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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

(HK\$'million)	For the year ended 31 December		Percentage change
	2024	2023	
Revenue	5,057	5,891	-14%
Gross profit	2,588	3,466	-25%
Gross profit margin	51%	59%	
Profit for the year	1,815	2,301	-21%
Profit attributable to owners of the Company ("Owners")	1,494	1,889	-21%
EBITDA ¹	3,089	3,924	-21%
Basic earnings per share (HK cents)	30.12	37.55 ³	-20%
(HK\$'million)	As at 31 December		Percentage change
	2024	2023	
Net assets	18,901	18,471	+2%
Equity per share attributable to Owners (HK\$)	3.24	3.30	-2%
Current ratio (times) ²	4.25	3.97	+7%

The board of directors is pleased to propose a 2024 final dividend of HK21 cents (2023: HK18 cents) per ordinary share. Together with the 2024 interim dividend HK9 cents per ordinary share, 2024 dividend payout ratio reached approximately 100%.

1. EBITDA is defined as profit before income tax plus finance costs, share of loss of an associate, impairment loss on an associate, depreciation and amortisation.
2. Current ratio is computed from total current assets divided by total current liabilities.
3. Restated by adjusting the weighted average number of ordinary shares in issues for the bonus element due to the rights issue completed on 13 November 2024.

The board of directors (the “**Board**”) of Shougang Fushan Resources Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023. These final results have been reviewed by the audit committee of the Company.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers	3	5,057,000	5,891,068
Cost of sales		<u>(2,468,686)</u>	<u>(2,425,040)</u>
Gross profit		2,588,314	3,466,028
Interest income		186,780	173,638
Other income and gains, net	4	94,942	8,088
Selling and distribution expenses		(110,092)	(214,562)
General and administrative expenses		(208,899)	(201,296)
Other operating expenses	5	(13,346)	(9,934)
Impairment loss on an associate		(9,818)	–
Finance costs	6	(1,746)	(2,921)
Share of loss of an associate		<u>(238)</u>	<u>(124)</u>
Profit before income tax	7	2,525,897	3,218,917
Income tax expense	8	<u>(710,922)</u>	<u>(917,979)</u>
Profit for the year		<u>1,814,975</u>	<u>2,300,938</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(142,023)	(372,263)
Item that will not be reclassified to profit or loss:		
Net fair value (loss)/gain on financial assets measured at fair value through other comprehensive income	(249,077)	20,274
Exchange differences on translation of financial statements of foreign operations	(25,859)	(65,245)
	<u>1,398,016</u>	<u>1,883,704</u>
Total comprehensive income for the year		
Profit for the year attributable to:		
Owners of the Company	1,494,066	1,889,247
Non-controlling interests	320,909	411,691
	<u>1,814,975</u>	<u>2,300,938</u>
Profit for the year		
Total comprehensive income for the year attributable to:		
Owners of the Company	1,102,966	1,537,258
Non-controlling interests	295,050	346,446
	<u>1,398,016</u>	<u>1,883,704</u>
Total comprehensive income for the year		
		(Restated)
Earnings per share		
– Basic and diluted (<i>HK cents</i>)	<i>10</i>	
	<u>30.12</u>	<u>37.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,715,248	3,692,871
Land use rights		73,168	70,639
Right-of-use assets		31,796	36,360
Mining rights		5,970,133	6,244,972
Goodwill		1,179,551	1,189,466
Interest in an associate		–	9,806
Financial assets measured at fair value through other comprehensive income		439,187	688,264
Deposits, prepayments and other receivables		453,310	388,791
Deferred income tax assets		84,764	146,360
Total non-current assets		11,947,157	12,467,529
Current assets			
Inventories		137,638	125,636
Trade receivables	<i>11</i>	519,815	530,468
Bills receivables	<i>11</i>	18,089	157,365
Deposits, prepayments and other receivables		207,695	280,921
Financial assets measured at fair value through profit or loss		–	43,019
Pledged and restricted bank deposits		937,107	941,875
Time deposits with original maturity over three months		1,505,443	1,392,489
Cash and cash equivalents		7,675,879	6,552,242
Total current assets		11,001,666	10,024,015
Total assets		22,948,823	22,491,544

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade and bills payables	12	757,521	621,467
Lease liabilities		12,125	10,317
Other payables and accruals		1,536,254	1,425,405
Amounts due to non-controlling interests of subsidiaries		60,466	63,904
Tax payables		224,669	401,496
Total current liabilities		<u>2,591,035</u>	<u>2,522,589</u>
Net current assets		<u>8,410,631</u>	<u>7,501,426</u>
Total assets less total current liabilities		<u>20,357,788</u>	<u>19,968,955</u>
Non-current liabilities			
Deferred income tax liabilities		1,424,979	1,464,911
Lease liabilities		31,552	33,526
Total non-current liabilities		<u>1,456,531</u>	<u>1,498,437</u>
Net assets		<u>18,901,257</u>	<u>18,470,518</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		15,582,467	15,156,959
Reserves		897,607	1,124,887
Total equity attributable to owners of the Company		<u>16,480,074</u>	<u>16,281,846</u>
Non-controlling interests		<u>2,421,183</u>	<u>2,188,672</u>
Total equity		<u>18,901,257</u>	<u>18,470,518</u>

Notes:

1. GENERAL INFORMATION

Shougang Fushan Resources Group Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is 6th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wanchai, Hong Kong. The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal places of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) are in Hong Kong and the People’s Republic of China (the “**PRC**”).

