore processing by a contractor	**95**	104	-8.65%
Government tax (RMB per metric ton of iron ore concentrate) *Note 1*	**44**	55	-20.00%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 2*	**N/A** *Note 2*	N/A *Note 2*	N/A *Note 2*

Note 1: The decrease was mainly attributable to the decrease of resource tax from RMB12 per metric ton of iron ore to RMB6 per metric ton in May 2015, and also the decrease in surcharge due to the decrease in selling price.

Note 2: As transportation of the iron ore was arranged by Benxi Mine itself, freight on sales was included in the mining costs and processing costs.

In 2015, the capital expenditure of Benxi Mine was RMB20,351,000, of which expenditure for investment to expand exploration coverage amounted to RMB18,465,000, investment for construction projects amounted to RMB1,531,000 and expenditure for property, plant and equipment amounted to RMB355,000. The capital commitment amounted to RMB0.

4) *Xingzhou Mine*

Xingzhou Mine is located in Dongzhou District, Fushun City, and is operated by the Company through its subsidiary Xingzhou Mining. Xingzhou Mine owns mining licenses covering areas of 0.94 km^2, and has extensive infrastructures including paved roads, water and electricity supplies. Xingzhou Mine has two processing plants with an annual iron ore processing capacity of 1.5 million metric tons. Against the backdrop of continuously decreasing price of iron ore concentrates and in order to improve productivity and facilitate sustainable development, the Company launched the overall project planning for the processing plant of Xingzhou Mine in 2015, and production at Xingzhou Mine was suspended for the whole year.

5) Shangma Mine

Shangma Mine is located at the center of the iron ore belt in Fushun City, which is situated between Aoniu Mine and Xingzhou Mine, serving as a link connecting the two major mines. Shangma Mine owns mining licenses covering areas of 4.98 km^2. Given the large areas of land taken by open-pit mining and the higher mining costs of Shangma Mine, the Company closed the open pits in 2015 and launched the overall project planning for the processing plant of Shangma Mine in the second half of 2015, and production at Shangma Mine was suspended from November 2015.

Shangma Mine	**For the year ended 31 December**		
	2015	2014	**Change**
Output of iron ore concentrates (thousand metric tons)	**53**	154	-65.75%
Sales amount of iron ore concentrates (thousand metric tons)	**53**	158	-66.62%
Mining costs (RMB per metric ton of iron ore concentrate)	**367**	341	7.75%
Of which, underground mining by contractor	**120**	N/A	N/A
Processing costs (RMB per metric ton of iron ore concentrate)	**164**	192	-14.52%
Government tax (RMB per metric ton of iron ore concentrate) *Note 1*	**47**	69	-31.88%
Freight on sales (RMB per metric ton of iron ore concentrate) *Note 2*	**15**	28	-46.07%

Note 1: The decrease was mainly attributable to the decrease of resource tax from RMB12 per metric ton of iron ore to RMB6 per metric ton in May 2015, and also the decrease in surcharge due to the decrease in selling price.

Note 2: The transportation service was provided by third parties.

As of 31 December 2015, the capital expenditure of Shangma Mine was RMB26,259,000, of which, expenditure for underground shaft and drift development amounted to RMB14,847,000 and expenditure for property, plant and equipments amounted to RMB11,412,000. The capital commitment amounted to RMB0.

3. *Iron ore resources and reserves*

1) *Iron ore resources and reserves*

In 2015, the Group achieved remarkable exploration results. By conducting exploration works in the surroundings and the depth extension of the existing mines, 23,414 thousand metric tons of iron ore resources has been defined in the surrounding areas of the mining licenses, with a resources increase of 16,152 thousand metric tons for Aoniu Mine and 4,312 thousand metric tons for Shangma Mine respectively.

