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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)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

**FINANCIAL HIGHLIGHTS**

	<b>For the six months ended 30 June</b>		<b>Percentage change</b>
<i>(HK\$'million)</i>	<b>2025</b>	<b>2024<sup>4</sup></b>	
Revenue	<b>2,101</b>	2,532	-17%
Gross profit	<b>642</b>	1,433	-55%
Gross profit margin	<b>31%</b>	57%	
Adjusted gross profit margin <sup>1</sup>	<b>40%</b>	57%	
Profit for the period	<b>481</b>	983	-51%
Profit attributable to owners of the Company ("Owners")	<b>404</b>	837	-52%
EBITDA <sup>2</sup>	<b>934</b>	1,666	-44%
Basic earnings per share <i>(HK cents)</i>	<b>7.94</b>	16.95 <sup>5</sup>	-53%
	<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>	<b>Percentage change</b>
<i>(HK\$'million)</i>			
Net assets	<b>18,357</b>	18,901	-3%
Equity per share attributable to Owners <i>(HK\$)</i>	<b>3.12</b>	3.24	-4%
Current ratio <i>(times)</i> <sup>3</sup>	<b>3.57</b>	4.25	-16%

The board of directors has declared an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2025.

*Notes:*

1. Adjusted gross profit margin excludes revenue and costs from trading of coal products.
2. EBITDA is defined as profit before income tax plus finance costs, share of loss of an associate, depreciation and amortisation.
3. Current ratio is computed from total current assets divided by total current liabilities.
4. Certain comparative figures have been reclassified to conform with current period's presentation.
5. 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.

## INTERIM RESULTS

The board of directors (the “**Board**”) of Shougang Fushan Resources Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025. These interim results have been reviewed by the audit committee and the auditor of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2025*

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
<b>Revenue from contracts with customers</b>	4	<b>2,101,368</b>	2,531,571
Cost of sales		<u>(1,459,744)</u>	<u>(1,098,751)</u>
<b>Gross profit</b>		<b>641,624</b>	1,432,820
Interest income		<b>87,421</b>	94,589
Other income and gains, net	5	<b>54,384</b>	26,855
Selling and distribution expenses		<b>(24,050)</b>	(57,685)
General and administrative expenses		<b>(100,203)</b>	(96,309)
Other operating expenses	6	<b>(7,421)</b>	(5,301)
Finance costs	7	<b>(934)</b>	(862)
Share of loss of an associate		<u>–</u>	<u>(235)</u>
<b>Profit before income tax</b>	8	<b>650,821</b>	1,393,872
Income tax expense	9	<b>(169,927)</b>	(411,330)
<b>Profit for the period</b>		<b>480,894</b>	982,542

		Six months ended 30 June	
		2025	2024
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
<b>Other comprehensive income/(expense) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
		(5,780)	(9,450)
Items that will not be reclassified to profit or loss:			
Fair value gain/(loss) on financial assets measured at fair value through other comprehensive income			
		51,522	(113,374)
Exchange differences on translation of foreign operations			
		(1,279)	(1,787)
<b>Total comprehensive income for the period</b>		<b>525,357</b>	<b>857,931</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		404,135	837,351
Non-controlling interests		76,759	145,191
<b>Profit for the period</b>		<b>480,894</b>	<b>982,542</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		449,877	714,527
Non-controlling interests		75,480	143,404
<b>Total comprehensive income for the period</b>		<b>525,357</b>	<b>857,931</b>
<b>Earnings per share</b>			
– Basic and diluted ( <i>HK cents</i> )		11	
		7.94	16.95

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,811,332	3,715,248
Land use rights		72,203	73,168
Right-of-use assets		34,451	31,796
Mining rights		5,852,769	5,970,133
Goodwill		1,179,551	1,179,551
Financial assets measured at fair value through other comprehensive income	12	490,709	439,187
Deposits, prepayments and other receivables		390,150	453,310
Deferred income tax assets		89,205	84,764
<b>Total non-current assets</b>		<b>11,920,370</b>	<b>11,947,157</b>
<b>Current assets</b>			
Inventories		122,069	137,638
Trade receivables	13	462,924	519,815
Bills receivables	13	66,537	18,089
Deposits, prepayments and other receivables		217,740	207,695
Pledged and restricted bank deposits		656,798	937,107
Time deposits with original maturity over three months		2,566,133	1,505,443
Cash and cash equivalents		6,879,567	7,675,879
<b>Total current assets</b>		<b>10,971,768</b>	<b>11,001,666</b>
<b>Total assets</b>		<b>22,892,138</b>	<b>22,948,823</b>

