



中國罕王控股有限公司

CHINA HANKING HOLDINGS LIMITED

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(incorporated in the Cayman Islands with limited liability)

Stock Code: 03788



2012 Annual Results Announcement

March 2013

Disclaimer



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- This presentation contains forward-looking statements, these forward-looking statements are subject to risks and uncertainties, and based on the Company and Company’s expectations, assumptions, estimations and forecasts of the industries. Unless required by law, the Company does not undertake to update or revise any forward-looking statements for subsequent circumstances.
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Ms. YANG
Min

Chairlady

- Over 20 years of mining experience
- Successful entrepreneur with high influence
- NPC delegate, a Presidium member of China Mining Association



Dr. PAN
Guocheng

Executive Director, CEO & President

- Over 25 years of mining and management experience
- Served as Technological Development Director of AngloGold North America and General Manager of Gold Fields China (BVI) Ltd.



Mr. ZHENG
Xuezhi

Executive Director & CFO

- Over 19 years of corporate finance and accounting experience
- Served as Deputy General Manager of Zhongxi Certified Public Accountants and Manager of Auditing Department, Yuandu, Weifang



Dr. QIU
Yumin

Executive Director & President of Hanking Australia Pty Ltd.

- Over 20 years of geological exploration and project development experience
- Served as General Manager of Project Generation in Eldorado Gold Corporation



Company Overview



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The Largest Iron Ore and Nickel Mining Company Listed in HK



General Overview

- China Hanking Holdings (“Hanking”), listed in HK in 2011 (stock code:3788.HK), is engaged in exploration, mining, processing and marketing mineral resources and products
- Largest private iron ore company in Northeast China and largest iron ore and nickel mining company listed in Hong Kong with an operation history for over 18 years
- Low cost operator – ~50% of the PRC national average cash operation cost, at the lower end of cost curve
- Highly capable and internationalized management team with expertise on mining and processing



Operation Overview

- Recorded iron concentrates production of 1.638 Mt in 2012, representing a growth of 6.23% as compared to 2011
- Sold 1.623 Mt iron ore concentrate in 2012, an increase of 1.88% as compared to that of 2011; product at an average Fe grade of ~66.2%
- JORC resources and reserves of 220 Mt and 174 Mt, respectively, as at December 31, 2012, an increase of 9.45% and 4.19% respectively as compared to 2011
- Acquired 4,797 Kt of nickel resources and 75 ton of gold resources through acquisition, becoming an international mining company with diversified mining resources



Financials Overview

- Revenue was RMB1,361 mm in 2012, a decrease of 21.16% as compared to 2011, which was mainly due to lower average selling price of iron concentrates
- Operating gross profit was RMB741 mm in 2012
- Average cash operation cost per ton of iron concentrate was RMB355, representing an increase over last year, the Group is able to maintain market competitiveness in secure low costs.



2012-2013 Milestones



2012.7. the company announced the acquisition of 100% equity of Fushun Shangma Mining Co. Ltd., the resolution in relation to which was passed at the EGM held in September, 2012.

On 18 Jan 2013, Hanking announced the acquisition of 100% equity interest in the gold assets of Southern Cross Operations, which further promoted the Group's diversified development.

Acquisition of Large Laterite Nickel Ore in Indonesia (Cont'd)

Acquisition of Gold Mine in Australia

2012-2013

Acquisition of 100% Equity of Shangma Mine

Acquisition of Large Laterite Nickel Ore in Indonesia

2012-2013

2012

Sustainable Development

2012

On 20 December 2012 Hanking announced the acquisition of 70% equity interest in large Indonesian laterite nickel ores, which is an important step of the Group's diversified development.

On 4 Mar, 2013, the resolution in relation to the acquisition of large Indonesian laterite nickel ores was passed by independent shareholders at the EGM, laying a solid foundation for the Group's development into an international resources development company.



Diversification Development - Multi-Mine Asset Portfolio



PRC Iron Ore Mines	
Location:	Liaoning, China
Mines:	5 Mines in total including Aoni, Maogong, Luobokan, Mengjia and Shangma
Mine Life:	25.1 yrs
Current Mining Method:	Open pit
Total Resources:	JORC M+I resources of 220 Mt
Total Reserves:	JORC P+P Reserves of 174 Mt
Mining Capacity (Current)	7.3 Mtpa
Processing Capacity (Current):	6.6 Mtpa
2012 Fe Conc. Production:	1,638 Kt

Indonesia Nickel Mines	
Location:	North Konawe, Sulawesi
Current Mining Method:	Open pit
Mine Life:	63.3 yrs
JORC M+I+I Resources:	351 Mt of laterite Ni and 4.80 Mt Ni
JORC P+P Reserves:	247 Mt of laterite Ni and 3.3 Mt Ni
Mining Capacity (by 2016):	4 Mtpa



Australia Gold Mines	
Location:	Southern Cross, Western Australia
Planned Mining Method:	Open pit + Underground
JORC M+I+I Resources:	2.4 MOz Au (75 ton)
Processing Capacity (2012):	2.4 Mtpa



Source: Company filings and independent technical report

Results Highlights



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Financial Highlights

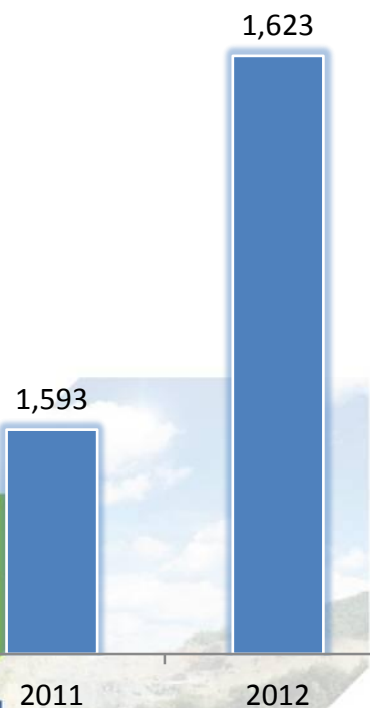
Main Indicators	2011	2012	Change in %
Production of Iron ore concentrates ('000tons)	1,542	1,638	6.23%
Sales volume of Iron ore concentrates ('000tons)	1,593	1,623	1.88%
Revenue(RMB '000)	1,726,488	1,361,138	(21.16%)
Gross profit(RMB'000)	1,140,642	740,964	(35.04%)
Gross profit margin	66.07%	54.44%	(11.63ppt)
Profit before tax(RMB'000)	697,072	489,579	(29.77%)
Net profit (RMB'000)	456,024	360,156	(21.02%)
Net profit margin	26.41%	26.46%	0.05ppt