Details of exploration works in 2015 conducted at each mine are as follows:

Mines	**Drilling holes completed**	**Meters drilled (meter)**	**Drill hole diameter (mm)**	**Exploration expenditure (RMB'000)**	
				2015	2014
Shangma Mine	36	10,948.88	75	**3,758**	4,053
Benxi Mine	0	0	0	**0**	0
Maogong Mine	0	0	0	**0**	0
Aoniu Mine	21	8,750.37	75	**3,733**	3,179
Xingzhou Mine	0	0	0	**0**	0
Total	57	19,699.25	N/A	**7,491**	7,232

As of the end of 2015, the Group owned 244 million metric tons of iron ore resources. By conducting exploration activities in 2015, the resources had a year-on-year increase of 18,865 thousand metric tons from the surrounding areas of existing mining licenses. The increased amount of iron ore resources through exploration activities for each mine as at the end of 2015 and the quantity of iron ore resources of each mine as at the end of 2015 were as follows:

Mines	**Resources Category**	**Increased Amount for 2015 (metric ton)**	**Resources Amount at the end of 2015 (metric ton)**	**TFe (%)**
Aoniu Mine	Indicated	12,037,000	19,429,299	31.60
	Inferred	4,115,000	20,610,590	31.89
Subtotal of Aoniu Mine		16,152,000	40,039,889	31.75
Maogong Mine	Indicated	0	29,664,951	32.29
	Inferred	0	9,135,050	30.15
	Inferred*	0	217,700	22.47
Subtotal of Maogong Mine		0	39,017,701	31.72
Xingzhou Mine	Indicated	0	32,956,373	30.88
	Inferred	0	27,779,010	30.65
	Indicated*	0	63,722,270	22.76
Subtotal of Xingzhou Mine		0	124,457,653	26.67
Benxi Mine	Indicated	217,790	1,966,470	26.68
	Inferred	2,732,723	4,897,983	26.68
	Inferred*	0	1,750,310	20.35
Subtotal of Benxi Mine		2,950,513	8,614,763	23.62
Shangma Mine	Indicated	1,385,000	8,122,403	31.07
	Inferred	2,927,000	23,727,200	30.56
Subtotal of Shangma Mine		4,312,000	31,849,603	30.73
Total	Indicated	13,639,790	92,139,496	31.21
	Inferred	9,774,723	86,149,833	30.78
	Indicated*	0	63,722,270	22.76
	Inferred*	0	1,968,010	22.47
Total resources		23,414,513	243,979,609	28.70

* Represents low-grade ore body

Note: With the estimation of iron ore resources, firstly, the industrial parameters were determined in accordance with the requirements of the general standard of the geological exploration profession in the PRC "Geological and Exploration Standards for Iron, Manganese and Chrome Deposits" (DZ/T0200-2002); and then the "Geological Block" method was selected based on the geological characteristics of the ore bodies to estimate the amount of ore resources using the volume and specific gravity of ore body in each block. The resources category classification is based on the extent of geological exploration work carried out and comparable to the JORC Code.

As of the end of 2015, the Group owned 172 million metric tons of JORC Code-compliant iron ore reserves. The increased amount of iron ore reserves for each mine as at the end of 2015 and the quantity of iron ore reserves of each mine as at the end of 2015 were as follows:

Mines	**Reserves Category**	**Increased Amount for 2015 (metric ton)**	**Reserves at the end of 2015 (metric ton)**	**TFe (%)**
Aoniu Mine	Probable Ore Reserve	3,238,483	15,169,979	25.69
Maogong Mine	Probable Ore Reserve	0	32,709,968	26.93
	Probable Ore Reserve*	0	72,567	22.47
Xingzhou Mine	Probable Ore Reserve	0	42,216,043	26.49
	Probable Ore Reserve*	0	63,722,270	19.45
Benxi Mine	Probable Ore Reserve	2,950,513	5,882,040	20.91
Shangma Mine	Probable Ore Reserve	0	12,440,303	25.90
Sub-total	Probable Ore Reserve	6,188,996	108,418,333	26.05
	Probable Ore Reserve*	0	63,794,837	19.45
Total	Probable Ore Reserve+Probable Ore Reserve*	6,188,996	172,213,170	23.72

* Represents low-grade ore body

Note: In accordance with the JORC Code, ore reserves are the economically mineable portion of the exploration obtained resources, and are determined based on mine feasibility study as well as actual operation parameters from the operations of relevant mines.

NICKEL BUSINESS

In 2015, London Metal Exchange nickel metal market price opened at USD15,075 per metric ton and closed at USD8,820 per metric ton, with a decrease of 41.5%. The overall market showed a dramatic decline trend, recording the biggest decrease among the top six base metals, which was mainly attributable to several factors including the slowdown in the stainless steel output in the PRC, the persistently high inventory of nickel and the strength in the US Dollars.