The principal activity of the Company is investment holding. The principal activities of the Group’s subsidiaries comprise coking coal mining, production and sales of coking coal products. There were no significant changes in the Group’s operations during the year.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the board of directors (the “**Board**”) of the Company on 27 March 2025.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations developed by the HKICPA and the requirements of the Hong Kong Companies Ordinance Cap. 622 (the “**Companies Ordinance**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments classified as financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, which are measured at fair values.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of final results for the year ended 31 December 2024 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

(a) Adoption of new or amended standards and interpretations that are effective on 1 January 2024

The following new and amended standards and interpretations apply for the first time to the Group's financial reporting period commencing on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amended standards and accounting guideline did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations that have been issued but are not yet effective

The following new and amended standards and interpretations, which are potentially relevant to the Group's financial statements have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (New Standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (New Standard)	1 January 2027
Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standards and amendments to standards on its results of operations and financial position. The Group is not yet in a position to state whether these new standards, amendments to standards and interpretations would have any significant impact on its results of operations and financial positions.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Group's principal activities are disclosed in note 1 to this result announcement. Revenue from contracts with customers, which is also the Group's turnover, represents the sales value of coking coal products in the ordinary course of businesses which are recognised at a point in time. Revenue recognised is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of clean coking coal	<u>5,057,000</u>	<u>5,891,068</u>

The executive directors have been identified as the chief operating decision-maker of the Company. The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines. The Group has identified one reportable segment as coking coal mining, which represents mining and exploration of coal resources and production of raw and clean coking coal in the PRC.

The executive directors regard the Group's business as a single operating segment and review financial information accordingly. Therefore, no segment information is presented. The executive directors primarily use a measure of profit before income tax to assess the performance of the operating segment.

The Group's revenue from external customers and its non-current assets (other than financial instruments and deferred income tax assets) are divided into the following geographical areas:

	Revenue from		Non-current assets	
	external customers		Non-current assets	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Principal markets				
PRC	5,057,000	5,891,068	11,422,884	11,628,844
Hong Kong	<u>–</u>	<u>–</u>	<u>322</u>	<u>4,061</u>
	<u>5,057,000</u>	<u>5,891,068</u>	<u>11,423,206</u>	<u>11,632,905</u>

Geographical location of customers is based on the location at which the goods were delivered whilst geographical location of non-current assets is based on the physical location of the assets.

Revenue from each of the major customers, which accounted for 10% or more of the total revenue, is set out below:

	2024		2023	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Customer A	2,006,760	40	2,523,132	43
Customer B	547,137	11	N/A*	N/A*

* The corresponding revenue of customer B and other customers did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME AND GAINS, NET

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income	21,510	21,510
Gain on disposals of property, plant and equipment	5,060	–
Income from sales of by-products	64,652	95,462
Net foreign exchange loss	(2,810)	(111,254)
Others	6,530	2,370
	94,942	8,088

5. OTHER OPERATING EXPENSES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Charitable donations	2,153	2,253
Loss on disposals of property, plant and equipment	–	348
Others	11,193	7,333
	13,346	9,934

6. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on lease liabilities	1,746	2,921

No borrowing costs were capitalised for the years ended 31 December 2024 and 2023.

7. PROFIT BEFORE INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before income tax is arrived at after charging:		
Auditor's remuneration		
– audit services	1,700	1,700
– other services	450	521
Cost of inventories sold	2,468,686	2,425,040
Amortisation of:		
– land use rights	2,138	2,080
– long-term deferred expenses	1,408	1,445
– mining rights	229,466	241,137
Depreciation of:		
– property, plant and equipment	313,551	451,278
– right-of-use assets	4,354	6,231
Staff costs (including directors' emoluments)	<u>837,770</u>	<u>808,778</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – PRC income tax		
– Current year	651,059	985,691
– Under provision in respect of prior years	25,887	14,303
Deferred tax		
– Current year	<u>33,976</u>	<u>(82,015)</u>
	<u>710,922</u>	<u>917,979</u>

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable profits arising in Hong Kong for 2024 and 2023.

In accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment, the Group's major operating subsidiaries, namely Shanxi Liulin Xingwu Coal Co., Limited (“**Xingwu**”), Shanxi Liulin Jinjiazhuang Coal Co., Limited (“**Jinjiazhuang**”) and Shanxi Liulin Zhaiyadi Coal Co., Limited (“**Zhaiyadi**”), all established in the PRC, are subject to 25% enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (2023: 5%) on the distributions of profits generated from the Group's major PRC subsidiaries which are directly owned by the Group's subsidiaries incorporated in Hong Kong.