		<b>30 June 2025</b>	31 December 2024
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and bills payables	14	<b>501,053</b>	757,521
Lease liabilities		<b>15,444</b>	12,125
Other payables and accruals		<b>1,356,979</b>	1,536,254
Dividend payable	10	<b>1,069,124</b>	–
Amounts due to non-controlling interests of subsidiaries		–	60,466
Tax payables		<b>133,600</b>	224,669
<b>Total current liabilities</b>		<b>3,076,200</b>	2,591,035
<b>Net current assets</b>		<b>7,895,568</b>	8,410,631
<b>Total assets less total current liabilities</b>		<b>19,815,938</b>	20,357,788
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>1,425,514</b>	1,424,979
Lease liabilities		<b>32,934</b>	31,552
<b>Total non-current liabilities</b>		<b>1,458,448</b>	1,456,531
<b>Net assets</b>		<b>18,357,490</b>	18,901,257
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	<b>15,582,467</b>	15,582,467
Reserves		<b>278,360</b>	897,607
<b>Total equity attributable to owners of the Company</b>		<b>15,860,827</b>	16,480,074
<b>Non-controlling interests</b>		<b>2,496,663</b>	2,421,183
<b>Total equity</b>		<b>18,357,490</b>	18,901,257

*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 and trading of coal products. Except for the commencement of trading business in the current period, there were no significant changes in the Group’s operations during the six months ended 30 June 2025.

## **2. BASIS OF PREPARATION**

The condensed consolidated financial statements of the Group for the six months ended 30 June 2025 (the “**Interim Financial Information**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure provisions in Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Information does not include all the notes of the type normally included in the annual financial statements. Accordingly, the Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024, except for the adoption of amendments to HKFRS Accounting standards (see note 3).

The Interim Financial Information was approved for issue by the board of directors of the Company (“**Board**”) on 28 August 2025.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with the accounting policies adopted in the last financial statements for the year ended 31 December 2024, except for the adoption of the following amendments to HKFRS Accounting Standards which are applicable for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The above amendments did not have any impact on the Group's accounting policies and are not expected to significantly affect the current and future periods.

#### **Impact of standards and interpretations issued but not yet applied by the Group**

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2025 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	1 January 2026
Amendments to HKFRS1, HKFRS7, HKFRS9, HKFRS10 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 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.

#### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

Revenue from contracts with customers, which is also the Group's revenue, represents the sales value of coal products in the ordinary course of businesses which are recognised at a point in time. Revenue recognised is as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Unaudited and restated)
	<b>(Unaudited)</b>	
Sales of self-produced clean coking coal	<b>1,579,279</b>	2,497,844
Sales of self-produced by-products	<b>27,506</b>	33,727
Trading of coal products	<b>494,583</b>	—
	<b><u>2,101,368</u></b>	<b><u>2,531,571</u></b>

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 and sales of raw and clean coking coal and trading of coal products 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.



## 5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Dividend income	21,510	21,510
Net foreign exchange gain/(loss)	31,399	(1)
Others	1,475	5,346
	<u>54,384</u>	<u>26,855</u>

## 6. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Charitable donations	–	1,106
Loss on disposals of property, plant and equipment	–	1
Others	7,421	4,194
	<u>7,421</u>	<u>5,301</u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	<u>934</u>	<u>862</u>

## 8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Profit before income tax is arrived at after charging:		
Cost of inventories sold	1,459,744	1,098,751
Amortisation of:		
– land use rights	1,099	1,051
– long-term deferred expenses	1,109	707
– mining rights	119,390	103,674
Depreciation of:		
– property, plant and equipment	158,999	163,505
– right-of-use assets	2,002	2,164
Staff costs (including directors' emoluments)	355,729	390,945

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – PRC income tax	173,901	332,438
Deferred tax	(3,974)	78,892
	169,927	411,330

No provision for Hong Kong profits tax has been made in the Interim Financial Information as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2025 and 2024.

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% (Six months ended 30 June 2024: 25%) enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (Six months ended 30 June 2024: 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.

