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 2021

FINANCIAL HIGHLIGHTS

(HK$'million)	**For the year ended 31 December 2021**	2020	**Percentage change**
Revenue	**7,076**	3,997	+77%
Gross profit	**4,395**	1,869	+135%
Gross profit margin	**62%**	47%	
Profit for the year	**3,061**	1,187	+158%
Profit attributable to owners of the Company ("Owners")	**2,538**	1,080	+135%
EBITDA[1]	**4,736**	2,179	+117%
Basic earnings per share *(HK cents)*	**50.25**	20.62	+144%

(HK$'million)	**As at 31 December 2021**	2020	**Percentage change**
Net assets	**19,148**	17,291	+11%
Equity per share attributable to Owners *(HK$)*	**3.42**	3.13	+9%
Current ratio (times)[2]	**2.69**	2.77	-3%

The board of directors of the Company has pleasure in announcing that the Group has recorded the historical high profit attributable to the Owners amounting to HK$2,538 million in the year of 2021 and has proposed a 2021 final dividend of HK32 cents (2020: HK9 cents) per ordinary share.

1. EBITDA is defined as profit before income tax plus finance costs, share of loss of an associate, depreciation and amortisation.

2. Current ratio is computed from total current assets divided by total current liabilities.

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 2021 with comparative figures for the year ended 31 December 2020. 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue from contracts with customers	*3*	**7,075,818**	3,996,951
Cost of sales		**(2,681,244)**	(2,127,744)
Gross profit		**4,394,574**	1,869,207
Interest income		**69,578**	96,294
Other income and gains, net	*4*	**244,169**	219,229
Selling and distribution expenses		**(269,741)**	(316,586)
General and administrative expenses		**(207,903)**	(181,914)
Other operating expenses	*5*	**(96,260)**	(64,495)
Finance costs	*6*	**(1,275)**	(1,250)
Change in fair value of derivative financial instruments		**–**	(7,676)
Share of loss of an associate		**(983)**	(195)
Profit before income tax	*7*	**4,132,159**	1,612,614
Income tax expense	*8*	**(1,071,328)**	(425,331)
Profit for the year		**3,060,831**	1,187,283
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		**258,759**	484,198
Item that will not be reclassified to profit or loss:			
Net fair value loss on financial assets measured at fair value through other comprehensive income		**(443,970)**	(1,439)
Total comprehensive income for the year		**2,875,620**	1,670,042

	Note	**2021** HK$'000	2020 HK$'000
Profit for the year attributable to:			
Owners of the Company		**2,538,495**	1,080,041
Non-controlling interests		**522,336**	107,242
Profit for the year		**3,060,831**	1,187,283
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,321,729**	1,500,734
Non-controlling interests		**553,891**	169,308
Total comprehensive income for the year		**2,875,620**	1,670,042
Earnings per share			
– Basic and diluted *(HK cents)*	*10*	**50.25**	20.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,014,398**	3,863,758
Land use rights		**63,094**	63,365
Right-of-use assets		**20,869**	21,915
Mining rights		**7,402,242**	7,458,999
Goodwill		**1,310,198**	1,277,415
Interest in an associate		**11,262**	11,918
Financial assets measured at fair value through other comprehensive income		**638,494**	1,082,464
Deposits, prepayments and other receivables		**672,551**	710,182
Deferred income tax assets		**73,135**	42,131
Total non-current assets		**14,206,243**	14,532,147
Current assets			
Inventories		**142,658**	131,170
Trade receivables	*11*	**883,949**	666,382
Bills receivables	*11*	**2,260,302**	1,382,762
Deposits, prepayments and other receivables		**386,982**	368,772
Other financial assets		**116,250**	–
Pledged bank deposits		**357,707**	290,298
Time deposits with original maturity over three months		**2,015,677**	656,500
Cash and cash equivalents		**4,410,209**	3,405,615
Total current assets		**10,573,734**	6,901,499
Total assets		**24,779,977**	21,433,646

	Notes	2021 HK$'000	2020 HK$'000
LIABILITIES			
Current liabilities			
Trade and bills payables	*12*	**607,247**	592,618
Lease liabilities		**7,957**	5,721
Other financial liability		**180,817**	186,300
Other payables and accruals		**1,954,492**	1,375,271
Amounts due to non-controlling interests of subsidiaries		**156,999**	52,778
Tax payables		**1,018,809**	275,507
Total current liabilities		**3,926,321**	2,488,195
Net current assets		**6,647,413**	4,413,304
Total assets less total current liabilities		**20,853,656**	18,945,451
Non-current liabilities			
Deferred income tax liabilities		**1,687,365**	1,635,064
Lease liabilities		**18,073**	19,317
Total non-current liabilities		**1,705,438**	1,654,381
Net assets		**19,148,218**	17,291,070
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,156,959**	15,156,959
Reserves		**2,143,124**	680,207
Total equity attributable to owners of the Company		**17,300,083**	15,837,166
Non-controlling interests		**1,848,135**	1,453,904
Total equity		**19,148,218**	17,291,070

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 2021 were approved for issue by the board of directors (the "Board") of the Company on 24 March 2022.