9. DIVIDENDS

	2024	2023
	HK\$'000	HK\$'000
Dividends recognised as distributions during the year:		
2023 final dividend of HK18 cents		
(2023: 2022 final dividend of HK28 cents) per ordinary share	886,831	1,414,515
2024 interim dividend of HK9 cents		
(2023: 2023 interim dividend of HK10 cents) per ordinary share	443,415	492,684
	<u>1,330,246</u>	<u>1,907,199</u>

- (a) On 23 March 2023, the Board proposed a 2022 final dividend of HK28 cents per ordinary share totalling HK\$1,414,515,000 to the owners of the Company in respect of the year ended 31 December 2022. The final dividend was approved by shareholders at the annual general meeting held on 31 May 2023 and was paid on 28 July 2023. The 2022 final dividend for the year ended 31 December 2022 has been reflected as an appropriation of retained earnings for the year ended 31 December 2023.
- (b) On 30 August 2023, the Board declared an 2023 interim dividend of HK10 cent per ordinary share, totalling HK\$492,684,000 for the six months ended 30 June 2023, which was paid on 9 November 2023.
- (c) On 27 March 2024, the Board proposed a 2023 final dividend of HK18 cents per ordinary share totalling HK\$886,831,000 to the owners of the Company in respect of the year ended 31 December 2023. The final dividend was approved by shareholders at the annual general meeting held on 30 May 2024 and was paid on 26 July 2024. The 2023 final dividend for the year ended 31 December 2023 has been reflected as an appropriation of retained earnings for the year ended 31 December 2024.
- (d) On 29 August 2024, the Board declared an 2024 interim dividend of HK9 cents per ordinary share, totalling HK\$443,415,000 for the six months ended 30 June 2024, which was paid on 7 November 2024.
- (e) On 27 March 2025, the Board proposed a 2024 final dividend of HK21 cents per ordinary share totalling HK\$1,069,124,000 to the owners of the Company in respect of the year ended 31 December 2024. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2024 has not been recognised as a liability as at 31 December 2024.

10. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit used to determine basic and diluted earnings per share	<u>1,494,066</u>	<u>1,889,247</u>
	<i>'000 shares</i>	<i>'000 shares</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share		
Issued shares at 1 January	4,926,837	5,051,837
Effect of buy-back and cancellation	–	(34,931)
Effect of rights issue including bonus elements	<u>34,097</u>	<u>14,236</u>
Weighted average number of shares at 31 December	<u>4,960,934</u>	<u>5,031,142</u>

As at 31 December 2024 and 2023, there was no share option outstanding and the Company did not have any dilutive potential ordinary shares during years ended 31 December 2024 and 2023.

The basic and diluted earnings per share for the year ended 31 December 2023 were restated by adjusting the weighted average number of ordinary shares in issues for the bonus element due to the rights issue completed on 13 November 2024.

11. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	702,675	714,894
Less: Provision for impairment loss	<u>(182,860)</u>	<u>(184,426)</u>
	519,815	530,468
Bills receivables	<u>18,089</u>	<u>157,365</u>
	<u>537,904</u>	<u>687,833</u>

Trade receivables generally have credit terms ranging from 30 to 90 days (2023: 30 to 90 days) and no interest is charged. Bills receivables are expiring within one year. As at 31 December 2024 and 2023, all of the trade and bills receivables are denominated in RMB.

As at 31 December 2024, ageing analysis of net trade receivables, based on the invoice dates, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	246,421	529,750
91 to 180 days	241,417	718
181 to 365 days	31,977	–
	<u>519,815</u>	<u>530,468</u>

As at 31 December 2024, ageing analysis of bills receivables, based on the bills receiving dates, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	18,089	59,779
91 to 180 days	–	97,586
	<u>18,089</u>	<u>157,365</u>

Details of pledged bills receivables are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Pledged bills receivables	–	68,533
Associated bills payables (<i>note 12</i>)	–	(64,255)
	<u>–</u>	<u>4,278</u>

The carrying amounts of the bills receivables include receivables which are transferred to financial institutions or creditors by discounting or endorsing these receivables on a full recourse basis. Under these arrangements, the Group has not transferred the significant risks and rewards relating to these receivables. The Group therefore continues to recognise the transferred bills receivables in its consolidated statement of financial position and measure at amortised cost.

The relevant carrying amounts are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bills receivables endorsed to creditors with full recourse:		
Transferred bills receivables	2,749	1,070
Associated other payables	(2,749)	(1,070)
	<u> </u>	<u> </u>

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables.

The Group does not hold any collateral over these balances.

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case impairment loss is written off against trade and bills receivables directly.

Movement in the loss allowance of trade receivables is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	184,426	189,680
Exchange differences	(1,566)	(5,254)
	<u> </u>	<u> </u>
At 31 December	182,860	184,426
	<u> </u>	<u> </u>

12. TRADE AND BILLS PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	282,263	303,096
Bills payables	475,258	318,371
	<u> </u>	<u> </u>
	757,521	621,467
	<u> </u>	<u> </u>

The Group was granted by its suppliers credit period ranging between 30 to 180 days (2023: 30 to 180 days). As at 31 December 2024 and 2023, all of the trade and bills payables are denominated in RMB. All bills payables are within 6 months (2023: 6 months).