## 10. DIVIDENDS

Dividends attributable to the interim period:

Six months ended 30 June	
2025	2024
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Declared and payable after interim period:

2025 interim dividend HK6 cents per ordinary share

(Six months ended 30 June 2024: 2024 interim dividend

HK9 cents per ordinary share)

<b>305,464</b>	<b>443,415</b>
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The interim dividend for six months ended 30 June 2025 totaling HK\$305,464,000 was calculated based on the number of issued ordinary shares as at 30 June 2025. As at 30 June 2025, the number of the issued share capital qualifying for the interim dividend of the Company is 5,091,065,770 (As at 30 June 2024: 4,926,837,842). The interim dividend has not been recognised as liabilities as at 30 June 2025 (Six months ended 30 June 2024: 30 June 2024).

Dividends attributable to the previous financial year were approved during the interim period:

Six months ended 30 June	
2025	2024
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

2024 final dividend HK21 cents per ordinary share

(Six months ended 30 June 2024: 2023 final dividend

HK18 cents per ordinary share)

<b>1,069,124</b>	<b>886,831</b>
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Final dividend for the year ended 31 December 2024 and 2023 totaling HK\$1,069,124,000 and HK\$886,831,000 respectively were calculated based on the number of issued ordinary shares as at 31 December 2024 and 2023 respectively, and have been reflected as an appropriation of retained earnings and recognised as liabilities during the periods ended 30 June 2025 and 2024 respectively. Final dividend for the years ended 31 December 2024 and 2023 was paid on 24 July 2025 and 26 July 2024 respectively.

## 11. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Profit used to determine basic and diluted earnings per share	<b>404,135</b>	837,351
	<b>'000 shares</b>	'000 shares
		(restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>5,091,065</b>	4,940,819

The diluted earnings per share for the periods ended 30 June 2025 and 30 June 2024 were the same as the basic earnings per share as there were no dilutive potential ordinary shares during the periods.

The basic and diluted earnings per share for the period ended 30 June 2024 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.

## 12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June</b>	31 December
	<b>2025</b>	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Equity securities, at fair value		
– listed in Australia	<b>226,136</b>	232,691
– listed in Hong Kong	<b>264,573</b>	206,496
	<b>490,709</b>	439,187
Unlisted equity interest *	–	–
	<b>490,709</b>	439,187

\* This represents the cost of 7% equity investment in an unlisted company incorporated in the PRC. As the entity ceased operation during the year ended 31 December 2013, a fair value loss of approximately HK\$8,890,000 was recognised against the full investment cost in 2013.

### 13. TRADE AND BILLS RECEIVABLES

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Trade receivables	645,784	702,675
<i>Less: Provision for impairment loss</i>	<u>(182,860)</u>	<u>(182,860)</u>
	462,924	519,815
Bills receivables	<u>66,537</u>	<u>18,089</u>
	<u>529,461</u>	<u>537,904</u>

Trade receivables generally have credit terms ranging from 30 to 90 days (As at 31 December 2024: 30 to 90 days) and no interest is charged. Bills receivables are expiring within one year (As at 31 December 2024: one year). As at 30 June 2025 and 31 December 2024, all of the trade and bills receivables are denominated in Renminbi (“RMB”).

As at 30 June 2025 and 31 December 2024, ageing analysis of net trade receivables, based on invoice dates, is as follows:

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Up to 90 days	388,945	246,421
91 to 180 days	73,979	241,417
181 to 365 days	<u>–</u>	<u>31,977</u>
	<u>462,924</u>	<u>519,815</u>

As at 30 June 2025 and 31 December 2024, ageing analysis of bills receivables, based on bills receiving dates, is as follows:

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Up to 90 days	<u>66,537</u>	<u>18,089</u>

Details of pledged bills receivables are as follows:

	<b>30 June 2025</b>	31 December 2024
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Pledged bills receivables	<b>33,707</b>	–
Associated bills payables ( <i>note 14</i> )	<b>(27,756)</b>	–

The carrying amounts of the bills receivable include receivables of HK\$3,010,000 as of 30 June 2025 (As at 31 December 2024: HK\$2,749,000), which are transferred to creditors by 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 condensed consolidated statement of financial position and measure at amortised cost.

The relevant carrying amounts are as follows:

	<b>30 June 2025</b>	31 December 2024
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Bills receivables endorsed to creditors with full recourse:		
Transferred bills receivables	<b>3,010</b>	2,749
Associated trade payables ( <i>note 14</i> )	<b>(315)</b>	–
Associated other payables	<b>(2,695)</b>	(2,749)

#### 14. TRADE AND BILLS PAYABLES

	<b>30 June 2025</b>	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>305,160</b>	282,263
Bills payables	<b>195,893</b>	475,258
	<b><u>501,053</u></b>	<b><u>757,521</u></b>

The Group is granted by its suppliers credit period ranging between 30 to 180 days (As at 31 December 2024: 30 to 180 days). As at 30 June 2025 and 31 December 2024, all of the trade and bills payables are denominated in RMB. All bills payables are aged within 6 months (As at 31 December 2024: 6 months).