Revenue Analysis of Iron Ore Concentrates



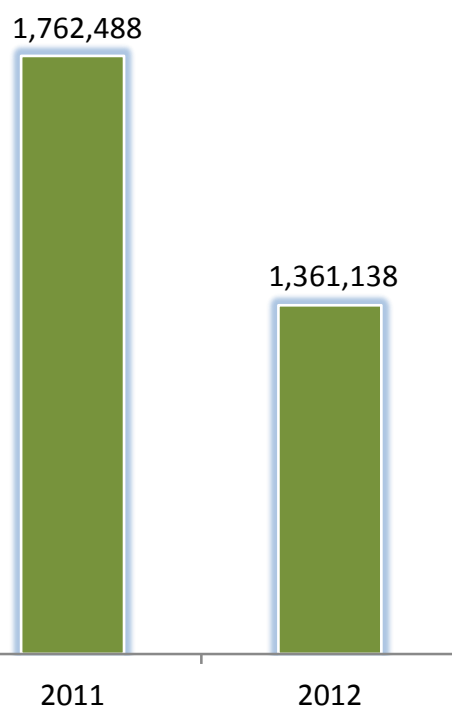
Sales Volume

('000 tons)



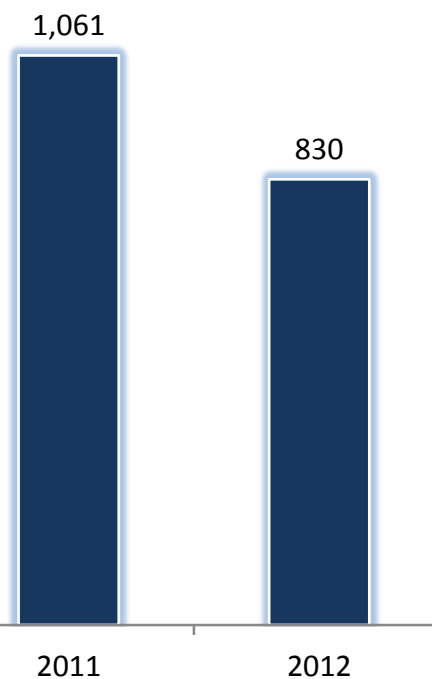
Revenue

(RMB'000)



Average Selling Price

(RMB/ton)



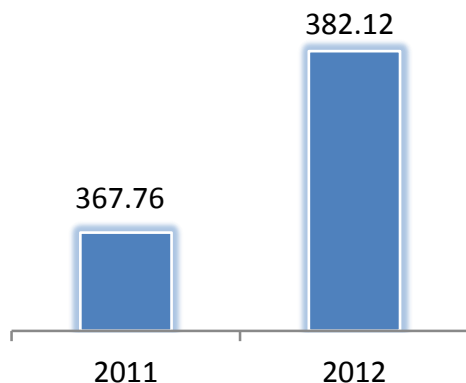
Production Cost Analysis -

Capacity to Remain Low Cost under Rigid Rise of Labor & Raw Material Cost

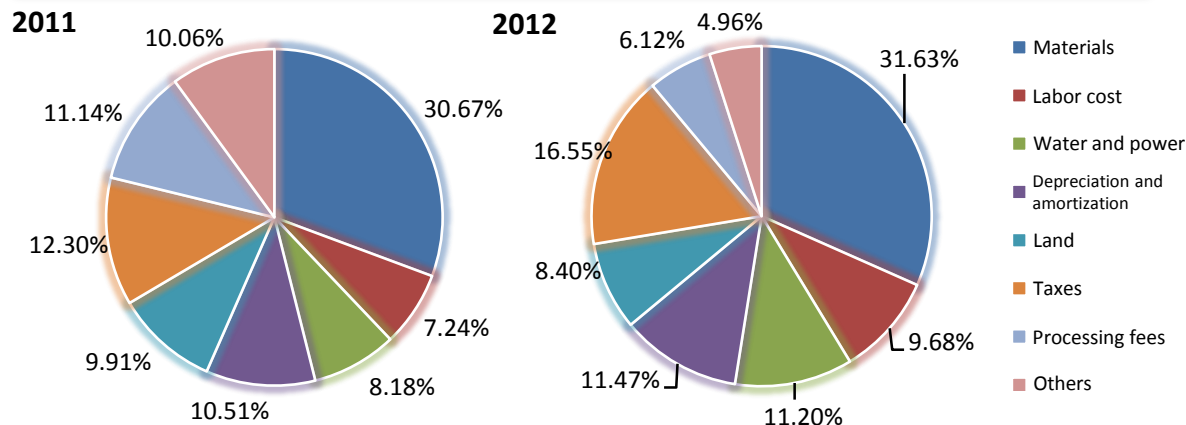


Cost of Sales per Ton

(RMB/ton)

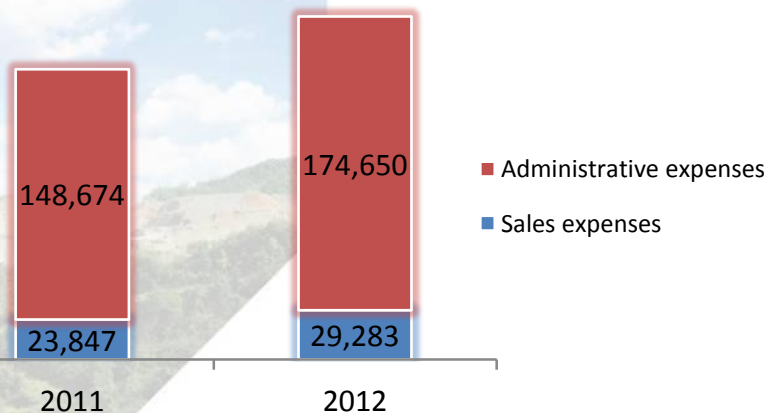


Cost of Sales Analysis



Administrative Expenses & Sales Expenses

(RMB'000)



Administrative Expenses & Sales Expenses per Ton

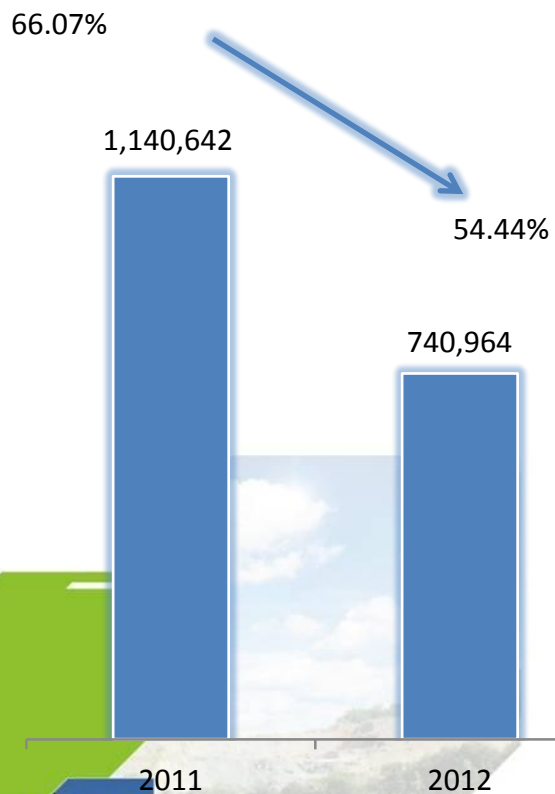
(RMB/ton)