Based on the invoice dates, ageing analysis of trade payables as at 31 December 2024 is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	169,493	200,195
91 to 180 days	64,912	60,671
181 to 365 days	16,846	17,542
Over 365 days	31,012	24,688
	<u>282,263</u>	<u>303,096</u>

As at 31 December 2024, all bills payables (2023: HK\$254,116,000 out of HK\$318,371,000) were secured by the pledged bank deposit. As at 31 December 2023, remaining bills payables amounted to HK\$64,255,000 were secured by bills receivables (note 11).

13. CAPITAL COMMITMENTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for:		
– Acquisition of property, plant and equipment	213,675	245,515
– Exploration and design fees for a potential mining project	7,932	8,000
	<u>221,607</u>	<u>253,515</u>

FINAL DIVIDEND

The Board has proposed a final dividend of HK21 cents per ordinary share for the year ended 31 December 2024 (2023 final dividend: HK18 cents per ordinary share), payable to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 July 2025. The proposed final dividend (HK21 cents per ordinary share) together with the interim dividend (HK9 cents per ordinary share) paid in 2024 will make a total dividend of HK30 cents per ordinary share for the year ended 31 December 2023 (2023 total dividend: HK28 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Monday, 30 June 2025 (the "AGM"), the final dividend is expected to be paid on Thursday, 24 July 2025. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 10 July 2025 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 June 2025 to Monday, 30 June 2025 (both days inclusive) to determine the entitlement to attend and vote at the AGM. During such period, no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 24 June 2025 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The key operational data of our three premium operating coking coal mines in Liulin County, Shanxi Province (Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine, collectively referred to as the “**Three Mines**”) for the year ended 31 December 2024 (the “**Year Under Review**” or “**2024 FY**”) together with that of the same period of 2023 (the “**Last Year**” or “**2023 FY**”) is summarised as follows:

	Unit	For the year ended 31 December		Change	
		2024	2023	Quantity/ Amount	Percentage
<i>Production volume:</i>					
Raw coking coal	Mt	4.96	5.25	-0.29	-6%
Clean coking coal	Mt	3.16	3.25	-0.09	-3%
<i>Sales volume:</i>					
Clean coking coal	Mt	3.13	3.10	+0.03	+1%
<i>Average realised selling price (inclusive of VAT):</i>					
Clean coking coal	RMB/tonne	1,666	1,932	-266	-14%

Note: No sales of raw coking coal for the 2024 FY (2023 FY: nil).

For the year ended 31 December 2024, the Group produced approximately 4.96 million tonnes (“**Mt**”) (2023 FY: approximately 5.25 Mt) of raw coking coal, representing a year-on-year (“**YoY**”) decrease of 6% and also produced approximately 3.16 Mt (2023 FY: approximately 3.25 Mt) of clean coking coal, representing a YoY decrease of 3%.

During the Year Under Review, the Three Mines operated smoothly under planned. As disclosed in the annual report 2023 of the Company, the Xingwu Coal Mine, was transiting production from the upper coal seam to the lower coal seam in the first half of 2024. During this transition period, Xingwu Coal Mine has temporarily suspended production in the first quarter of 2024 until resumed normal production by mid of July 2024. Accordingly, the reduction of raw coking coal production volume from Xingwu Coal Mine led to a decline in the production volume of raw and clean coking coal for the Year Under Review.

During the Year Under Review, although the change of qualities of coal had a negative impact to the Group, by effectively blending and washing various qualities of self-produced raw coking coal through the enhancement of technology and equipment, the recovery rate of clean coking coal had improved. Thereby, the reduction rate on production volume of clean coking coal was lower than that of raw coking coal.

Together with the change of clean coking coal inventory level as at 31 December 2024, the sales volume of clean coking coal increased by 1% YoY for the Year Under Review. The clean coking coal inventory level is mainly goods in transit as at 31 December 2024. For the 2024 FY and the 2023 FY, both sales of clean coking coal accounted for 100% of the Group's revenue. This is in line with the Group's long-term strategy to concentrate on clean coking coal sales.

The Group has taken proactive measures to mitigate the impact of coal price fluctuations and change of coal qualities. The sales volume of low-sulfur clean coking coal significantly dropped by 95% YoY due to the fact from Xingwu Coal Mine as disclosed above. In terms of its sales volume, sales of low-sulfur and medium-high sulfur clean coking coal accounted for 1% and 99% (2023 FY: 28% and 72%) of the total clean coking coal sales volume respectively for the year ended 31 December 2024. Together with the drop in average benchmark market selling prices of clean coking coal by approximately 10% YoY for the year ended 31 December 2024, the Group's average realised selling price (inclusive of value added tax "VAT") of clean coking coal decreased by 14% YoY to Renminbi ("RMB") 1,666/tonne when compared with that of the Last Year (2023 FY: RMB1,932/tonne).

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded a revenue of approximately Hong Kong Dollars ("HK\$") 5,057 million, representing a decrease of approximately HK\$834 million or 14% YoY as compared with that of approximately HK\$5,891 million for the Last Year. The decrease in revenue was mainly driven by the decrease in average realised selling prices of clean coking coal by 14% YoY, together with the negative effect of the depreciation in average exchange rate of RMB to HK\$ by approximately 1.2% YoY on the revenue, net off the positive effect on the slightly rise in sales volume of clean coking coal by approximately 1% YoY for the Year Under Review.

