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**首鋼福山資源集團有限公司**  
**SHOUGANG FUSHAN RESOURCES GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 639)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
THE 2025 MASTER SALE AGREEMENT**

**2025 MASTER SALE AGREEMENT WITH HONGGUANG POWER**

Reference is made to the announcement of the Company dated 31 December 2021 in relation to the 2022 Master Sale Agreement entered into between the Company and Hongguang Power on 31 December 2021 in respect of the Sale Transactions between the Sellers and the Purchasers for the period from 1 January 2022 to 31 December 2024.

The 2022 Master Sale Agreement will expire on 31 December 2024, and it is expected that the Sellers will continue to enter into similar normal commercial transactions with the Purchasers from time to time thereafter. Accordingly, the Company and Hongguang Power entered into the 2025 Master Sale Agreement on 31 December 2024, which sets out the framework terms governing the Sale Transactions for the period from 1 January 2025 to 31 December 2027.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Hongguang Power is owned as to 49% equity interest by a substantial shareholder of the Company's subsidiaries, being a connected person of the Company. As such, Hongguang Power is an associate of a connected person of the Company under Rule 14A.13(3) of the Listing Rules, and thus also a connected person of the Company. Accordingly, the 2025 Master Sale Agreement and the transactions contemplated thereunder, which involve recurring transactions that will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) calculated with reference to the annual caps under the 2025 Master Sale Agreement exceed 1% but are less than 5%, under Rule 14A.76(2) of the Listing Rules, the 2025 Master Sale Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE 2025 MASTER SALE AGREEMENT**

In the ordinary course of business, pursuant to the 2022 Master Sale Agreement, the Sellers enter into Sale Transactions with the Purchasers from time to time. The 2022 Master Sale Agreement will expire on 31 December 2024, and it is expected that the Sellers will continue to enter into similar normal commercial transactions with the Purchasers from time to time thereafter. Accordingly, the Company and Hongguang Power entered into the 2025 Master Sale Agreement on 31 December 2024, which sets out the framework terms governing the Sale Transactions for the period from 1 January 2025 to 31 December 2027.

The principal terms of the 2025 Master Sale Agreement are set out below:

### **Date**

31 December 2024

### **Parties**

- (A) the Company; and
- (B) Hongguang Power.

## **Nature of the Sale Transactions**

The Sellers will supply coal products (including coal by-products produced in the coking coal washing process) to the Purchasers.

## **Term**

From 1 January 2025 to 31 December 2027 (both days inclusive).

## **Individual agreements**

During the term of the 2025 Master Sale Agreement, the Sellers and the Purchasers will enter into individual sale agreements from time to time setting out the relevant terms of the Sale Transactions, which shall be subject to the terms and conditions of the 2025 Master Sale Agreement.

The Sale Transactions shall be conducted on normal commercial terms and on terms no less favorable to independent third parties.

## **Pricing terms**

The pricing terms under the 2025 Master Sale Agreement will be determined based on an arm's length basis in accordance with the following principles:

- (i) by reference to the prevailing market prices of the same or substantially similar products (which may be with reference to the well-known website [www.sxcoal.com](http://www.sxcoal.com)), taking into account of the price of the same or substantially similar products with comparable order quantities and quality being offered on the market;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those offered to/received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

## HISTORICAL AMOUNTS AND ANNUAL CAPS

### Historical amounts

The total amounts (exclusive of VAT) of the historical transactions for the Sale Transactions for the financial years ended 31 December 2022 and 2023 and the 11 months ended 30 November 2024 respectively are as follows:

	<b>For the year ended 31 December 2022 RMB</b>	<b>For the year ended 31 December 2023 RMB</b>	<b>For the 11 months ended 30 November 2024 RMB</b>
Sale Transactions Amount (rounded to nearest thousand)	87,031,000	49,899,000	23,067,000

### Annual caps

The annual caps (exclusive of VAT) in respect of the 2025 Master Sale agreement are set out below:

	<b>For the year ending 31 December 2025 RMB</b>	<b>For the year ending 31 December 2026 RMB</b>	<b>For the year ending 31 December 2027 RMB</b>
Annual Caps	100,000,000	105,000,000	110,000,000

The annual caps are determined based on factors including: (i) historical transaction amounts between the Sellers and the Purchasers; (ii) the expected sales and production volume of the relevant coal products by the Sellers; (iii) the average highest selling prices of the relevant coal products in the past three years; and (iv) the expected demand of the relevant coal products by the Purchasers.

With reference to historical transaction amounts, while Sale Transactions amounts had decreased in 2023 and 2024, among others, due to drop in average market selling prices of coal and drop in the Group's production volume of raw coking coal, it is expected that the Group's production of coking coal will return to normal from 2025 onwards upon completion of the transition from upper coal seam to lower coal seam of one of the Group's premium operating coking coal mines. The Company has also assumed the market selling coal prices will be stable for the three years ending 31 December 2027, assuming a reasonable growth rate of 5% per annum with reference to the average highest selling prices of the relevant coal products in the past three years.

**Shareholders and potential investors should note that the annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group, and should not rely on any estimations or forecast in this announcement used for the purpose of calculation of the annual caps.**

## **REASONS FOR AND BENEFITS OF THE 2025 MASTER SALE AGREEMENT**

The Group has been supplying coal products to Hongguang Power in its ordinary and usual course of business since the first quarter of 2019. Both parties have been satisfied with all completed orders, including the prices, quality, delivery, and payment terms, and have the intention to continue the Sale Transactions in the long run.