Margins Analysis

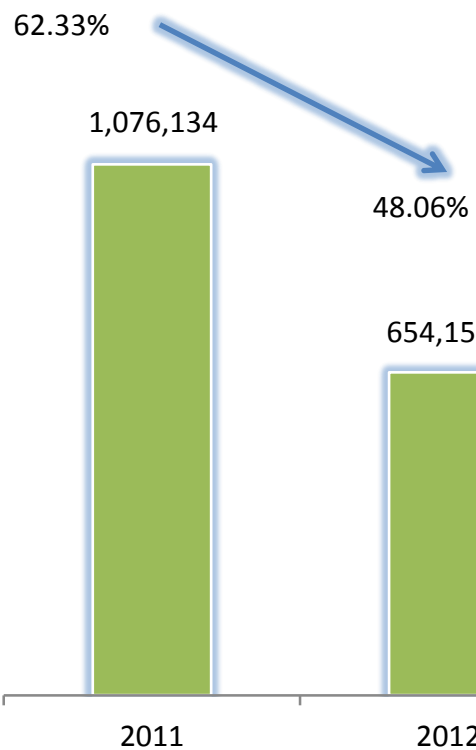
Gross Profit and Margin

(RMB '000)



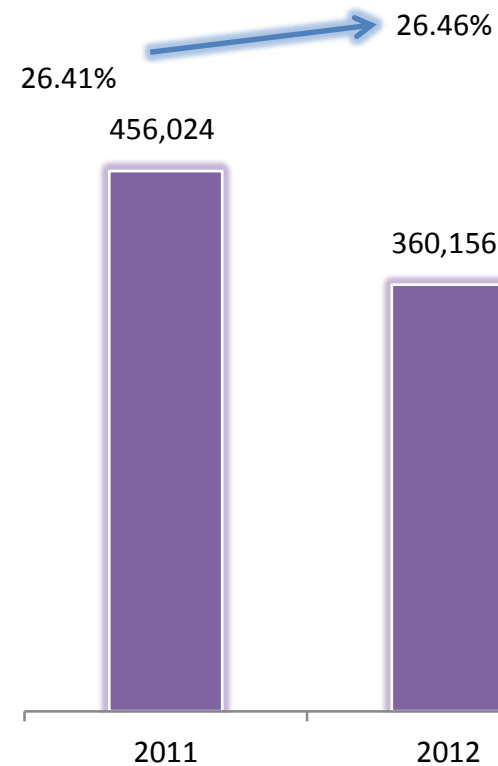
EBITDA and Margin

(RMB '000)



Net Profit and Margin

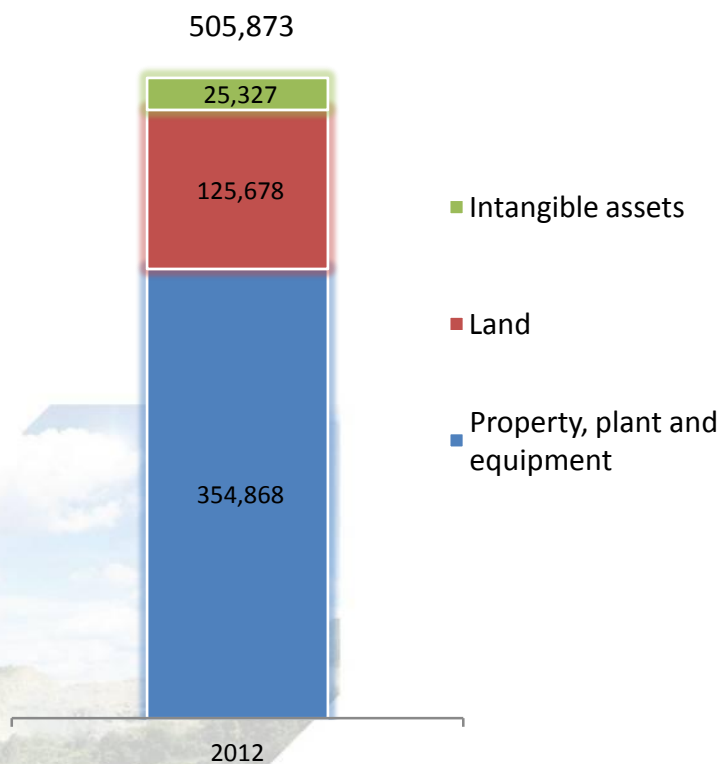
(RMB '000)



Operating Expenditure

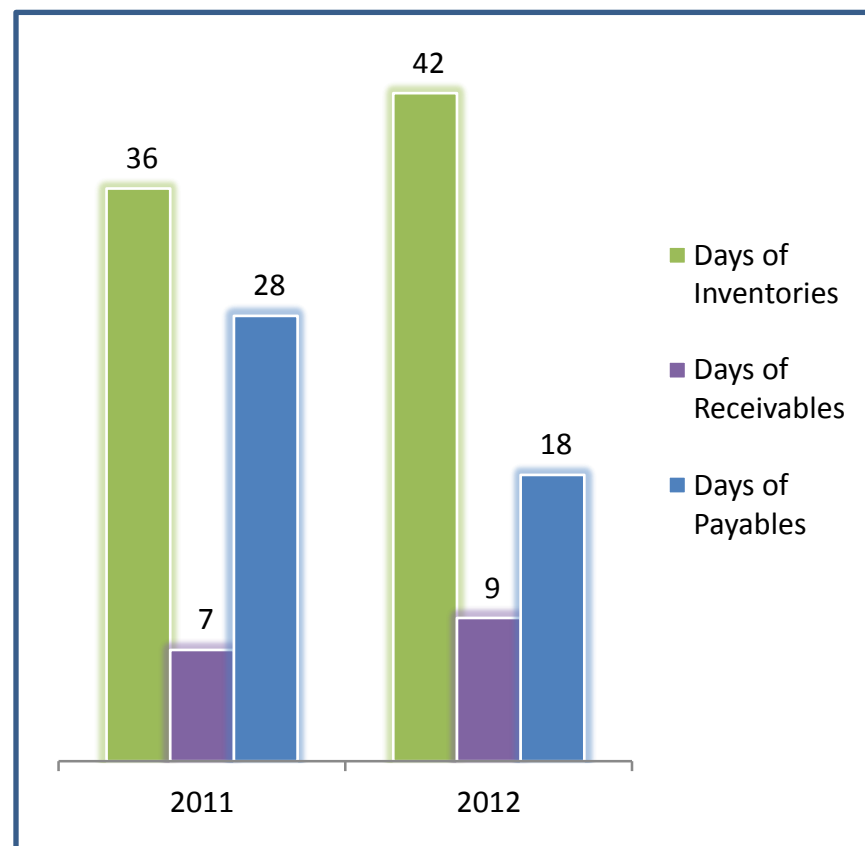
Capital Expenditure Breakdown

(RMB '000)