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 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 which are measured at fair values.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of final results for the year ended 31 December 2021 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 2020 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 2021 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 2021

The following new and amended standards and interpretations apply for the first time to the Group's financial reporting period commencing on 1 January 2021:

Amendments to HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The above standards did not have any impact on the Group's accounting policies 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 HKFRS 16	COVID-19 Related Rent Concession beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Annual improvements to HKFRSs 2018–2020 cycle	Amendment to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from Single Transaction	1 January 2023
Revised Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
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 position.

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:

	2021	2020
	HK$'000	*HK$'000*
Sales of clean coking coal	**7,075,818**	3,948,288
Sales of raw coking coal	**–**	48,663
	7,075,818	3,996,951

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 external customers		**Non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal markets				
PRC	**7,075,818**	3,996,951	**13,494,405**	13,407,293
Hong Kong	**–**	–	**209**	259
	7,075,818	3,996,951	**13,494,614**	13,407,552

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.

During the year, revenue from two (2020: two) customers over 10% of the Group's coking coal mining segment amounted to HK$2,845,122,000 (2020: HK$1,453,909,000) and HK$1,296,416,000 (2020: HK$1,013,808,000) respectively, which represented 40% (2020: 36%) and 18% (2020: 25%) of the Group's revenue respectively.

4. OTHER INCOME AND GAINS, NET

	2021	2020
	HK$'000	*HK$'000*
Dividend income	**61,603**	48,377
Income from sales of by-products	**93,107**	36,291
Net foreign exchange gain	**87,955**	131,178
Others	**1,504**	3,383
	244,169	219,229

5. OTHER OPERATING EXPENSES

	2021	2020
	HK$'000	*HK$'000*
Additional depreciation on property, plant and equipment *(Note)*	**73,199**	76,414
Reversal of impairment loss on financial assets *(note 11)*	**–**	(22,500)
Loss on disposals of property, plant and equipment	**3,933**	1,671
Geology investigation fee	**–**	2,821
Others	**19,128**	6,089
	96,260	64,495

Note: According to the plan of transferring the production from upper coal seam to lower coal seam of Xingwu Coal Mine in 2023, the additional part arising from accelerated depreciation on the related underground mining structures of the upper coal seam was charged in the other operating expenses during the years ended 31 December 2021 and 2020.

6. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**1,169**	1,250
Interest charged on discounted bills receivables	**106**	–
	1,275	1,250

No borrowing costs were capitalised for the years ended 31 December 2021 and 2020.

7. PROFIT BEFORE INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging:		
Auditor's remuneration		
– audit services	**1,650**	1,600
– other services	**400**	470
Cost of inventories sold	**2,681,244**	2,127,744
Amortisation of:		
– land use rights	**1,956**	1,958
– mining rights	**255,600**	227,013
Depreciation of:		
– property, plant and equipment	**342,010**	330,494
– right-of-use assets	**1,644**	5,148
Staff costs (including directors' emoluments)	**818,256**	652,903

8. INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current tax – PRC income tax		
– Current year	**1,090,604**	393,108
– Under provision in respect of prior years	**1,322**	12,285
Deferred tax		
– Current year	**(20,598)**	19,938
	1,071,328	425,331

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 2021 and 2020.

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, Shanxi Liulin Jinjiazhuang Coal Co., Limited and Shanxi Liulin Zhaiyadi Coal Co., Limited, 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% (2020: 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

	2021	2020
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
2020 final dividend of HK9 cents (2020: 2019 final dividend of HK8.7 cents) per ordinary share	**454,665**	461,260
2021 interim dividend of HK8 cents (2020: 2020 interim dividend of HK7.5 cents) per ordinary share	**404,147**	378,888
	858,812	840,148

(a) On 26 March 2020, the Board proposed a 2019 final dividend of HK8.7 cents per ordinary share, totalling HK$461,260,000 to the owners of the Company in respect of the year ended 31 December 2019. The final dividend was approved by shareholders at the annual general meeting held on 21 May 2020 and was paid on 23 July 2020. The 2019 final dividend for the year ended 31 December 2019 has been reflected as an appropriation of retained earnings for the year ended 31 December 2020.