With the commencement of operation of the nickel smelting projects in Indonesia, nickel trading activities in Indonesia gradually picked up. According to incomplete statistics, the production capacity of nickel projects expected to commence production by June 2017 will amount to 348,000 metric tons of metal nickel, with an annual consumption of laterite nickel containing 1.8% nickel of over 30 million metric tons. For the current year, the nickel business will resume mining production according to the conditions of the nickel ore market.

The Company acquired the 52.5% equity interests of laterite nickel project located in North Konawe Regency, Sulawesi, Indonesia (the "**Nickel Project**") in the first half of 2013. As of the end of 2015, the nickel business of the Company has a JORC Code-compliant resources of 350,925 thousand metric tons of laterite nickel ore resources at the cut-off nickel grade of 1%, with an average nickel grade of 1.37%. Resource with nickel grade lower than 1% and iron grade higher than 45% (i.e. resources with high TFe and low Ni) amounted to 90,540 thousand metric tons, with an average TFe grade of 50.27%. Since the acquisition, the Company has made strenuous efforts to enhance its mining capacity and infrastructure construction, currently with an annual mining capacity of 5 million metric tons of ore.

In order to develop the abundant nickel resources of the Nickel Project, the Company must, in accordance with Indonesian laws, construct smelting plant to manufacture nickel products in Indonesia. The Indonesia Nickel Project Company actively carried out negotiations with the relevant parties in seeking a solution to make efficient utilization of the nickel resources. During 2015, in respect of mining and smelting of nickel ore, the following preparatory works were carried out by the Nickel Project Company:

- Geotechnical engineering exploration for the proposed blast furnace plant and oceangraphic surveys for the proposed jetty at the PT Bhumi Swadaya Mineral ("**BSM**") mining area were completed; Information on the water supply for the smelting plants from Molore and Langgikima River was obtained; Boundary surveys and other preparatory works for the forest permit of the BSM mining area were completed;

- Construction of dormitories, storages, plants and other structures with a gross floor area of 2,670 square meters was completed;

- Existing roads of 11.5 kilometers were maintained, and cofferdams of 670 meters were newly built or repaired;

- Application for IUP license for Central Sulawesi limestone was completed; and

- Efforts were made to fine-tune the planning of industrial park for comprehensive development of nickel resources, and preliminary letters of intent in relation to investments in the industrial park were entered into with a number of renowned enterprises. Adjustments were made to the construction plan of the Phase 1 smelting project to better fit the China's development strategy of "One Belt and One Road" and the target of "Going-global" of the equipment manufacturing industry. The Company has approached potential partners and reached letters of intent for investments. The Company has made strenuous efforts to approach domestic and overseas financial institutions, paving ways for financing of the project.

In 2015, being affected by the Export Bans, production for the Group's nickel business was suspended. The Group's loss of nickel business was RMB41,843,000, representing a year-on-year decrease of 41.96%. The capital expenditure amounted to RMB22,334,000 (2014: RMB41,818,000), and the capital commitment was RMB0 (2014: RMB69,119,000).

FINANCIAL REVIEW

1. Income, Cost of Sales and Gross Profit

For the year of 2015, the Group's revenue was RMB1,219,751,000, representing a decrease of RMB148,901,000 or 10.88% over the corresponding period of last year, mainly due to (i) a decrease of RMB477,578,000 in revenue from iron ore concentrates as compared to last year as a result of a decline in sales price thereof; (ii) an increase of RMB55,560,000 in revenue from iron ore concentrates as compared to last year as a result of an increase in sales volume thereof; (iii) the forgoing being offset by revenue of RMB292,532,000 from the commercial production of gold business commencing in August 2015.

For the year of 2015, the Group's cost of sales was RMB929,221,000, representing an increase of RMB41,240,000 or 4.64% over the corresponding period of last year, mainly attributable to an increase of RMB207,763,000 in cost of sales of gold business after commercial production and a year-on-year decrease of RMB196,653,000 or 22.42% in cost of sales of iron ore business as a result of refined cost management via technology improvement.

For the year of 2015, the Group's gross profit was RMB290,530,000, representing a decrease of RMB190,141,000 or 39.56% over the corresponding period of last year. Gross profit margin of the Group declined from 35.12% to 23.82%, which was mainly due to the slipping of the average sales price of iron ore concentrates.