Based on the invoice dates, ageing analysis of trade payables as at 30 June 2025 and 31 December 2024 is as follows:

	<b>30 June 2025</b>	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Up to 90 days	<b>173,564</b>	169,493
91 to 180 days	<b>63,236</b>	64,912
181 to 365 days	<b>29,905</b>	16,846
Over 365 days	<b>38,455</b>	31,012
	<b><u>305,160</u></b>	<b><u>282,263</u></b>

As at 30 June 2025, bills payables amounted to HK\$168,137,000 (As at 31 December 2024: 475,258,000) were secured by the pledged bank deposits. As at 30 June 2025, remaining bills payables amounted to HK\$27,756,000 (As at 31 December 2024: nil) were secured by bills receivables (note 13).

As at 30 June 2025, trade payables of HK\$315,000 (As at 31 December 2024: nil) were settled by bills receivables endorsed to corresponding creditors which do not meet the de-recognition requirements (note 13).

## 15. SHARE CAPITAL

	Number of shares '000 shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2024 (audited)	4,926,837	15,156,959
Less: Issue of shares under right issue ( <i>Note</i> )	<u>164,228</u>	<u>425,508</u>
At 31 December 2024 (audited)	<u>5,091,065</u>	<u>15,582,467</u>
At 1 January 2024 (audited) / 30 June 2024 (unaudited)	<u>4,926,837</u>	<u>15,156,959</u>
At 1 January 2025 (audited) / 30 June 2025 (unaudited)	<u><b>5,091,065</b></u>	<u><b>15,582,467</b></u>

*Note:* On 23 September 2024, the Board of Directors proposed to conduct the rights issue (the “**Right Issue**”) on the basis of one (1) rights share (“**Rights Share(s)**”) 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 up to approximately HK\$426,993,000 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\$425,508,000 were raised from the Rights Issue.

## 16. CAPITAL COMMITMENTS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Contracted for:		
– Acquisition of property, plant and equipment	204,836	213,675
– Exploration and design fees for a potential mining project	<u>7,932</u>	<u>7,932</u>
	<u><b>212,768</b></u>	<u><b>221,607</b></u>



**17. STATEMENT REQUIRED BY SECTION 436(3) OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) IN RELATION TO THE PUBLICATION OF THE NON-STATUTORY ACCOUNTS FOR THE COMPARATIVE FINANCIAL YEAR INCLUDED IN THIS INTERIM FINANCIAL INFORMATION**

The financial information relating to the year ended 31 December 2024 that is included in this Interim Financial Information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance (Cap. 622).

**18. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current period's presentation.

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2025 (2024 interim 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 3 October 2025 (Friday). In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 3 October 2025 (Friday) for registration. The interim dividend is expected to be paid on 6 November 2025 (Thursday).

## 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 six months ended 30 June 2025 (the “**Period Under Review**”) together with that of the same period of 2024 (the “**Last Period**” or “**1H 2024**”) is summarised as follows:

		Six months ended		Change	
		30 June		Quantity/	
	Unit	2025	2024	Amount	Percentage
<i>Production volume:</i>					
Raw coking coal	Mt	<b>2.64</b>	2.25	+0.39	+17%
Clean coking coal	Mt	<b>1.54</b>	1.29	+0.25	+19%
<i>Sales volume:</i>					
Clean coking coal	Mt	<b>1.55</b>	1.34	+0.21	+16%
<i>Average realised selling price (inclusive of VAT):</i>					
Clean coking coal	RMB/tonne	<b>1,067</b>	1,938	-871	-45%
<i>Trading volume:</i>					
Coal products	Mt	<b>0.57</b>	–	+0.57	+100%

*Note:* No sales of raw coking coal for the six months ended 30 June 2025 (1H 2024: nil).

For the six months ended 30 June 2025, the Group produced approximately 2.64 million tonnes (“Mt”) (1H 2024: approximately 2.25 Mt) of raw coking coal, representing a year-on-year (“YoY”) increase of 17% and also produced approximately 1.54 Mt (1H 2024: approximately 1.29 Mt) of clean coking coal, representing a YoY increase of 19% as a result of the increase in production volume of raw coking coal for washing.