(b) On 28 August 2020, the Board declared an 2020 interim dividend of HK7.5 cent per ordinary share, totalling HK$378,888,000 for the six months ended 30 June 2020, which was paid on 22 October 2020.

(c) On 25 March 2021, the Board proposed a 2020 final dividend of HK9 cents per ordinary share totalling HK$454,665,000 to the owners of the Company in respect of the year ended 31 December 2020. The final dividend was approved by shareholders at the annual general meeting held on 30 June 2021 and was paid on 29 July 2021. The 2020 final dividend for the year ended 31 December 2020 has been reflected as an appropriation of retained earnings for the year ended 31 December 2021.

(d) On 26 August 2021, the Board declared an 2021 interim dividend of HK8 cent per ordinary share, totalling HK$404,147,000 for the six months ended 30 June 2021, which was paid on 28 October 2021.

(e) On 24 March 2022, the Board proposed a 2021 final dividend of HK32 cents per ordinary share totalling HK$1,616,588,000 to the owners of the Company in respect of the year ended 31 December 2021. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2021 has not been recognised as a liability as at 31 December 2021.

10. EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Profit used to determine basic and diluted earnings per share	**2,538,495**	1,080,041
	'000 shares	*'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,051,837**	5,237,630

Basic earnings per share is HK50.25 cents (2020: HK20.62 cents), based on the profit for the year attributable to owners of the Company of HK$2,538,495,000 (2020: HK$1,080,041,000) and weighted average number of ordinary shares as set out above for basic earnings per share.

No share options had been granted under the 2012 share option scheme since its adoption. Accordingly, as at 31 December 2021 and 2020, there was no share option outstanding and the Company did not have any dilutive potential ordinary shares during years ended 31 December 2021 and 2020.

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**1,087,425**	864,685
Less: Provision for impairment loss	**(203,476)**	(198,303)
	883,949	666,382
Bills receivables	**2,260,302**	1,382,762
	3,144,251	2,049,144

Trade receivables generally have credit terms ranging from 30 to 90 days (2020: 30 to 90 days) and no interest is charged. Bills receivables are expiring within one year. As at 31 December 2021 and 2020, all of the trade and bills receivables are denominated in RMB.

As at 31 December 2021, ageing analysis of net trade receivables, based on the invoice dates, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Up to 90 days	**883,949**	666,382

As at 31 December 2021, ageing analysis of bills receivables, based on the bills receiving dates, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Up to 90 days	**1,306,452**	803,790
91 to 180 days	**950,567**	569,772
181 to 365 days	**3,283**	9,200
	2,260,302	1,382,762

Details of pledged bills receivables are as follows:

	2021	2020
	HK$'000	*HK$'000*
Pledged bills receivables	**182,655**	218,458
Associated bills payables *(note 12)*	**(157,002)**	(200,339)

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:

	2021	2020
	HK$'000	*HK$'000*
Bills receivables endorsed to creditors with full recourse:		
Transferred bills receivables	**93,909**	115,575
Associated trade payables *(note 12)*	**(10,021)**	(2,185)
Associated other payables	**(83,888)**	(95,335)
Associated amounts due to non-controlling interests of subsidiaries	**–**	(18,055)

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:

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**198,303**	211,680
Exchange differences	**5,173**	9,123
Reversal of impairment loss *(note 5)*	**–**	(22,500)
At 31 December	**203,476**	198,303

12. TRADE AND BILLS PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**270,017**	243,803
Bills payables	**337,230**	348,815
	607,247	592,618

The Group was granted by its suppliers credit period ranging between 30 to 180 days (2020: 30 to 180 days). As at 31 December 2021 and 2020, all of the trade and bills payables are denominated in RMB. All bills payables are within 6 months (2020: 6 months).

Based on the invoice dates, ageing analysis of trade payables as at 31 December 2021 is as follows:

	2021	2020
	HK$'000	*HK$'000*
Up to 90 days	**202,226**	152,054
91 to 180 days	**39,856**	53,784
181 to 365 days	**6,526**	14,769
Over 365 days	**21,409**	23,196
	270,017	243,803

As at 31 December 2021, bills payables amounted to HK$180,228,000 (2020: HK$148,476,000) out of HK$337,230,000 (2020: HK$348,815,000) were secured by the pledged bank deposit. Remaining bills payables amounted to HK$157,002,000 (2020: HK$200,339,000) were secured by bills receivables (note 11).

As at 31 December 2021, trade payables of HK$10,021,000 (2020: HK$2,185,000) were settled by bills receivables endorsed to corresponding creditors which do not meet the de-recognition requirements (note 11).