Working Capital

(Day)





Business Review



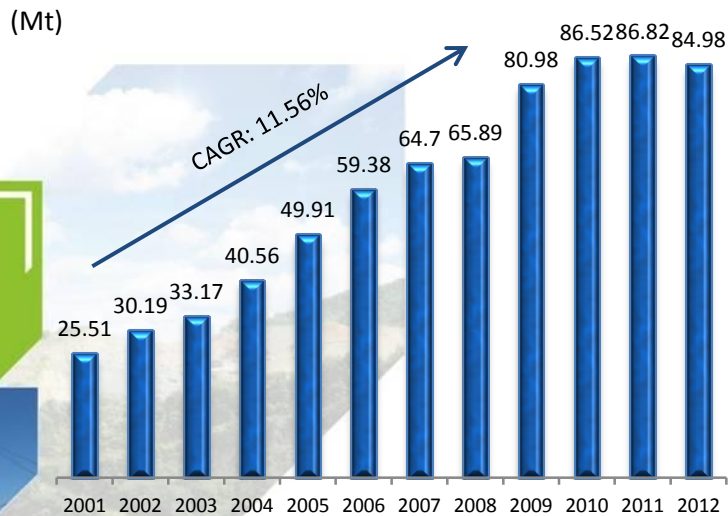
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Industry Overview

The growth rate of steel output slows down, but the accelerating urbanization remains a strong support to domestic demand

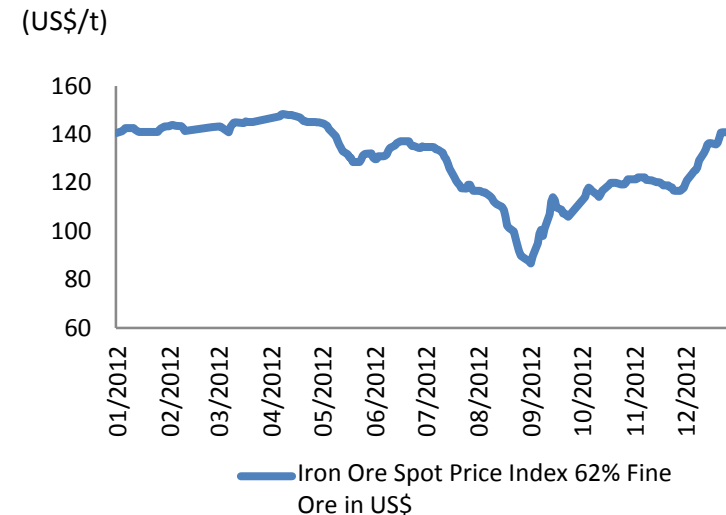
- In 2012, the economy of China was affected and the growth rate was dampened, the GDP increased at 7.8% as compared to 2011, which for the first time dropped to below 8% in the past few years. China's economy has entered a new phase of "sub-high-speed growth".
- In 2012, the national outputs of pig iron, crude steel and steel ware were 657.91 million tons, 716.54 million tons and 951.86 million tons respectively, representing an increase of 3.7%、3.1% and 7.7% respectively year on year.
- By the end of 2011, China's urbanization rate reached 51.3%. According to the 12th Five-Year Plan, urbanization will be the political guidance of China's economic development in the future, which indicates that China's fixed-asset investment may accelerate in 2013.

Iron ore product demand in Liaoning province is higher than the national average



Source: National Bureau of Statistics of China, Bloomberg.

Iron Ore Price in 2012



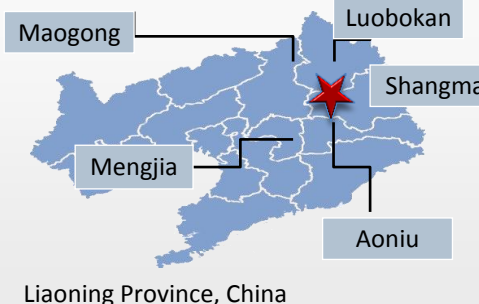
Iron Ore Business

Outstanding Operation Performance



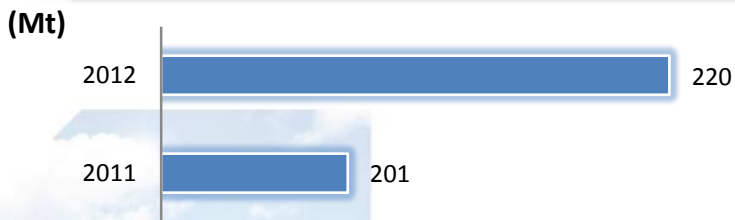
Obtained New Resources through Acquisition and Self-exploration

- To promote the continual production capacity expansion of iron mines, China Hanking acquired 100% equity of Shangma Mine in September 2012, significantly increasing iron ore reserves of the company.
- Shangma Mine is located in the geographic center point of Aoni Mine and Xingzhou Mine. From the sustainable development perspective, the acquisition is beneficial to the integration of the three mines, laying a solid foundation for the Group's production capacity expansion.

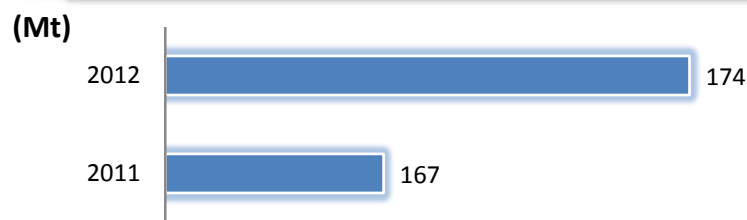


Newly Acquired Shangma Resources/Reserves	
Resources (Mt)	21.3
Average Fe Grade (%)	30.8%
Reserves (Mt)	10.5
Average Fe Grade (%)	25.9%