2. Other Income and Expenses

For the year of 2015, the Group's other income was RMB33,389,000, representing an increase of RMB9,061,000 or 37.25% over the corresponding period of last year. Other income mainly included interest income.

For the year of 2015, the Group's other expenses were RMB292,763,000, representing an increase of RMB235,788,000 or 413.84% over the corresponding period of last year. For the main reasons for such increase, please refer to paragraph 5 "Provision for Asset Impairment" as set out in this section. Other expenses consisted of provision for asset impairment, foreign exchange losses, losses from disposal of properties, plants and equipment, charity donation and other overheads.

3. Selling and Distribution Expenses and Administrative Expenses

For the year of 2015, selling and distribution expenses of the Group were RMB38,386,000, representing a decrease of RMB6,292,000 or 14.08% over the corresponding period of last year, which was mainly due to a fall in freight rates. Selling and distribution expenses consisted of transportation expenses, labour expenses and others.

For the year of 2015, administrative expenses of the Group were RMB230,786,000, representing a decrease of RMB25,983,000 or 10.12% over the corresponding period of last year. Administrative expenses included remuneration paid to the Group's management and administrative staff, depreciation and amortization, leasing and office expenses, business development expenses, professional consultation and service expenses, taxation expenses, bank charges, inventory depreciation reserves, accrued doubtful debt reserves and others.

4. Financing Costs and Income Tax Expense

For the year of 2015, financing costs of the Group were RMB169,319,000, representing an increase of RMB55,955,000 or 49.36% over the corresponding period of last year. The increase was mainly due to an increase of RMB34,746,000 in interest expenses as a result of an increase in borrowings and an increase of RMB19,691,000 in discount interest expenses as a result of the discounting of bank acceptance bills. Financing costs included bank borrowing interest expenses, discount expenses and other financing expenses and the amortization of long-term payable discount charges.

For the year of 2015, the income tax expenses of the Group was RMB-5,657,000, representing a decrease of RMB61,759,000 or 110.08% over the corresponding period of last year, mainly attributable to a decrease in profit for the year. Income tax expenses included the total amount of current tax payable and deferred tax.

5. Provision for Asset Impairment

For the year of 2015, the provision for asset impairment of the Group was RMB238,631,000, representing an increase of RMB198,638,000 over the corresponding period of last year, mainly because the future recoverable amount of the relevant assets is expected to be lower than their carrying value due to a continuous decline in the market price of iron ore concentrates. The provision for asset impairment mainly included the provision for impairment on non-current assets of Shangma Mine of RMB24,178,000, that of Xingzhou Mine of RMB122,263,000 and that of Benxi Mine of RMB81,092,000.

6. Gains and Losses on Changes in Fair Values of Available-for-Sale Financial Assets

For the year of 2015, gains on changes in fair values of available-for-sale financial assets of the Group amounted to RMB5,066,000 and were recognised in other expenses under the comprehensive income. Such gains were mainly attributable to gains on changes in value of the shares of the Australian listed company and gains on changes in value of the financial products held by the Group of RMB2,271,000 and RMB2,795,000, respectively.

7. Profit and Total Comprehensive Income for the Period

Based on the reasons mentioned above, the loss of the Group for the period was RMB401,678,000, representing an increase of RMB378,789,000 over the corresponding period of last year.

Based on the loss for the period, and affected by the changes in fair values of available-for-sale financial assets and foreign currency translation, the total comprehensive losses for the year of 2015 was approximately RMB429,544,000, representing an increase of RMB365,661,000 or 572.39% over the corresponding period of last year.

8. Properties, Plants and Equipment and Inventories

As of 31 December 2015, properties, plants and equipment of the Group were RMB1,510,095,000, representing an increase of approximately RMB59,111,000 or 4.07% over the end of last year. The increase was mainly due to the increase in the infrastructural stripping amount of the open-pit mining of the gold mines, which was offset by the provision for impairment and depreciation.

As of 31 December 2015, inventories of the Group were RMB147,606,000, representing an increase of approximately RMB10,300,000 or 7.5% over the end of last year, mainly due to an increase in gold ore, materials and inventories of gold in circuit after the entry into commercial production of the gold business.

9. Trade and Other Receivables and Trade and Other Payables

As of 31 December 2015, trade receivables of the Group were RMB428,749,000, representing an increase of RMB93,972,000 over the end of last year, mainly attributable to the extension of payback cycle as affected by the condition of the iron ore concentrate market.