13. CAPITAL COMMITMENTS

	2021	2020
	HK$'000	*HK$'000*
Contracted for:		
– Acquisition of property, plant and equipment	**261,906**	254,210
– Exploration and design fees for a potential mining project	**8,826**	8,602
	270,732	262,812

FINAL DIVIDEND

The Board has proposed a final dividend of HK32 cents per ordinary share for the year ended 31 December 2021 (2020 final dividend: HK9 cents per ordinary share), payable to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 11 July 2022. The proposed final dividend (HK32 cents per ordinary share) together with the interim dividend (HK8 cents per ordinary share) paid in 2021 will make a total dividend of HK40 cents per ordinary share for the year ended 31 December 2021 (2020 total dividend: HK16.5 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Tuesday, 28 June 2022 (the "AGM"), the final dividend is expected to be paid on Friday, 29 July 2022. 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 11 July 2022 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 June 2022 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 2021 (the "year under review") together with that of the same period of 2020 (the "Last Year" or "2020 FY") is summarised as follows:

		For the year ended 31 December		Change	
	Unit	**2021**	2020	Quantity/ Amount	Percentage
Production volume:					
Raw coking coal	Mt	**5.17**	4.95	+0.22	+4%
Clean coking coal	Mt	**3.20**	3.23	-0.03	-1%
Sales volume:					
Raw coking coal	Mt	**0.00**	0.08	-0.08	-100%
Clean coking coal	Mt	**3.30**	3.26	+0.04	+1%
Average realised selling price (inclusive of VAT):					
Raw coking coal	RMB/tonne	**N/A**	597	N/A	N/A
Clean coking coal	RMB/tonne	**2,019**	1,218	+801	+66%

For the year ended 31 December 2021, the Group produced approximately 5.17 million tonnes ("Mt") (2020 FY: approximately 4.95 Mt) of raw coking coal, representing a year-on-year ("YoY") increase of 4% and also produced approximately 3.20 Mt (2020 FY: approximately 3.23 Mt), representing a YoY slight decrease of 1%. Excluding the effect on the purchase of clean coking coal of approximately 0.07 Mt for washing from outsiders in the Last Year, the production volume of the Group's clean coking coal slightly increased by 1% instead.

As the lower coal seam of Jinjiazhuang Coal Mine had been returned to normal operation since the resumption of production in August 2019, the raw coking coal production volume of Jinjiazhuang Coal Mine increased by 27% YoY. Although the Three Mines had temporarily suspended production in the late of June 2021 with details disclosed below under "Safety Production and Environmental Protection", the Group has adjusted its production plan for the second half of 2021. Eventually, there is neither significant economic loss nor significant negative effect on the operation and production of the Group for the year under review. Finally, our raw coking coal production volume was increased by 4% YoY for the year under review.

Despite the slight decline in production volume of clean coking coal, after adding up the purchase of clean coking coal of approximately 0.13 Mt (2020 FY: 0.09 Mt) from outsiders for sales for the purpose of over-quality control, the sales volume of clean coking coal slightly increased by 1% YoY for the year under review. For the year ended 31 December 2021, sales of clean coking coal accounted for 100% of the Group's revenue. Sales of clean and raw coking coal accounted for approximately 99% and 1% of the Group's revenue respectively for the Last Year. This is in line with the Group's long-term strategy to concentrate on clean coking coal sales.

Benefit from rapid rebound of China's economy, certain policies on restriction of imported coal to China and the strong coal demand in the domestic coal market in 2021 especially in the second half of 2021, etc., the average benchmark market selling prices of clean coking coal surged by approximately 78% YoY for the year ended 31 December 2021. In particular, its average benchmark market selling prices for the second half of 2021 increased by 134% YoY. For the year ended 31 December 2021, the Group's average realised selling price (inclusive of value added tax "VAT") of clean coking coal sharply increased by 66% YoY to Renminbi ("RMB") 2,019/tonne when compared with that of the Last Year (2020 FY: RMB1,218/tonne) which was in line with the upside trend of coking coal market prices. The growth rate in average realised selling price of clean coking coal was less than that of market price because of adjustments of long term contract selling prices quarterly in general and the different qualities of clean coking coal produced within the same kind for the year under review. In terms of its sales volume, sales of No.1 and No.2 clean coking coal accounted for 33% and 67% (2020 FY: 33% and 67%) of the total clean coking coal sales volume respectively for the year ended 31 December 2021.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group recorded a revenue of approximately Hong Kong Dollars ("HK$") 7,076 million, representing a sharp increase of approximately HK$3,079 million or 77% YoY as compared with that of approximately HK$3,997 million for the Last Year. The sharp increase in revenue was mainly driven by the significant increase in average realised selling prices of clean coking coal by 66% YoY, the rise in average exchange rate of RMB to HK$ by approximately 6.67% YoY and the slight increase in sales volume of clean coking coal by 1% YoY for the year under review.