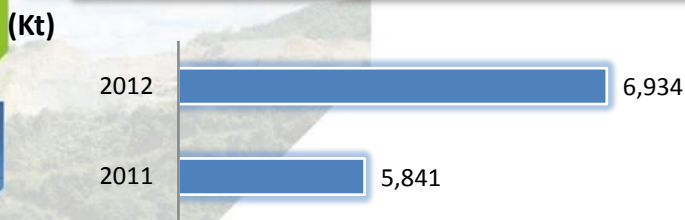
1 9.45% Increase in Iron Ore Resources



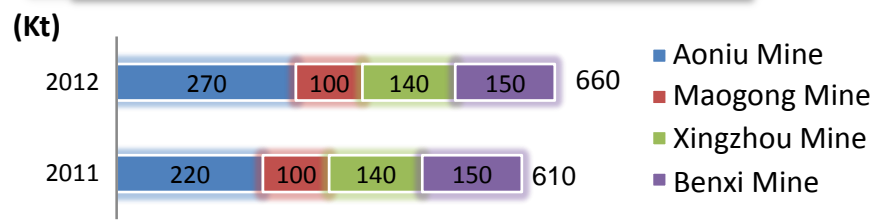
2 4.19% Increase in Iron Ore Reserves



3 18.7% Increase in Iron Ore Production



4 8.2% Increase in Processing Capacity of Iron Ore



Source: Company filings and independent technical report

Iron Ore Business

Progress of Key Projects

Existing Mines	2011	2012				2013				
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Aoniu Mine		★	Aoniu Mine: the second phase of the technology improvement of the first processing plant completed; thick pool works begun, home room pipeline connection is in progress				★	Trial production in April 2013, the expected annual processing capacity is 3 million ton		
				★	Aoniu Mine: completed the higher pool design, bidding and cooper port engineering		★	After underground mining is completed, it is expected to produce 500 thousand tons of iron ores per annum		
Maogong Mine		★	An annual processing capability of 3 million tons project: main building 90% completed, 66kv substation completed; crushing plant and key equipment 40% completed				★	The whole project will start trial production in 2013		
Mengjia Mine		★	Mengjia mining project: ramp excavation completed; major parts of the civil engineering of main mine well completed, which will be suitable for equipment installation				★	Comprehensive underground mining in the middle of April 2013		

★ Completed ★ In Progress



Iron Ore Business

Future Development Plan

2013-2015 Iron Ore Business Development Strategy

Expand its Exploration to Increase Mining Resources and Reserves

- More frequent exploration to upgrade existing resources to probable reserve category
- Continue to explore the existing surrounding areas, so as to seek new resources and subsequently increase mining resources
- Obtain new mining rights in the Aoniu-Shangma mining area and explore on new mining areas

Enhance its Processing Capacity to Achieve an Increase in Production Efficiency

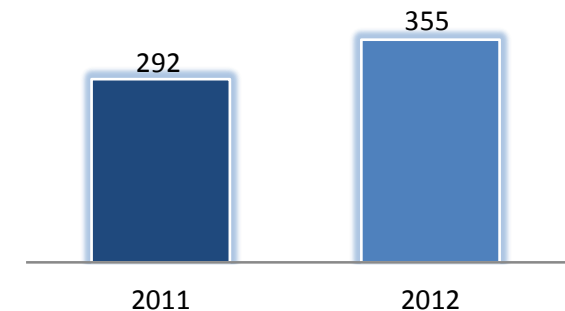
- Expand the existing production scale; complete processing capacity expansion at Aoniu and Maogong mines
- Construct new production facilities in newly explored mines to increase production capacity
- Increase ore supplies, operate simultaneous open pit and underground mining, ensure full utilization of current processing facilities

Implement a Series of Measures to Tighten Cost Control

- Plan to realize cost reduction through economies of scale
- Strengthen staff training to improve production capacity
- Improve efficiency of mining and ore processing with innovative technology
- Reduce consumption of raw materials and energy through technology upgrades
- Improve single ton processing efficiency through the use of large equipment
- Recycle tailings to reduce waste discharge
- Lower security and environment protection costs through optimized management
- Improve internal controls, establish daily cost control procedures
- Improve production planning and budgeting

Stringent Cost Control

(RMB /t)

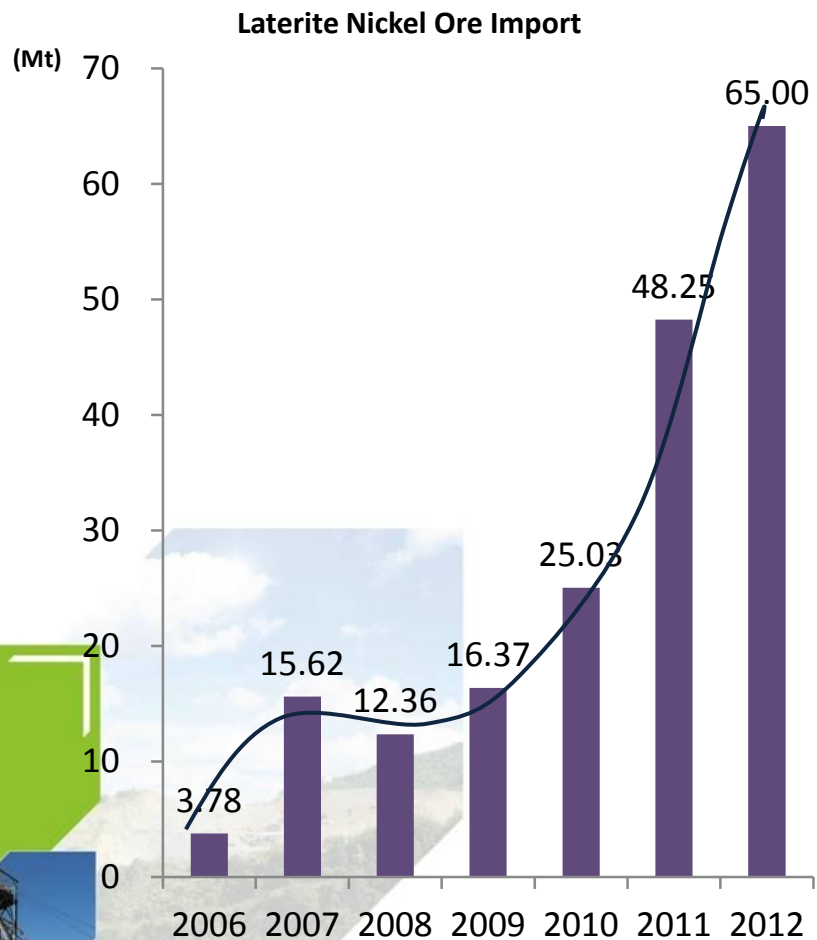


Acquisition of Indonesia Laterite Nickel Ore

Driven by Strong Domestic Demand – Rapid Growth of China's Laterite Nickel Ore Import and Smelting Business