For the year ended 31 December 2024, the total revenue to the top five customers accounted for approximately 62% (2023 FY: 67%) of the Group's revenue. Of which, the total revenue to the largest customer, Shougang Group Co. Ltd., together with its subsidiaries, accounted for approximately 40% (2023 FY: 43%) of the Group's revenue.

For the year ended 31 December 2024, gross profit margin was 51% while 59% for the Last Year. Gross profit decreased by approximately HK\$878 million or 25% YoY. The decrease in gross profit was mainly attributable to the decrease in revenue by approximately 14% YoY for the 2024 FY as explained above.

For the year ended 31 December 2024, the Group recorded a net profit of approximately HK\$1,815 million and profit attributable to the owners of the Company (the "Owners") of approximately HK\$1,494 million, both representing a decrease of approximately 21% YoY. During the Year Under Review, the decrease in the Group's net profit by approximately 21% YoY is mainly due to the decrease in gross profit by approximately HK\$878 million or 25% YoY. In addition, as a result of the drop in coal market prices, income from sales of coal related by-products also decreased by approximately HK\$31 million or 32% YoY. On the other hand, as a result of the effective cash management, the interest income was increased by approximately HK\$13 million or 7% YoY; the drop in sales proportion by train and sea, the selling and distribution expenses decreased by approximately HK\$105 million YoY; and the reduction in net foreign exchange loss of approximately HK\$108 million YoY as a result of the depreciation of the exchange rate from RMB to HKD has narrowed YoY, during the Year Under Review. Eventually, the Group recorded net profit of approximately HK\$1,815 million, decreased by approximately 21% YoY, during the Year Under Review.

During the Year Under Review, basic earnings per share was HK30.12 cents (2023 FY: HK37.55 cents (restated)), representing a decrease of approximately 20% YoY which was in line with the decrease in profit attributable to the Owner by approximately 21% YoY.

The Group recorded EBITDA of approximately HK\$3,089 million (2023 FY: approximately HK\$3,924 million) and generated a positive cash flow of approximately HK\$2,370 million (2023 FY: approximately HK\$4,543 million) from our operating activities during the Year Under Review.

As at 31 December 2024, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK\$9,181 million (As at 31 December 2023: approximately HK\$7,945 million). During the Year Under Review, the Group has paid total cash dividend of approximately HK\$1,396 million (2023 FY: approximately HK\$2,031 million).

Cost of Sales

During the Year Under Review, cost of sales was approximately HK\$2,469 million, representing an increase of approximately HK\$44 million or 2% YoY, as compared with that of approximately HK\$2,425 million for the Last Year. The increase in cost of sales was mainly due to (i) the increase in sales volume of clean coking coal by 1% YoY; and (ii) the increase in unit production costs (including the uncontrollable resources tax rate had been increased from 6.5% to 9% on its selling prices of coking coal resulted in increase cost of approximately HK\$92 million), as disclosed below during the Year Under Review.

The unit production costs are summarised as follows:

Unit: RMB/tonne

	For the year ended		Change	
	31 December		Amount	Percentage
	2024	2023		
Production cost of raw coking coal	429	401	+28	+7%
Less: Depreciation and amortisation ^{Note 1}	(88)	(109)	-21	-19%
Cash production cost of raw coking coal	341	292	+49	+17%
Less: Uncontrollable costs ^{Note 2}	(88)	(76)	+12	+16%
Total	253	216	+37	+17%
Processing cost for clean coking coal	47	47	-	-
<i>of which, depreciation</i>	(8)	(8)	-	-

Note 1: Included one-off depreciation on remaining residue value of property, plant and machinery (mainly mining structures) for upper coal seam of Zhaiyadi Coal Mine and Xingwu Coal Mine in 2023FY.

Note 2: Included resources tax and levies.

Included in cost of sales, amortisation of mining rights was approximately HK\$229 million for the year ended 31 December 2024, representing a decrease of approximately HK\$12 million or 5% YoY, as compared with that of approximately HK\$241 million for the Last Year. The decrease in amortisation of mining rights was mainly due to the decrease in actual usage volume of raw coking coal for sales and the depreciation in average exchange rate of RMB to HK\$ by approximately 1.2% during the Year under Review.

The increase in unit production cost of raw coking coal by 7% YoY was mainly due to the (i) drop in production volume of raw coking coal by 6% YoY; (ii) since April 2024, the uncontrollable resources tax rate had been increased from 6.5% to 9% on its selling prices of coking coal, with an additional increase of RMB17/tonne YoY; (iii) the temporary increase in materials costs due to the transition of coal seam; (iv) the increase in staff costs in accordance with market trend; (v) increase costs due to the implementation of certain environmental policies; and (vi) the increase in electricity charge due to the rise in basic electricity fee and increase electricity usage due to upgrade safety standard during the Year Under Review.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit was approximately HK\$2,588 million for the year ended 31 December 2024, representing a decrease of approximately HK\$878 million or 25% YoY as compared with that of approximately HK\$3,466 million for the Last Year. Gross profit margin was 51% for the Year Under Review and 59% for the Last Year.