For the year ended 31 December 2021, the total revenue to the top five customers accounted for 78% (2020 FY: 83%) of the Group's revenue. Of which, the total revenue to the largest customer accounted for 40% (2020 FY: 36%) of the Group's revenue.

For the year ended 31 December 2021, gross profit margin was 62% while 47% for the Last Year. Gross profit was sharply increased by approximately HK$2,526 million or 135% YoY. The sharp increase in gross profit was attributable to the significant increase in revenue by 77% as explained above. In addition, benefit from the appreciation of average exchange rate of RMB to HK$ by approximately 6.67% YoY, the profit which was mainly derived from the Group's coal business in China, with RMB as its functional currency, was increased.

For the year ended 31 December 2021, the Group recorded a net profit of approximately HK$3,061 million representing a significant increase of 158% YoY and profit attributable to the owners of the Company (the "Owners") of approximately HK$2,538 million representing a significant increase of 135% YoY and also recorded historical high profit. During the year under review, the significant increase in the Group's net profit by 158% YoY is in line with the surge in gross profit by approximately HK$2,526 million or 135% YoY. In addition, as a result of the significant rise in coal market prices, income from sales of coal related by-products increased by approximately HK$57 million or 158% YoY; and the increase in dividend income amounting to approximately HK$13 million or 27% YoY generated from financial assets during the year under review. Nevertheless, interest income was reduced by approximately HK$26 million YoY as a result of the drop in market interest rates and the net foreign exchange gain decreased by approximately 43 million in the year under review. Eventually, the Group recorded net profit of approximately HK$3,061 million, significantly increased by 158% YoY, during the year under review.

During the year under review, basic earnings per share was HK50.25 cents (2020 FY: HK20.62 cents), representing a significant increase of 144% YoY as a result of the significant increase in profit attributable to the Owner by 135% and the reduction of weighted average number of issued share capital of the Company by 4% YoY resulting from the repurchase of 250 million shares in September 2020 by the Company.

The Group recorded EBITDA of approximately HK$4,736 million (2020 FY: approximately HK$2,179 million) and generated a positive cash flow of approximately HK$3,858 million (2020 FY: approximately HK$837 million) from our operating activities during the year under review.

As at 31 December 2021, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK$6,426 million (As at 31 December 2020: approximately HK$4,062 million). The sharp increase in free bank balances and cash is mainly due to the considerable positive cash flow generated from our operating activities of approximately HK$3,858 million during the year under review. The Group earned the return on cash resources amounting to approximately HK$158 million (2020 FY: approximately HK$227 million) during the year under review.

Cost of Sales

During the year under review, cost of sales was approximately HK$2,681 million, representing an increase of approximately HK$553 million or 26% YoY, as compared with that of approximately HK$2,128 million for the Last Year. The increase in cost of sales was mainly due to the increase in actual usage volume of raw coking coal for sales, the reasonable increase in unit production costs as disclosed below and the appreciation in average exchange rate of RMB to HK$ by approximately 6.67%.

The unit production costs are summarised as follows:

Unit: RMB/tonne

	For the year ended 31 December		Change	
	2021	2020	Amount	Percentage
Production cost of raw coking coal	**379**	313	+66	+21%
Less: Depreciation and amortisation	**(75)**	(76)	-1	-1%
Cash production cost of raw coking coal	**304**	237	+67	+28%
Less: Uncontrollable costs – resources tax and levies	**(84)**	(48)	+36	+75%
Total	**220**	189	+31	+16%
Processing cost for clean coking coal	**50**	47	+3	+6%
of which, depreciation	**(7)**	(8)	-1	-13%

Included in cost of sales, amortisation of mining rights was approximately HK$256 million for the year ended 31 December 2021, representing an increase of approximately HK$29 million or 13% YoY, as compared with that of approximately HK$227 million for the Last Year. The increase in amortisation of mining rights was mainly due to the increase in actual usage volume of raw coking coal for sales during the year under review and the appreciation in average exchange rate of RMB to HK$ by approximately 6.67%.

Due to the substantial increase in average realised selling prices of clean coking coal by 66%, resources tax, which is charged on the basis of the selling price of coking coal, and levies of city constructional tax and additional educational surcharge, which is charged on the basis of the VAT, increased sharply by RMB36/tonne YoY, during the year under review.