The Three Mines operated smoothly under planned during the Period Under Review. As disclosed in the annual report 2024 of the Company, the Xingwu Coal Mine, had completed the transition from the upper coal seam to the lower coal seam in the first half of 2024. During that transition period, Xingwu Coal Mine had temporarily suspended production in the first half of 2024 and resumed normal production by mid of July 2024. Accordingly, the increment of raw coking coal production volume from Xingwu Coal Mine led to the increase in the production volume of raw and clean coking coal of the Group for the Period Under Review, with corresponding increase in clean coking coal sales volume.

In line with the increase in production volume of clean coking coal, the sales volume of clean coking coal increased by 16% YoY for the Period Under Review. Due to the change of clean coking coal inventory level as at 30 June 2025, the increase in sales volume of clean coking coal was less than the increase in production volume of clean coking coal. For the six months ended 30 June 2025 and the Last Period, 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.

For the six months ended 30 June 2025, the Group commenced trading business of coal with sales volume of approximately 0.57 Mt in order to enlarge the Group’s revenue base.

In the first half of 2025, the supply of coking coal market continued to be loosen, downstream operations were weak, market confidence was seriously insufficient, the “reservoir” function of intermediate traders was lost, and the losses of coking plants increased. Under the fundamental of relatively strong supply and weak demand, the coking coal market continued to be weak, and the center of gravity of coal prices continued to decline. In June 2025, the market price of the medium sulfur clean coking coal products at the loading dock reached the lowest price of Renminbi (“RMB”) 968 (inclusive of value added tax “VAT”) per tonne. Its average market prices sharply dropped by 41% YoY for the Period Under Review. At the same time, as disclosed in the 2024 annual report, the Group fully transitioned to mining lower coal seams

starting July 2024, resulting in changes in coal qualities. Since then, higher-priced low-sulfur premium coking coal has ceased production, further impacting the overall selling prices of the Group in the Period Under Review. The Group has taken proactive measures to mitigate the impact of coal price fluctuations and change of coal qualities. However, together with the average market selling prices of clean coking coal significantly dropped by approximately 41% YoY and the changes in coal qualities in the first half of 2025, the Group's average realised selling prices (inclusive of VAT) of clean coking coal significantly dropped by 45% YoY to RMB1,067/tonne (1H 2024: RMB1,938/tonne). In terms of its sales volume, all sales was medium-high sulfur clean coking coal (1H 2024: sales volume of low-sulfur and medium-high sulfur clean coking coal accounted for 3% and 97% of the total clean coking coal sales volume respectively) for the six months ended 30 June 2025.

## **FINANCIAL REVIEW**

For the six months ended 30 June 2025, the Group recorded a revenue of approximately Hong Kong Dollars (“**HK\$**”) 2,101 million, representing a decrease of approximately HK\$431 million or 17% YoY as compared with that of approximately HK\$2,532 million for the Last Period. The drop in revenue was mainly driven by the substantial drop in average realised selling prices of clean coking coal by 45% YoY, net off the positive effect on the increase in sales volume of clean coking coal by 16% YoY and the commencement of coal trading business for the Period Under Review.

For the six months ended 30 June 2025, the total revenue to the top five customers accounted for 57% (1H 2024: 72%) of the Group's revenue. Of which, the total revenue to the largest customer, Shougang Group Co., Limited together with its subsidiaries, accounted for 29% (1H 2024: 50%) of the Group's revenue.

For the six months ended 30 June 2025, gross profit margin was 31% (excluded the effect of trading business of coal products, gross profit margin would be 40%) while 57% for the Last Period. Even though, the unit production cost was reduced by 28% YoY as disclosed per below, the drop in gross profit margin during the Period Under Review was mainly due to the significant decrease in average realised selling prices of clean coking coal by 45% YoY as disclosed above.

For the six months ended 30 June 2025, the Group recorded a net profit of approximately HK\$481 million representing a significant decrease of 51% YoY, and profit attributable to the owners of the Company (the “**Owners**”) of approximately HK\$404 million, representing a significant decrease of 52% YoY. During the Period Under Review, the significant decrease in the Group’s profit YoY was mainly attributable to the significant drop in gross profit by approximately HK\$791 million or 55% YoY. On the other hand, (i) due to the drop in the proportion of sales by train together with cost efficiency measures, selling and distribution expenses decreased by approximately HK\$34 million YoY; (ii) the net foreign exchange gain increased by approximately HK\$31 million YoY; and (iii) the drop in provision of dividend withholding tax by approximately HK\$26 million YoY due to the drop in the profits of the Group’s major PRC subsidiaries incorporated in the People’s Republic of China (the “**PRC**”) (“**major PRC Subsidiaries**”) during the Period Under Review.