For the year of 2015, other receivables of the Group were RMB218,608,000, representing a decrease of RMB18,634,000 over the end of last year.

As of 31 December 2015, trade payables of the Group were RMB110,001,000, representing a decrease of RMB10,414,000 over the end of last year. As of 31 December 2015, other payables of the Group were RMB425,571,000, representing an increase of RMB120,127,000 over the end of last year, mainly due to an increase in project funds payable and guarantee.

10. Cash Use Analysis

The summary of the Group's consolidated statement of cash flows for the year of 2015 is set out below.

	For the twelve months ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Net cash flows from operating activities	**159,626**	150,104
Net cash flows from investing activities	**(566,152)**	(483,787)
Net cash flows from financing activities	**201,213**	285,120
Net increase in cash and cash equivalents	**(205,313)**	(48,563)
Cash and cash equivalents at the beginning of the period	**299,587**	369,995
Effect of changes in foreign exchange rate on cash and cash equivalents	**4,949**	(21,845)
Cash and cash equivalents at the end of the period	**99,223**	299,587

The net cash inflow from operating activities during the year of 2015 was RMB159,626,000. The amount was mainly attributed to the loss before tax of RMB407,335,000, together with depreciation and amortization of RMB311,922,000, the provision for asset impairment of RMB223,534,000, the increase of RMB60,808,000 in accounts payable, non-cash financial cost of RMB12,292,000, foreign exchange losses of RMB46,073,000 and losses from disposal of properties, plants and equipment of RMB12,777,000 and was partially offset by an increase of RMB72,418,000 in accounts receivable and interest income of RMB27,685,000.

For the year of 2015, the net cash outflow from investing activities amounted to RMB566,152,000. The amount mainly included the amount of RMB346,315,000 used in the acquisition of new plants and machine equipments, acquisition of properties and infrastructural stripping in order to expand production capacity and improve technology, the amount of RMB86,781,000 used as consideration for the acquisition of intangible assets, the amount of RMB25,357,000 used in the acquisition of land and the amount of RMB108,769,000 used in the payment for available-for-sale financial assets.

For the year of 2015, the net cash inflow from financing activities was RMB201,213,000. The amount was mainly from the newly added bank borrowings of RMB1,680,400,000 and was offset by the repayment of bank borrowings of RMB1,067,855,000 and the payment of bank loan deposit of RMB411,332,000.

11. Cash and Borrowings

As of 31 December 2015, cash balance of the Group, including bank loan deposit of RMB913,785,000, amounted to RMB1,013,008,000, representing an increase of RMB210,968,000 or 26.30% over the end of last year.

As of 31 December 2015, the balance of bank borrowings of the Group was RMB2,973,352,000, representing an increase of RMB747,184,000 over the end of last year. Apart from 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, borrowings, 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 for the information disclosed above, there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 December 2015.

12. Gearing Ratio, Interest Rate Risk and Foreign Exchange Risk

The gearing ratio, as calculated by dividing total liabilities by total assets, of the Group increased from 68.52% on 31 December 2014 to 80.33% on 31 December 2015.

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.

Up to now, 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. Meanwhile, the Group acquired mining assets in Indonesia and Australia in 2013. Their assets and liabilities are denominated in Indonesian Rupiah and AUD respectively, which are subject to fluctuation in the foreign exchange rate and affect 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.

13. Assets Securities and Contingent Liabilities

Some of bank borrowings of the Group were secured by mining rights certificates. As of 31 December 2015, the aggregate net carrying value of the mining rights used as securities amounted to RMB359,651,000.

As of 31 December 2015, the Group had no material contingent liabilities.

14. Capital Commitments

In 2015, capital commitments of the Group were RMB159,901,000, representing a decrease of RMB264,013,000 or 62.28% over last year. The capital commitments mainly consisted of the amount of RMB137,603,000 for the underground mining works of Maogong Mine, the amount of RMB50,000 for the underground mining works of Aoniu Mine, the amount of RMB974,000 for the power works of Xingzhou Mine and the government charges of RMB21,274,000 for gold exploration.

15. Capital Expenditure

The Group's capital expenditure increased from approximately RMB483,787,000 in 2014 to approximately RMB559,217,000 in 2015. Expenditure incurred in 2015 mainly included (i) expenditure for acquisition of plants, machine equipment and properties and infrastructural stripping amounting to RMB466,900,000; (ii) expenditure for acquisition of intangible assets amounting to RMB76,501,000; and (iii) expenditure for land compensation, underground mining development and others amounting to RMB15,815,000.