Nevertheless, the Group faced the rising concern in cost pressure, the stringent cost controls continuously implemented by the Group. Excluding the effect on the increase in these uncontrollable costs, unit of production cost of raw coking coal just increase by 11% YoY resulted from (i) the increase in environmental and restoration related costs by RMB14/tonne YoY as a result of the removal and reconstruction of estates and implementation and the strengthen of various environmental protection policies; (ii) the increase in staff costs by RMB15/tonne YoY due to the additional bonus paid to the staff as recorded a significant increase in profit and reached historical high profit according to performance appraisal system and there was reduction of social insurances payment under the central government relief policies as a result of the outbreak of COVID-19 in the Last Year, there was no such reduction during the year under review; and (iii) the increase in electricity charges due to the rise in electricity price as a result of shortage in supply in the second half of the year under review and the electricity relief in the Last Year due to the outbreak of COVID-19.

In addition, the unit processing cost of clean coking coal also increased by 6% YoY as a result of the decrease in clean coking coal production volume by 1% YoY, the increase in labour cost and electricity charges due to the reason mentioned above and the increase in drainage fee for gangue.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit was approximately HK$4,395 million for the year ended 31 December 2021, representing a significant increase of approximately HK$2,526 million or 135% YoY as compared with that of approximately HK$1,869 million for the Last Year. Gross profit margin was 62% for the year under review and 47% for the Last Year.

Interest Income

During the year under review, interest income was approximately HK$70 million, representing a reduction by approximately HK$26 million or 27% YoY as compared with approximately HK$96 million for the Last Year. The decrease in interest income was the result of the decrease in market interest rates.

Other Income and Gains, Net

During the year under review, other income and gains, net was approximately HK$244 million, representing an increase of approximately HK$25 million or 11% YoY as compared with approximately HK$219 million for the Last Year. Excluding the impact of net foreign exchange gain of approximately HK$88 million (2020 FY: approximately HK$131 million) during the year under review, other income and gains, net was significant increased by approximately HK$68 million or 77% YoY, was mainly attributable to the increase in income from sales of coal related by-products by approximately HK$57 million or 158% YoY as a result of the significant rise in market prices of coal; and the increase in dividend income amounting to approximately HK$13 million or 27% YoY generated from financial assets during the year under review.

During the year under review, the Group recorded net foreign exchange gain of approximately HK$88 million, representing a decrease of approximately HK$43 million or 33% YoY, as compared with that of approximately HK$131 million for the Last Year. The reduction in net foreign exchange gain was due to the drop in appreciation in RMB to HK$ exchange rate from approximately 4.55% as at reporting date on 31 December 2020 when compared with that as at 31 December 2019 to approximately 2.61% as at reporting date on 31 December 2021 when compared with that as at 31 December 2020. The Group has monetary current assets denominated in RMB, which RMB is not the functional currencies of those group entities, amounting to RMB1,400 million.

Selling and Distribution Expenses

During the year under review, selling and distribution expenses were approximately HK$270 million, representing a decrease of approximately HK$47 million or 15% YoY as compared with that of approximately HK$317 million for the Last Year. Selling and distribution expenses mainly included logistic costs such as the trucking fees for short distance and freight costs by sea and trucks for sales of clean coking coal, of which are usually re-charged to customers. The decrease was due to the drop in customers in long distance sales by trucks during the year under review.

General and Administrative Expenses

During the year under review, general and administrative expenses were approximately HK$208 million, representing an increase of approximately HK$26 million or 14% YoY as compared with approximately HK$182 million for the Last Year. The increase was mainly resulted from the rise in average RMB to HK$ exchange rate by 6.67% and the increase in labour related cost as disclosed above during the year under review.

Other Operating Expenses

During the year under review, other operating expenses were approximately HK$96 million, representing an increase of approximately HK$32 million or 50% YoY as compared with approximately HK$64 million for the Last Year. The increase was mainly resulted from the rise in average RMB to HK$ exchange rate by 6.67% during the year under review and there was a reversal of impairment loss on trade receivables amounted to approximately HK$23 million in the Last Year.

Other operating expenses mainly included the additional depreciation arising from the accelerated depreciation related to the underground mining structures of the upper coal seam of Xingwu Coal Mine amounted to approximately HK$73 million (2020 FY: approximately HK$76 million), as it was expected that production will be transferred from upper to lower coal seam in 2023 as disclosed in the 2020 Annual Report.

Finance Costs

During the year under review, finance costs were approximately HK$1.3 million (2020 FY: approximately HK$1.3 million), of which approximately HK$1.2 million (2020 FY: approximately HK$1.3 million) was the interest expense on lease liabilities recognised under the adoption of HKFRS 16 and the remaining balance was interest derived from the early redemption of bills receivables of the Group for the short-term financing. For the year under review, no borrowing costs (2020 FY: nil) were capitalised in the construction in progress.