Interest Income

During the year under review, interest income was approximately HK\$187 million, representing an increase of approximately HK\$13 million or 7% YoY as compared with approximately HK\$174 million for the Last Year. The increase in interest income was the result of the effective cash management.

Other Income and Gains, Net

During the year under review, other income and gains, net recorded a net gain of approximately HK\$95 million, representing a significant increase of approximately HK\$87 million YoY as compared with a net gain of approximately HK\$8 million for the Last Year. Excluding the impact of net foreign exchange loss of approximately HK\$3 million (2023 FY: approximately HK\$111 million) during the Year Under Review, other income and gains, net was decreased by approximately HK\$21 million or 18% YoY, which was mainly attributable to the decrease in income from sales of coal related by-products by approximately HK\$31 million or 32% YoY as a result of the drop in market prices of coal and drop in sales volume of coal related by-products during the Year Under Review.

The Group recorded foreign exchange differences when certain financial assets which are denominated in RMB translated into HK\$ at closing rate on reporting date. During the Year Under Review, the Group recorded a decrease in net foreign exchange loss of approximately HK\$108 million as a result of the depreciation of the exchange rate for RMB to HKD has narrowed YoY, during the Year Under Review. Depreciation in RMB to HK\$ exchange rate was approximately 0.9% as at reporting date on 31 December 2024 when compared with that as at 31 December 2023 while depreciation in RMB to HK\$ exchange rate was approximately 2.7% as at reporting date on 31 December 2023 when compared with that as at 31 December 2022.

Selling and Distribution Expenses

During the Year Under Review, selling and distribution expenses were approximately HK\$110 million, representing a decrease of approximately HK\$105 million or 49% YoY as compared with that of approximately HK\$215 million for the Last Year. Selling and distribution expenses mainly included logistic costs such as the trucking fees for short distance by train and freight costs by trucks and sea for sales of clean coking coal, of which are usually re-charged to customers. The decrease was mainly due to the decrease in proportion of sales by train and sea together with cost efficiency measures during the Year Under Review.

General and Administrative Expenses

During the Year Under Review, general and administrative expenses were approximately HK\$209 million, representing an increase of approximately HK\$8 million or 4% YoY as compared with approximately HK\$201 million for the Last Year. The increase in general and administrative expenses was mainly due to increase in professional fees regarding of the potential coal mine projects.

Other Operating Expenses

During the Year Under Review, other operating expenses were approximately HK\$13 million, representing an increase of approximately HK\$3 million or 30% YoY as compared with approximately HK\$10 million for the Last Year.

Impairment Loss on an Associate

As the long term unprofitable associate started the liquidation procedures during the Year Under Review and it is expected that the recoverable amount may be lower than the carrying amount of interest in the associate at the end of 2024, an impairment loss of approximately HK\$10 million was recognised. The liquidation of the associate did not have any material impact on the financial performance and financial position of the Group in the future.

Finance Costs

During the Year Under Review, finance costs were approximately HK\$1.7 million (2023 FY: approximately HK\$2.9 million), which was solely interest expense on lease liabilities recognised under HKFRS 16.

Income Tax Expense

During the Year Under Review, income tax expense amounted to approximately HK\$711 million (2023 FY: approximately HK\$918 million). Income tax expense mainly includes the enterprise income tax calculated at a tax rate of 25% for the Group's major PRC subsidiaries incorporated in the PRC ("**major PRC Subsidiaries**") and the provision of withholding tax of 5% on the dividend to be declared from the major PRC Subsidiaries in accordance with the relevant tax regulations in the PRC. The income tax expense was decreased in line with decrease in profits during the Year Under Review.

Owner's Attributable Profit

By reasons of the foregoing, the profit attributable to the Owner during the Year Under Review was approximately HK\$1,494 million, a decrease of approximately HK\$395 million or 21% YoY, while approximately HK\$1,889 million for the Last Year.

Material Investments and Acquisitions

During the year ended 31 December 2024, the Group had no material investments and acquisitions.

Material Disposals

During the year ended 31 December 2024, the Group had no material disposals.

Safety Production and Environmental Protection

The Group has always been paying great attention to production safety and environmental protection while achieving stable coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming to build itself into a safety-oriented and environmentally-friendly enterprise. The Group has complied with the relevant environmental protection rules and regulations. The Group fulfilled our responsibilities of energy saving, emission reduction and environmental protection by strictly managing production procedures, eliminating discharge of waste water and waste gas and controlling vegetation damage, etc. in material aspects. All coal mines of the Group have obtained necessary permission and approval from the relevant Chinese regulators.

The Company has been rated as Grade A in the “2024 Hong Kong Stock Exchange Listed Companies Energy Sector ESG Performance TOP 10” by Sino Securities Index, and ranked the sixth on the list.