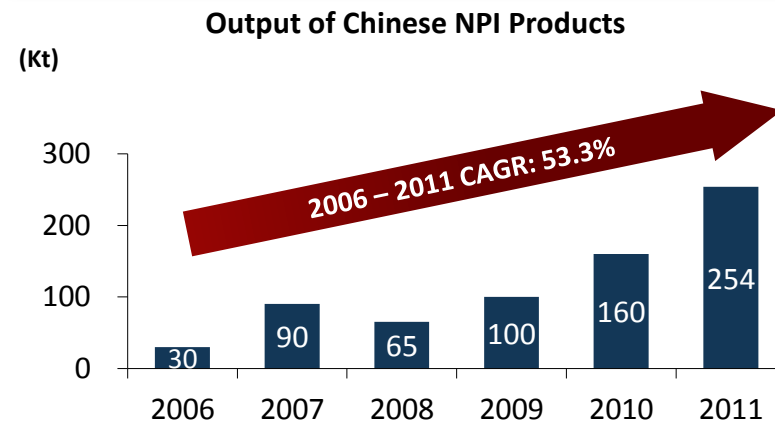


Rapid Growth of China's Laterite Nickel Ore Import



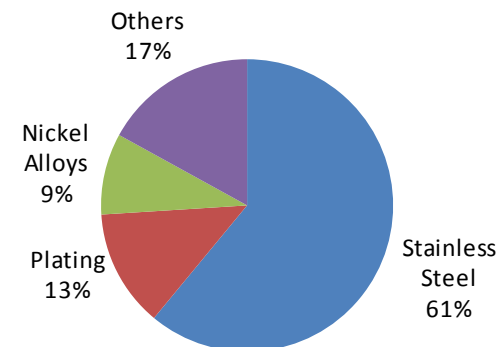
Sources: INSG, China Customs

Rapid Growth of NPI Production in China



Nickel is Mainly Consumed by the Steel Industry

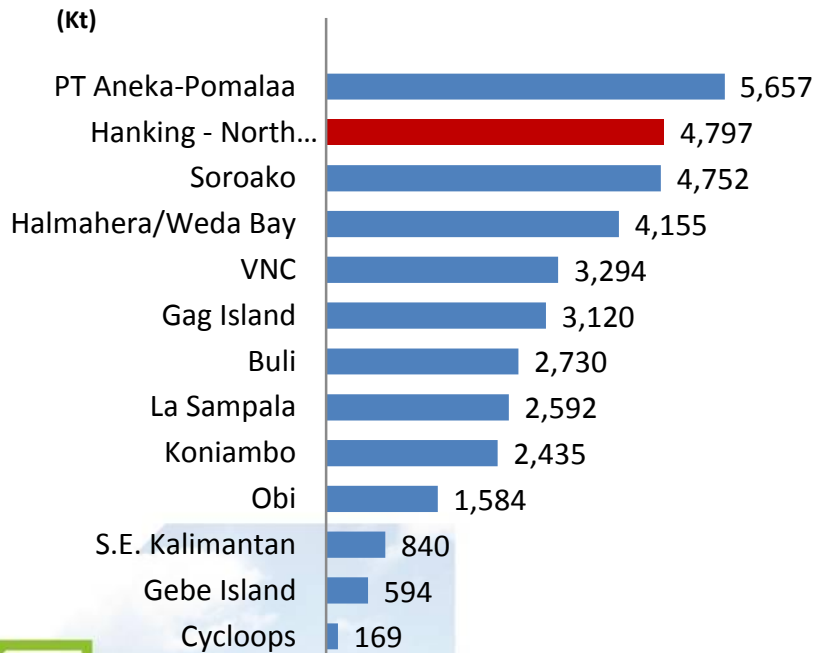
World Nickel Use by Sector in 2011



Acquisition of Indonesia Laterite Nickel Ore

World-class Laterite Nickel Ores

Major Nickel Laterite Ore Deposits Globally



Source: USGS, Wood Mackenzie, Independent technical report
 (1) At a cut-off grade of 1.0% Ni

Basic Information of Hanking's Laterite Nickel Ore

Location	North Konawe, Indonesia
Mine Area	78.7km ²
Permits	Two mining licenses expired in December 2029
Current Status	Operating
Full production time	By the end of 2016, the amount of ore mined will reach 400 tons/year , Nickel metal smelting capacity will reach 40,000 tons / year
Consideration	RMB312 mm
Equity % Owned	52.50%

Mineral Resource Category	Resources (Kt) ⁽¹⁾	Average Grade		Metal Contained	
		Ni (%)		Ni (t)	
Measured	85,818	1.51		1,292,397	
Indicated	182,205	1.35		2,460,766	
Inferred	83,104	1.26		1,043,744	
Measured + Indicated	268,024	1.40		3,753,163	
Measured + Indicated + Inferred	351,128	1.37		4,796,907	

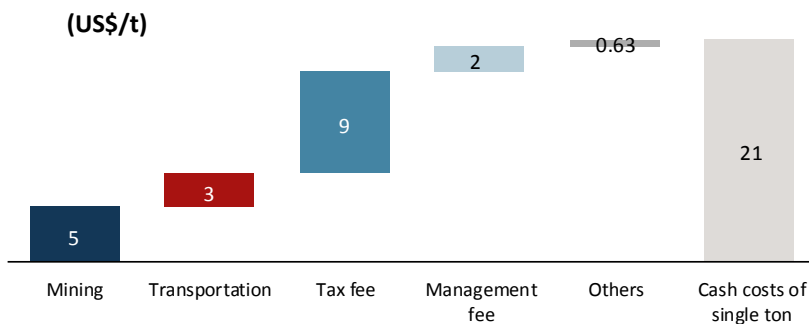
Resource Category	Resources (Kt) ⁽¹⁾	Average Grade		Metal Contained	
		Ni (%)		Ni (t)	
Proved	74,850	1.40		1,046,537	
Probable	171,984	1.31		2,256,590	
Proved + Probable	246,834	1.34		3,303,128	

Acquisition of Indonesia Laterite Nickel Ore

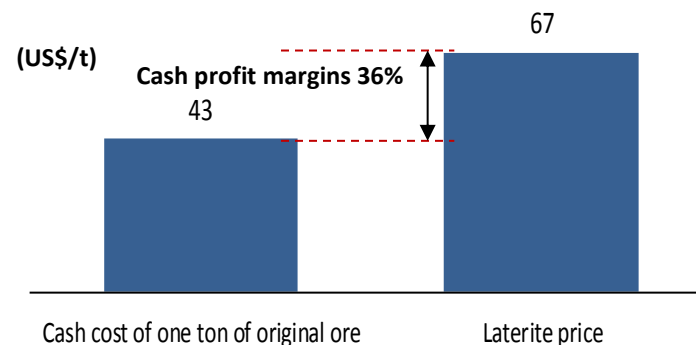
Low Cost High Profits & Rapid Growth Prospects

Details of Average Cash Costs

Costs of Exporting Iron Ore (FOB)