Income Tax Expense

During the year under review, income tax expense amounted to approximately HK$1,071 million (2020 FY: approximately HK$425 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 People's Republic of China (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 increased in line with 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$2,538 million, a sharp increase of approximately HK$1,458 million or 135% YoY and also recorded historical high profit, while approximately HK$1,080 million for the Last Year.

Material Investments and Acquisitions

During the year ended 31 December 2021, the Group had no material investments and acquisitions.

Material Disposals

During the year ended 31 December 2021, 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 constantly 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.

As stated in our 2021 Interim Report, the Three Mines had temporarily suspended production in the late of June 2021. An incident has occurred in Zhaiyadi Coal Mine in the late of June 2021 in which one person died. According to the investigation being performed by the third party, this incident would be classified as a general incident. According to the relevant rules and regulations in the Mainland China, Zhaiyadi Coal Mine had suspended production for comprehensive checking and it had already passed all checking and resumed its normal production in the early of August 2021. In addition, according to the notice of the local industry management department on 22 June 2021, all domestic mines, including Xingwu Coal Mine and Jinjiazhuang Coal Mine, had temporarily closed for safety inspection. Xingwu Coal Mine and Jinjiazhuang Coal Mine have already resumed their normal production in the early of July 2021 after closed for approximately 10 days. As the Group has adjusted its production plan for the second half of 2021, the Group produced raw coking coal of approximately 5.17 Mt in 2021, representing an increase of 4% YoY. The Group would neither have significant economic loss nor significant negative effect on the operation and production of the Group resulted from the aforesaid incident for the year under review.

Except for the aforesaid events, all coal mines of the Group operated smoothly during the year under review.

Charges on Assets

As at 31 December 2021, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

As at 31 December 2021, bank deposits of approximately HK$358 million and bills receivables of approximately HK$183 million were used for securing bills facilities. As at 31 December 2021, bills facilities of approximately HK$337 million has been utilised.

Contingent Liabilities

As at 31 December 2021, there were no guarantees given by the Group and the Group has no material contingent liabilities.

Gearing Ratio

As at 31 December 2021, the Group had no borrowings. The gearing ratio of the Group was 0% (As at 31 December 2020: 0%).

Exposure to Fluctuations in Exchange Rates

As at 31 December 2021, 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 2021, RMB and AUD exchange rate were appreciated by approximately 2.61% and depreciated by approximately 5.2% respectively, when compared to that as at 31 December 2020. As the net assets value of PRC business operations denominated in RMB represented approximately 78% of the Group's net assets value as at 31 December 2021, the appreciation in RMB also led to an exchange gain of approximately HK$259 million (other than the foreign exchange difference recognised in profit or loss stated above) recognised in the other comprehensive income upon translation of its net assets in the financial statements of coal business operations in the PRC for the year ended 31 December 2021. Besides, the aggregate carrying amount of assets denominated in AUD represented approximately 2% of the Group's net assets value as at 31 December 2021. 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 2021, the Group's current ratio (total current assets divided by total current liabilities) was approximately 2.69 times and the Group's cash and bank deposits amounted to approximately HK$6,784 million, of which approximately HK$358 million was deposited to secure bills facilities of approximately HK$180 million. The Group continued to maintain a healthy net cash balance.

The Group has total bills receivables amounting to approximately HK$2,260 million (of which approximately HK$94 million represented endorsed bills receivables and approximately HK$183 million was used for securing bills facilities of approximately HK$157 million) as at 31 December 2021. 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$1,983 million, the Group's free cash resources would have approximately HK$8,409 million as at 31 December 2021 (As at 31 December 2020: approximately HK$5,111 million).

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2021, the share capital of the Company was approximately HK$15,157 million, represented approximately 5,052 million shares in number. During the year under review, there is no change in number and amount of issued shares. The Group had no borrowings as at 31 December 2021.

EMPLOYEES

As at 31 December 2021, the Group had 4,594 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. The Group has a share option scheme. During the year under review, no share option was granted or exercised. As at 31 December 2021, no share option was outstanding.

FUTURE PROSPECTS

China's Gross Domestic Product ("GDP") growth was 8.1% in 2021, exceeded the 8.0% estimated by International Monetary Fund ("IMF"). China's economy continued to recover steadily in 2021 and maintained a leading position in economic development and pandemic control, major economic indicators have achieved the expected goals.