For the Year Under Review, Jinjiazhuang Coal Mine have been awarded the level I workplace safety standard issued by the National Mine Safety Administration, Xingwu Coal Mine and Zhaiyadi Coal Mine have been awarded the level II workplace safety standard issued by the Shanxi Provincial Emergency Management Department, and their coal processing plants obtained level I workplace safety standard issued by the Provincial Energy Bureau.

For the Year Under Review, all coal mines of the Group, except for the mining transition from upper to lower coal seam of Xingwu Coal Mine as mentioned above, operated smoothly as planned and have good safety record. Xingwu Coal Mine successfully obtained the lower seam of coal safety production permit on 10 July 2024 and resumed normal production in mid-July.

Charges on Assets

As at 31 December 2024, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

As at 31 December 2024, bank deposits of approximately HK\$478 million were used for securing bills facilities. As at 31 December 2024, bills facilities of approximately HK\$475 million has been utilised.

Contingent Liabilities

As at 31 December 2024, there were no guarantees given by the Group and the Group has no material contingent liabilities.

Gearing Ratio

As at 31 December 2024, the Group had no borrowings. Thus, the gearing ratio of the Group was 0% (As at 31 December 2023: 0%).

Exposure to Fluctuations in Exchange Rates

As at 31 December 2024, other than assets and liabilities denominated in RMB and Australian Dollars ("AUD"), the Group had no material exposure to foreign exchange fluctuations. As at 31 December 2024, RMB and AUD exchange rate were depreciated by approximately 0.9% and approximately 9.6% respectively, when compared to that as at 31 December 2023. As the net assets value of the PRC business operations denominated in RMB represented approximately 79% of the Group's net assets value as at 31 December 2024, the depreciation in RMB also led to an exchange loss of approximately HK\$168 million (other than the foreign exchange difference recognised in profit or loss stated above) recognised in the other comprehensive income upon re-translation of its net assets in the financial statements of coal business operations in the PRC for the year ended 31 December 2024. Besides, the aggregate carrying amount of assets denominated in AUD represented only approximately 1% of the Group's net assets value as at 31 December 2024. Thus, such fluctuation in AUD exchange rate is not expected to have any material impact on the financial position of the Group. The above exposure to fluctuation in exchange rates did not have any material impact on the financial position of the Group.

Liquidity and Financial Resources

As at 31 December 2024, the Group's current ratio (total current assets divided by total current liabilities) was approximately 4.25 times and the Group's cash and bank deposits amounted to approximately HK\$10,118 million, of which approximately HK\$478 million was deposited to secure bills facilities of approximately HK\$475 million and approximately HK\$459 million was restricted bank deposits for land reclamation and mine environmental restoration fund. The Group continued to maintain a healthy rich net cash balance.

The Group has total bills receivables amounting to approximately HK\$18 million (of which approximately HK\$3 million represented endorsed bills receivables) as at 31 December 2024. The free bills receivables were readily convertible into cash, but would be subject to finance cost upon conversion before the maturity. Taking into account for the free bills receivables of approximately HK\$15 million, the Group's free cash resources would have approximately HK\$9,196 million as at 31 December 2024 (As at 31 December 2023: approximately HK\$8,032 million).

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2024, the share capital of the Company was approximately HK\$15,582 million, represented approximately 5,091 million shares in number. During the Year Under Review, the Company completed rights issue (the "**Rights Issue**") on the basis of one (1) rights share ("**Rights Share(s)**") for every thirty (30) existing shares at the subscription price of HK\$2.60 per Rights Share. Upon the completion of the Rights Issue, the Company issued 164,227,928 new shares and increased capital of the Company by approximately HK\$426 million. The Group had no borrowings as at 31 December 2024.

Rights Issue and Use of Proceeds

Details of the Rights Issue are referred to the announcement of the Company dated 23 September 2024 and 12 November 2024 respectively and the prospectus of the Company dated 22 October 2024 (the "**Prospectus**") in relation to the Rights Issue. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

On 23 September 2024, the Company proposed to conduct the Rights Issue on the basis of one (1) rights share for every thirty (30) existing shares held on the record date of 22 October 2024 at the subscription price of HK\$2.60 per Rights Share, to raise gross proceed up to approximately HK\$427 million before expenses by way of issuing up to 164,227,928 Rights Shares. On 13 November 2024, the Rights Issue was completed and 164,227,928 Rights Shares were issued. The net proceeds of approximately HK\$426 million were raised from the Rights Issue.

The purpose of the Rights Issue is to (i) increase the liquidity of and facilitate trading in the shares, thus realising the Group's inherent values; (ii) provide general working capital to the Company and in turn improve liquidity of the Group's financial position; and (iii) provide additional capital reserve to prepare for future investment opportunities.

As the average trading volume for the year ended 31 December 2024 was 11% higher than that of the year ended 31 December 2023, the liquidity of the trading in the shares has been improved. Given that the current ratio as at 31 December 2024 was 7% higher than that as at 31 December 2023 and the Group's free cash resources also increased by 15% over the same period. Thus, the proceeds remained reserve for future investment opportunities, of which approximately HK\$53 million will be used for the development of trading business. As at both the reporting date (i.e. 31 December 2024) and the date of this report (i.e. 27 March 2025), the proceeds have not been utilised.