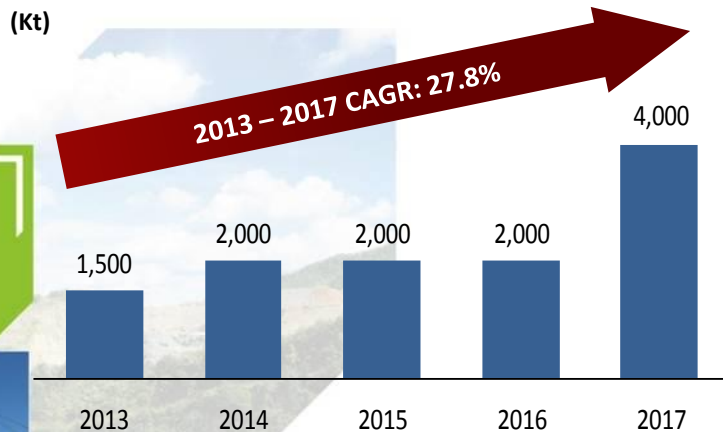


Considerable Cash Profit Margin

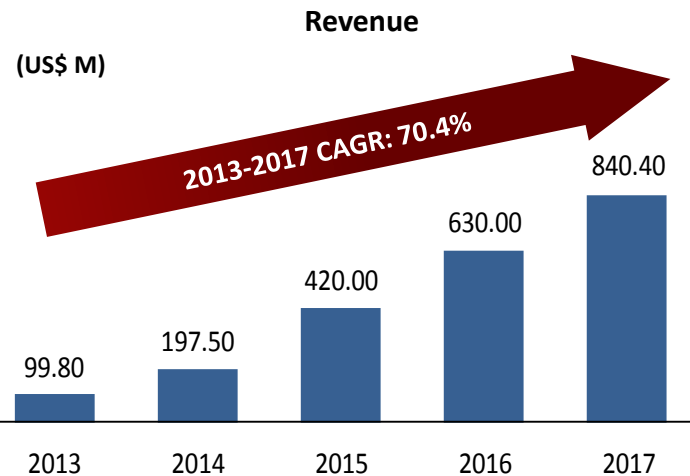


Rapidly Increase in Production

Output of Laterite Nickel Ore



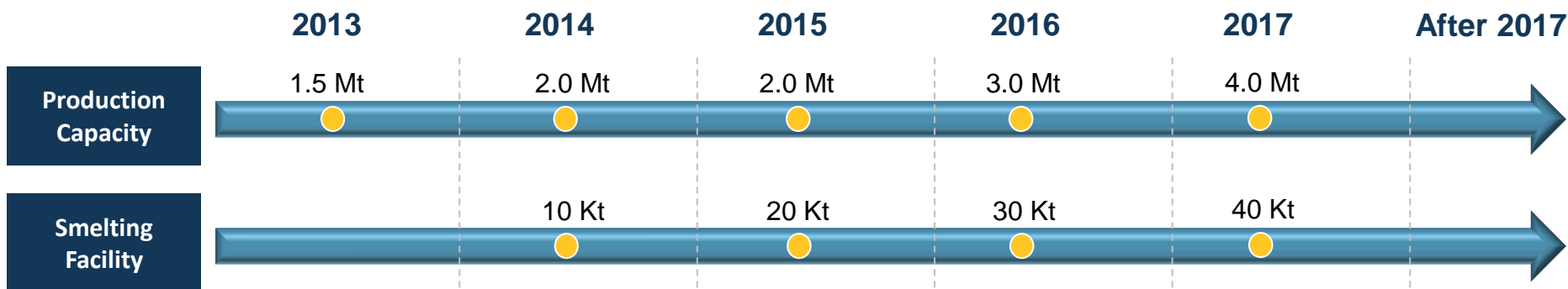
Contribution of Sustainable Revenue



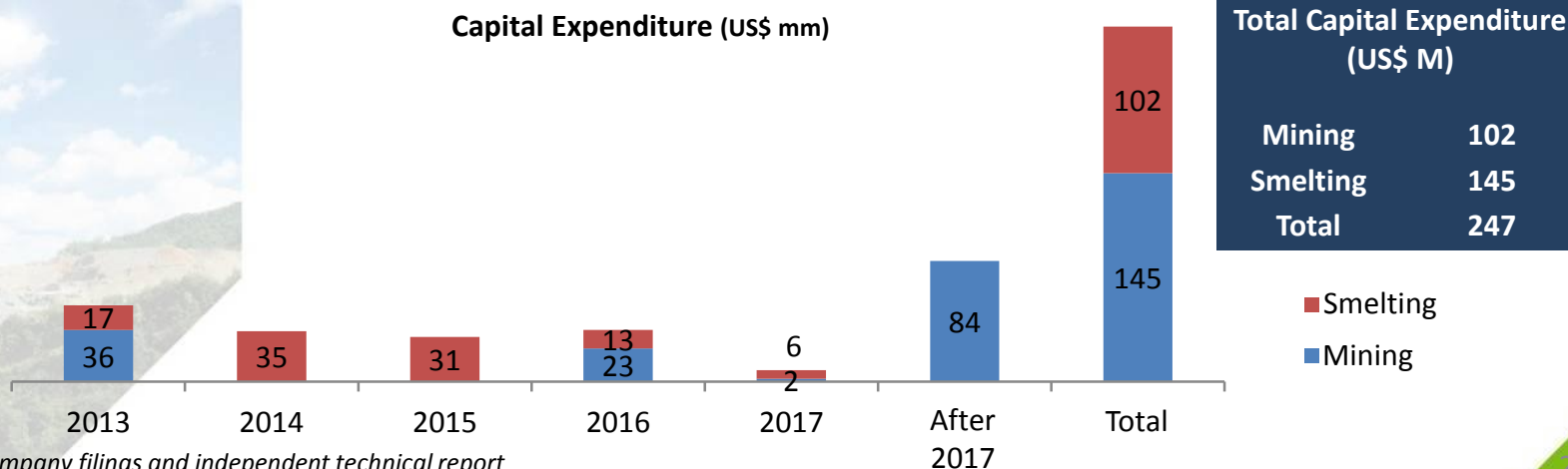
Acquisition of Indonesia Laterite Nickel Ore

Future Development and Investment Plan

Production Plan of Nickel Ore



Capital Expenditure of Nickel Ore Project



Source: Company filings and independent technical report

Acquisition of Gold Mine in West Australia

Low Acquisition Cost of Gold Resources

Asset Summary – Sustainable Resources

Location	Southern Cross, Western Australia, Australia
Mine Area	932 km ²
Permits	Exploration and mining licenses
Resources	JORC M+I+I resources of 2.4 Moz of contained Au
Average Grade	3.6g/t Au
Current Status	Previously producing, suspension pending on further planning
Consideration	A\$22.5 mm
Equity % Owned	100%



Source: Company filings and independent technical report

Hedge Against Risks from Market Fluctuations

- Acquisition of gold resources in Western Australia can mitigate the risks of market fluctuations associated with a single mineral product from the perspective of diversification, and mitigate the risks associated with a single business region from the perspective of geographic diversification;
- Gold is a special metal. It has triple functional attributes including currency, investment and commodities, showing a negative correlation with market commodity price movements;
- In 2013, the U.S. dollar index and the financial markets will become the dominant factors on gold price, especially when another round of global currency devaluation has started. Gold price is expected to rise in the short term.