In 2021, factors like repeated resurgence of the pandemic, floods during the year, bulk commodity prices increased, weakening margins of policy support, and the central government's mid-long term structural policy adjustments in various sectors since the third quarter caused short-term economic impact. China's GDP quarterly growth rate YoY showed a trend of high to low during the year. The growth of infrastructure, fixed assets and real estate investment generally showed a similar trend in 2021, the cumulative YoY growth rates were 0.4%, 4.9% and 4.4% respectively. On the other hand, due to the "Dual Carbon" target and energy consumption control policy, strict crude steel reduction policy has been introduced countrywide since July 2021. In 2021, production volume of crude steel and pig iron were down by 3.0% and 4.3% respectively. Crude steel production volume dropped YoY for first time in six years. Despite the production of steel industry declined slightly due to the policy, the domestic coking coal supply being restricted by safety and environmental inspections, and the coking coal import fell by 25% YoY due to the impact of the pandemic and geopolitics, the prices of domestic coking coal products kept hitting record highs since second half of 2021. The annual average coking coal market price also increased significantly. Although the supply has increased accordingly after National Development and Reform Commission's policy of ensuring supply and price stabilisation, the prices of coking coal products have fallen rapidly but still running at historically high level.

Looking forward to 2022, seeking progress while maintaining stability is the main tone of China's economy this year. After a series policy adjustment in real estate industry in the past two years, the conventional real estate-led economic growth model has been changed gradually. Since 2022, real estate policy has shown signs of relaxation. Real estate investment is expected to bottom out and rebound during the year. The Two Sessions Work Report in 2022 proposed that the scale of new special bonds issuance will be RMB3.65 trillion this year. Moreover, it mentioned that infrastructure investment should be carried out moderately ahead of schedule. The RMB1.46 trillion new special bonds arranged in advance at the beginning of this year has already been issued more than 70% in January and February. It is expected that a proactive fiscal policy regime will promote a significant rebound in the growth of infrastructure investment and becoming an important growth engine of China's economy this year. On the other hand, recently, three government departments, namely Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Ecology and Environment of the People's Republic of China jointly issued a guideline for the high-quality development of the steel industry, suggest to delay "Carbon Emission Peak" to 2030. The pressure on steel production control in 2022 is expected to be significantly lower than 2021. This macro environment is constructive for the healthy development of the demand side of China's steel industry. On the supply side of coking coal, the domestic coking coal output is expected to remain stable; on the import side, geopolitical crisis at the beginning of the year has caused severe turbulence in the commodity market, supply shortage and the reshaping of the global raw material supply chain pushes commodity price to go high continuously. To sum up, the coking coal industry is expected to be benefited from the stimulus of the Chinese government's economic policy and import disturbance. The prices of coking coal products are expected to remain stable at a high level in 2022, especially in the first half of this year.

On the other hand, due to the outbreak of variants of coronavirus such as Omicron recently around the world, a series of precautionary and control measures have been implemented and are expected to continue across the country. Up to the date of this report, the Group is not aware of any material adverse effects on the financial position and operating results of the Group as a result of the pandemic outbreak. The Group will pay close attention to the development of the pandemic outbreak and evaluate its impact on the Group, and the Group shall take proactive measures in response to the impact. The Group believes that the current healthy financial position and strong cash position not only could suffice to service its operating activities and investments in the foreseeable future, but could also face the adverse effects as a result of the pandemic, if any.

Our Group will continue to strengthen production safety, introducing cutting-edge mining technology, promoting smart mining gradually to enhance production efficiency, cost control and contribute to sustainable development in respond to the plan of Chinese government in transforming to a green and low-carbon economy. With the Group's stable financial position and strong cash flow, we will continue to monitor the development of the pandemic and economy to timely adjust our operating strategy. The Group will continue to maintain stringent corporate governance and leverage our competitive advantages to create greater value for our shareholders, employees and society.

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 2021 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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 (version up to 31 December 2021) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the financial year ended 31 December 2021, save for the deviations from code provision A.4.1 as follows:

Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors of the Company ("Non-executive Directors") and independent non-executive directors of the Company ("Independent Non-executive Directors") is appointed for a specific term, but according to the Articles of Association of the Company ("Articles"), every director of the Company is subject to retirement by rotation at least once every 3 years.

Since all directors of the Company, including the Non-executive Directors and Independent Non-executive Directors, are also subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Articles, the Board therefore considers this requirement is sufficient to meet the underlying objective of the said code provision.

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 2021 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 for their hard work and dedication throughout the year.

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

Hong Kong, 24 March 2022

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. Liu Qingshan (Deputy Managing Director), Mr. Wang Dongming (Deputy Managing Director), Ms. Chang Cun (Non-executive Director), Mr. Shi Yubao (Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director), Mr. Japhet Sebastian Law (Independent Non-executive Director), Mr. Chen Jianxiong (Independent Non-executive Director) and Mr. Shen Zongbin (Independent Non-executive Director).