EMPLOYEES

As at 31 December 2024, the Group had 4,121 PRC and Hong Kong employees. The remuneration packages of the employees are subject to annual review. The Group provides mandatory and voluntary provident fund schemes for its employees in Hong Kong and the state-sponsored retirement plan for its employees in the PRC. The Group also provides training to employees in the PRC. During the Year Under Review, no share option was granted or exercised. As at 31 December 2024, no share option was outstanding.

FUTURE PROSPECTS

In 2024, the global economy trudged forward amid multiple challenges. Geopolitical conflicts, inflationary pressures, and frequent adjustments to monetary policies by major economies are all intertwined, making the global economic situation more complex, increasing uncertainty, and significantly dampening investment and consumer confidence. Amid this complex domestic and international economic environment, China's economy demonstrated strong resilience. The government pursued strategies such as expanding domestic demand and fostering new quality productive forces and implemented an active fiscal policy. As a result, fixed asset investment (excluding price factors) grew by 4.8% YoY, with manufacturing investment posting a notable 9.2% increase, signaling a positive trend toward industrial upgrading. Facing dual pressures of domestic structural transformation and weak external demand, Gross Domestic Product ("GDP") growth exhibited a phased pattern of "high at the start, low in the middle, and rising toward the end". Thanks to macroeconomic regulation and ongoing structural reforms, the annual economic growth ultimately reached the expected target of 5%, achieving the goal of steady progress while laying a solid foundation for the economy's long-term, stable, and healthy development.

However, the real estate market remained under significant pressure. Affected by the tightening financing environment, real estate development investment declined by 10.6% YoY, with floor space of buildings newly started shrinking by 23%, leading to a noticeable weakening in steel demand. Notably, the steel industry mitigated some of this domestic demand shortfall by actively expanding into overseas markets, achieving a 22.7% YoY export growth, providing critical support for the industry's stable operation.

Due to the sluggish steel demand, steel companies adopted a widespread low-inventory strategy, which triggered a ripple effect on the upstream coking coal sector. Early in the year, tightened safety regulations led to a structural contraction in domestic coking coal supply. However, as regulatory policies were gradually implemented, production began to stabilise and recover in the second half of the year. On the import front, China's coking coal imports increased by 20% in 2024, reaching 120 million tonnes. Among these, Mongolia and Russia maintained their positions as primary import sources, while Australian coal imports surged following the lifting of restrictions. Amid shifting supply and demand dynamics, coking coal prices, particularly in the latter half of the year, showed a volatile downward trend.

In 2025, China has set a 5% GDP growth target, underscoring the central government's commitment to maintaining steady economic progress. To support this goal, the government plans to expand the scale of local government special treasury bonds to 4.4 trillion yuan, focusing on infrastructure construction, land reserve accumulation, the acquisition of existing commercial housing stock, and resolving local government arrears to businesses. These targeted measures are expected to provide robust support for the steel industry. Nevertheless, the global economic environment continues to face severe challenges. Rising global protectionism and escalating tariff barriers have intensified uncertainty in the world economy, with market caution further suppressing end-user demand. In particular, tariff policies targeting the steel industry in various countries are likely to further depress overall demand. The International Monetary Fund (“IMF”) has warned that these structural issues could lead to reduced investment, lower market efficiency, and even supply chain disruptions. Against this backdrop, the steel industry faces increasing pressure to cut production, with upstream coking coal industry also experiencing related impacts.

Domestic coking coal supply is expected to remain stable, with import volume projected to grow, albeit with limited room for expansion, resulting in modest overall supply increases. Given that demand recovery will take time, the market's supply-demand balance is unlikely to improve rapidly, and coal prices are expected to continue fluctuating at low level.

The Xingwu Coal Mine, a subsidiary of the Group, successfully completed the construction and acceptance of its lower coal seam project in mid-2024 and obtained a safety production permit. Through scientific planning, the Company minimised production fluctuations and swiftly restored normal production rhythm. Regarding safety production, the Company will continue strengthening mining operation standards and rigorously enforce the safety production responsibility system. Positioned within the new phase of economic transformation and high-quality development, the Group will deepen the following strategic initiatives: advancing technological upgrades and improvements, accelerating the digital management and automated production processes to comprehensively enhance production management and safety capabilities; strengthening the construction of the Environmental, Social, and Governance (“ESG”) framework; and expediting the smart transformation of the Group's three coal mines, striving to achieve breakthroughs in smart mine construction.

Currently, the Group's production operations and financial status remain stable, with ample cash flow. Looking ahead, the Company will closely monitor macroeconomic trends and industry developments, dynamically optimise its business strategies, and continuously improve its corporate governance system to solidify and enhance the core competitiveness. The Group is committed to delivering greater returns to shareholders, employees, and society by consistently creating exceptional value.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or otherwise) during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the financial year ended 31 December 2024.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 of the Listing Rules (the "**Model Code**") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors of the Company have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the financial year ended 31 December 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.shougang-resources.com.hk).

The 2024 annual report containing all the information required under the Listing Rules will be despatched to shareholders of the Company and available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff of the Group for their hard work and dedication throughout the year.

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

Hong Kong, 27 March 2025

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).