On 3 July 2019, the Company and Hongguang Power entered into a master sale agreement for the period from 3 July 2019 to 31 December 2021 (both days inclusive). Upon its expiry, the parties entered into the 2022 Master Sale Agreement for another three-year term from 1 January 2022 to 31 December 2024 (both days inclusive).

In anticipation of the expiration of the 2022 Master Sale Agreement on 31 December 2024, the Company and Hongguang Power further entered into the 2025 Master Sale Agreement on 31 December 2024, which sets out in particular pricing terms of the Sale Transactions and the annual caps for the three years ending 31 December 2027.

As a renewal of the continuing connected transactions under the 2022 Master Sale Agreement, the 2025 Master Sale Agreement serves to continue to streamline the Sale Transactions and regulate the continuing connected transactions between the Sellers and the Purchasers and comply with the relevant requirements under Chapter 14A of the Listing Rules.

The Directors (including independent non-executive Directors) are of the view that the 2025 Master Sale Agreement is entered into in the ordinary and usual course of business of the Group, and the terms contained therein are on normal commercial terms or better, which are arrived at after arm's length negotiations between the parties, and the annual caps and other terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL POLICY OF THE GROUP**

To ensure that the transactions contemplated under the 2025 Master Sale Agreement will be conducted in accordance with its terms and conditions, the internal audit department of the Company will review the Sale Transactions on a periodic basis to ensure that (i) the transactions are conducted in accordance with the terms of the 2025 Master Sale Agreement; (ii) the pricing terms are in accordance with the pricing policy of the 2025 Master Sale Agreement; and (iii) the annual caps have not been exceeded.

The Sale Transactions contemplated under the 2025 Master Sale Agreement are subject to the review by the independent non-executive Directors on an annual basis, who will confirm in the annual report whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the 2025 Master Sale Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In addition, the Sale Transactions will also be subject to the review on an annual basis by the auditors of the Company, who will confirm to the Directors as to whether there is anything which has come to their attention that causes them to believe that such continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps.

## **INFORMATION REGARDING THE PARTIES**

### **The Company and the Group**

The Company is an investment holding company and the Group is principally engaged in coking coal mining, production and sales of coking coal products in the PRC. The Group is also engaged in sales of coal by-product produced in the coking coal washing process.

### **Hongguang Power**

To the best of the directors' knowledge, information and belief having made all reasonably enquiry, Hongguang Power is owned as to:

- (i) 51% by Shanxi International Energy Group Co., Ltd.\* (山西國際能源集團有限公司), which is a state-owned enterprise; and
- (ii) 49% by Shanxi Liansheng Energy Investment Co., Ltd.\* (山西聯盛能源投資有限公司), which has diverse shareholders base with no single shareholder controlling one-third or more voting rights therein with the largest shareholder being a state-owned enterprise, and which further is a substantial shareholder of the Company's subsidiaries and therefore a connected person of the Company.

Hongguang Power is principally engaged in the construction and operation of power plants in the PRC.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Hongguang Power is owned as to 49% equity interest by a substantial shareholder of the Company's subsidiaries, being a connected person of the Company. As such, Hongguang Power is an associate of a connected person of the Company under Rule 14A.13(3) of the Listing Rules, and thus also a connected person of the Company. Accordingly, the 2025 Master Sale Agreement and the transactions contemplated thereunder, which involves recurring transactions that will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) calculated with reference to the annual caps under the 2025 Master Sale Agreement exceed 1% but are less than 5%, under Rule 14A.76(2) of the Listing Rules, the 2025 Master Sale Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the 2025 Master Sale Agreement and the transactions contemplated thereunder, or is required to abstain from voting on the relevant resolutions of the Board.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2022 Master Sale Agreement”	the master sale agreement dated 31 December 2021 entered into between the Company and Hongguang Power in relation to the Sale Transactions for the period from 1 January 2022 to 31 December 2024 (both days inclusive);
“2025 Master Sale Agreement”	the master sale agreement dated 31 December 2024 entered into between the Company and Hongguang Power in relation to the Sale Transactions for the period from 1 January 2025 to 31 December 2027 (both days inclusive);
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;

“Company”	Shougang Fushan Resources Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 639);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hongguang Power”	Shanxi International Energy Group Hongguang Power Generation Co., Ltd.* (山西國際能源集團宏光發電有限公司), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchasers”	Hongguang Power and/or its subsidiaries from time to time;
“RMB”	Renminbi, the lawful Chinese currency;
“Sale Transactions”	sale transactions entered into between the Purchasers and the Sellers in respect of coal products (including the coal by-product produced in the coking coal washing process) supplied to the Purchasers by the Sellers;
“Sellers”	the Company and/or its subsidiaries from time to time;
“Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;



“substantial shareholder” has the meaning ascribed to it under the Listing Rules;

“VAT” Value added tax; and

“%” per cent.

By Order of the Board  
**Shougang Fushan Resources Group Limited**  
**Ding Rucai**  
*Chairman*

Hong Kong, 31 December 2024

*As at the date of this announcement, the Board comprises Mr. Ding Rucai (Chairman), Mr. Fan Wenli (Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Wang Dongming (Deputy Managing Director), Ms. Chang Cun (Non-executive Director), Mr. Shi Yubao (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director), Mr. Chen Jianxiong (Independent Non-executive Director) and Mr. Li Zeping (Independent Non-executive Director).*

\* *For identification purpose only*