Acquisition of Gold Mine in West Australia

Low Acquisition Cost of Gold Resources

Low Acquisition Cost Lowers Acquisition Risks

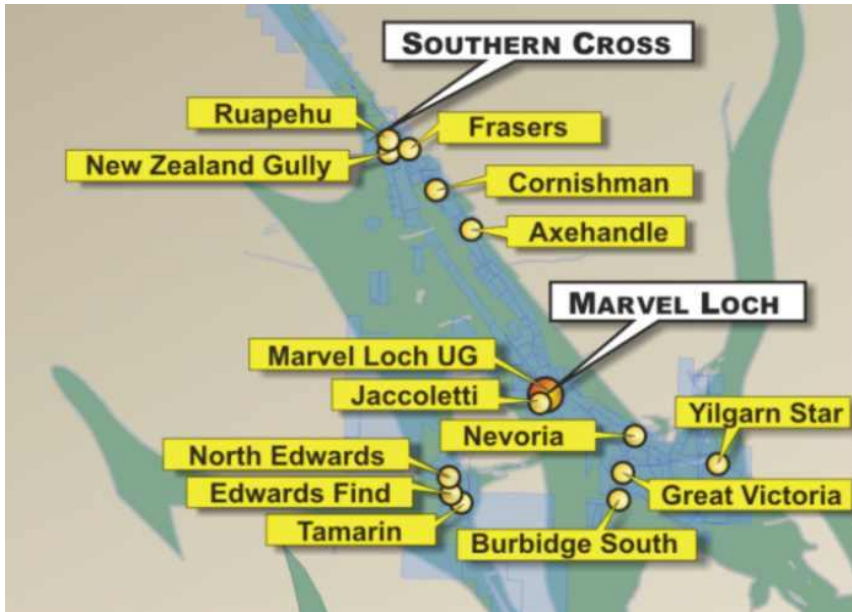
Unit Acquisition Cost of Recent Comparable Transactions

Date	Acquirer	Acquisition Targets	Resources		Processing Plant (Mt/year)	Equity % Acquired	Consideration	
			Au (t)	Grade (g/t)			(A\$ mm)	(A\$ per Oz)
06/2012	Acquirer Company 1	Acquisition Target 1	285	0.98	1.2	100%	560.0	61.1
08/2012	Acquirer Company 2	Acquisition Target 2	67	2.40	1.0	100%	430.0	199.6
08/2012	Acquirer Company 3	Acquisition Target 3	130	1.40	0.6	100%	380.0	90.9
08/2012	Acquirer Company 4	Acquisition Target 4	80	1.36	No	100%	150.0	58.3
10/2012	Acquirer Company 5	Acquisition Target 5	185	1.50	2.5	89%	190.0	31.9
11/2012	Acquirer Company 6	Acquisition Target 6	138	2.20	2.6	51%	225.0	50.7
01/2013	Hanking Australia Pty Ltd.	SXO	75	3.60	2.4	100%	22.5	9.3

Source: Company filings and independent technical report

Acquisition of Gold Mine in West Australia

Competitive Advantages of the Project



Competitive Advantages of the Project

- ✓ Good infrastructure, abundant hydropower resources, convenient transportation, has its own factory, workshop, office / dorm / highway, contribution realized in short-run cash flow
- ✓ Project assets include 940 km² of tenements, covering the 150 km long renowned Gold Belt, large potential of resources growth
- ✓ SXO is a mine with long operating history. Production can be resumed without a long wait time for government approval.



Business Strategies & Outlook



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Corporate Strategies



Diversification Strategy

- ✓ Further implement the diversified development strategy of “focus on iron with gold and nickel as supplements”, so as to improve the development of the nickel and gold ore projects and to reinforce iron ore production at the same time.
- ✓ Hedge against adverse impacts brought by market fluctuations through appropriate diversification of ore assets and product mix, so as to promote the stable development of the group.

- ✓ Reinforce the value chain of exploration, mining and processing, in order to maintain balanced development and to continually create value for shareholders.
- ✓ Maximize the advantages of its professional exploration team, exploit new resources at existing and new mines through comprehensive information integration.

Value Chain Strategy

Corporate Strategy

Low Cost Strategy

- ✓ Low operating cost is the core competitive advantage. The group will minimize costs and maintain low cost advantage through technical innovation, improved management and optimized procedures.
- ✓ The group will reduce the production cost through optimizing and improving current mining and processing technologies, lower production costs and adopt the technique of “increasing crushing and less grinding”.

- ✓ Qualified personnel is the essence of the group’s sustainable development. China Hanking will continue to build a professional team to support the rapid development of the company.
- ✓ The group will continue to adopt a human resources strategy of “globalization and localization”, in order to attract highly qualified talents of management and technology, and localize production team to the greatest extent.

Human Resources Strategy



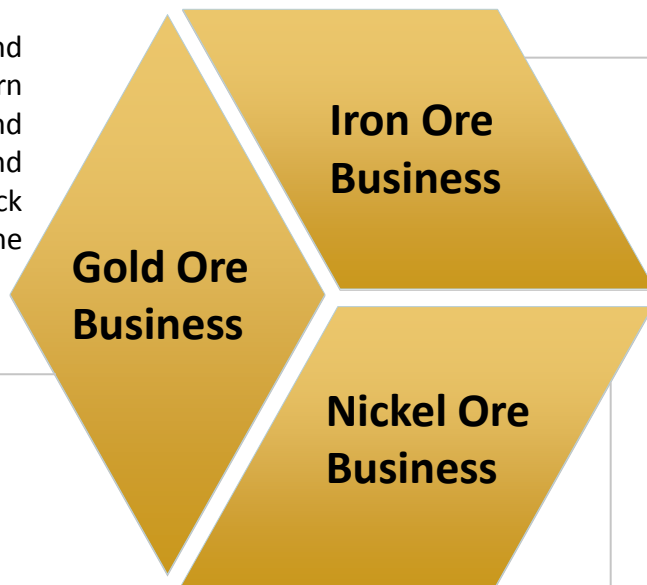
Strategic Allocation

Diversified into a Large International Mining Company



Through overseas acquisitions of world-class nickel and gold mines, China Hanking has evolved from a pure iron ore producer in China into a diversified mining resources developer of iron, nickel and gold mines in China, Indonesia and Australia, becoming one of the international mining enterprises.

Target to complete the acquisition and delivery of the gold mine in Western Australia by the end of April 2013, and complete planning, design of the mine and submit for government approval in April. Kick off construction and production of the project at the beginning of June, 2013.



In 2013, the group targets to produce 1.815 million tons of iron ore concentrates, complete its production expansion plan at Aoni and Shangma mines, obtain the drilling exploration right at Aoni-Shangma mining area, and reach its target level of mining rights at Shangma Mine.

Plan to reach mining target of 1.50 million tons, complete dock construction, complete design of and kick off the construction of nickel smelting facilities in the first half of 2013. Expect to reach the annual production target of 10 thousand tons of nickel by the end of 2013.



High Growth and Sustainable Value Creation

Cost advantage has always been the drive force of value creation for China Hanking amid market volatility. We will maintain our low cost advantage and continue to grow as a value-oriented mining enterprise.

Low Cost

Hanking remains committed to maintaining its competitive advantages in operating cost which is currently far below the industry average in China

High Growth

A relatively fast pace of growth in the coming five years through construction and expansion of iron, nickel and gold mines

Low Risk

A track record of over 18 years in operation supported by outstanding management team as well as a well-developed and efficient production and management system

High Return

High returns in the past few years evidenced Hanking's capability to continuously create value for investors





Q & A



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