16. Significant Foreign Investments Held

Save for the equity interests in three companies listed on Australian Securities Exchange held by the Group, the Group did not hold any significant investments as of 31 December 2015.

17. Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 28 February 2015, the Group sold its subsidiary Yingkou Xinwang Alloy Furnace Charge Co., Ltd. (營口鑫旺合金爐料有限公司) to an independent third party at nil consideration, resulting in loss on disposal of a subsidiary in an amount of RMB2,266,000. Save as aforesaid, the Group had no material acquisitions or disposals of subsidiaries and associated companies during the year of 2015.

18. Future Plan regarding Significant Investments or Capital Assets

On 1 March 2016, the Company negotiated with an independent third party in relation to the acquisition of certain gold mines by the Company. The acquisition, if implemented, may constitute a discloseable transaction of the Company under the Listing Rules. As at the date of this announcement, no final agreement was entered into by the Company. The Company will continue to seek for business opportunities that are in the interests of the Company and the shareholders as a whole.

Save as disclosed above, as at the date of this announcement, the Group did not have any other plan regarding significant investments.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the independent auditor's report on the Group's audited financial statements for the Year which has included an emphasis of matter, but without qualification:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1(b) to the consolidated financial statements, which states that as at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB 1,433,345,000. In additions, as at 31 December 2015, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amount to RMB159,901,000 as disclosed in note 36 to the consolidated financial statements. After taking into account of the banking facilities available to the Group as disclosed in note 1(b) to the consolidated financial statements, the Directors of the Company consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to materialize the banking facilities as disclosed in noted 1(b) to the consolidated financial statements. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern.

OTHERS

1. Dividend

The Board did not recommend the payment of the final dividend for the year ended 31 December 2015 to the shareholders of the Company.

2. Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Friday, 27 May 2016. The register of members of the Company will be closed from Friday, 20 May 2016 to Friday, 27 May 2016 (both days inclusive) to determine the entitlement to attend and vote at the annual general meeting during which period no transfer of shares will be registered. In order to attend and vote at the 2016 annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 19 May 2016.

3. Management Contracts

For the year ended 31 December 2015, there is no contract entered into by the Company relating to its management and administration or subsisting during the year which is substantial to the entire or any part of the business of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2015.

5. Non-competition Agreement Compliance

The Company signed a non-competition agreement (the "**Non-Competition Agreement**") with the controlling shareholders on 16 June 2011. In accordance with the Non-Competition Agreement, the independent non-executive Directors of the Company is responsible for reviewing and considering whether to exercise such option and pre-emptive right, as well as entitled to conduct annual review of implementation of the agreement on behalf of the Company. During the year of 2015, each controlling shareholder of the Company has made annual confirmation of compliance of the Non-Competition Agreement, and the independent non-executive Directors of the Company have also reviewed the implementation of the Non-Competition Agreement, and confirmed that the controlling shareholders of the Company have fully abided by the agreement without any breach of the agreement.

6. Compliance with Corporate Governance Code

Save as disclosed herein, during the period from 1 January 2015 to 31 December 2015, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), meanwhile, the Company has complied with most of the best practices as recommended therein.

7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors of the Company and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

8. Significant Legal Proceedings

For the year ended 31 December 2015, the Group has not been involved in any significant legal proceedings or arbitration. To the knowledge of the Directors of the Company, there are no significant legal proceedings or claims pending or threatened.

9. Audit Committee

The audit committee under the Board of the Company has reviewed the announcement for Annual Results for 2015 and the financial statements for the year ended 31 December 2015.

10. Auditor

The consolidated financial statements for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu with unqualified opinion.

11. Publication of Annual Report

The 2015 annual report of the Company containing all applicable information required by the Listing Rules, together with the Environmental, Social and Governance Report, will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hankingmining.com) in due course.

APPRECIATION

The Board would like to express sincere gratitude to all the employees of the Group, for their persistent effort in working, which contributed to the competitive advantage of the Group among the challenging market. We also would like to express our thanks to the government, shareholders of the Company and other related parties for their consistent support and trust to the Group.

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

Shenyang, the PRC, 30 March 2016

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