For the Period Under Review, basic earnings per share was HK7.94 cents (1H 2024: HK16.95 cents).

For the Period Under Review, the Group recorded EBITDA of approximately HK\$934 million (1H 2024: approximately HK\$1,666 million) and generated a positive cash flow of approximately HK\$453 million (1H 2024: approximately HK\$1,180 million) from our operating activities.

As at 30 June 2025, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK\$9,446 million (As at 31 December 2024: approximately HK\$9,181 million). The increase in free bank balances and cash is mainly due to the positive cash flow generated from our operating activities of approximately HK\$453 million during the Period Under Review and the retention of approximately HK\$1,069 million for the payment of 2024 final dividend in July 2025.

### **Cost of Sales**

For the Period Under Review, cost of sales was approximately HK\$1,460 million, representing an increase of approximately HK\$361 million or 33% YoY, as compared with that of approximately HK\$1,099 million for the Last Period. The increase in cost of sales was primarily due to the commencement of coal trading business with trading volume of approximately 0.57 Mt and cost of approximately HK\$493 million. Excluding this effect, cost of sales was decreased by approximately HK\$132 million or 12% YoY. The drop was mainly due to the decrease in unit production costs by 28% YoY as disclosed below; even partially offset by the increase in actual usage volume of raw coking coal for sales as a result of the increase in sales volume of clean coking coal by 16% YoY during the Period Under Review.

The unit production costs are summarised as follows:

*Unit: RMB/tonne*

	Six months ended					
	30 June		Change		Full Year	Change
	2025	2024	Amount	Percentage	2024	Percentage
Production cost of raw coking coal	328	453	-125	-28%	429	-24%
Less: Depreciation and amortisation	(87)	(96)	-9	-9%	(88)	-1%
Cash production cost of raw coking coal	241	357	-116	-32%	341	-29%
Less: Uncontrollable costs <sup>Note 1</sup>	(56)	(90)	-34	-38%	(88)	-36%
Total	185	267	-82	-31%	253	-27%
Processing cost for clean coking coal	44	50	-6	-12%	47	-6%
of which, depreciation	(8)	(9)	-1	-11%	(8)	-

*Note 1:* Included resources tax and levies.

Included in cost of sales, amortisation of mining rights was approximately HK\$119 million for the six months ended 30 June 2025, representing an increase of approximately HK\$15 million or 14% YoY, as compared with that of approximately HK\$104 million for the Last Period. 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 Period Under Review.

The decrease in unit production cost of raw coking coal by 28% YoY was mainly due to (i) the increase in production volume of raw coking coal by 17% YoY; (ii) the substantial decrease in average realised selling prices of clean coking coal by 45% YoY, 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, decreased by RMB34/tonne YoY; (iii) there was a temporary increase in materials costs due to the transition of coal seam in Last Period, together with effective cost control measures during the Period Under Review, materials consumption reduced YoY; (iv) as profits declined, the efficiency-based portion of labor costs also decreased accordingly; and (v) taken various proactive measures to improve cost efficiency during the Period Under Review.

The unit processing cost of clean coking coal decreased by 12% YoY, mainly as a result of the increase in production volume of clean coking coal by 19% YoY.

## **Gross Profit and Gross Profit Margin**

As a result of the reasons above, gross profit was approximately HK\$642 million for the six months ended 30 June 2025, representing a decrease of approximately HK\$791 million or 55% YoY as compared with that of approximately HK\$1,433 million for the Last Period. Gross profit margin was 31% for the Period Under Review and 57% for the Last Period. Excluding the coal trading business, gross profit margin was 40% for the Period Under Review and 57% for the Last Period.

## **Interest Income**

During the Period Under Review, interest income was approximately HK\$87 million, representing a decrease of approximately HK\$8 million or 8% YoY as compared with approximately HK\$95 million for the Last Period. The decrease in interest income was the result of the drop in market deposit interest rates for the Period Under Review.

## **Other Income and Gains, Net**

During the Period Under Review, other income and gains, net was approximately HK\$54 million, representing a significant increase of approximately HK\$27 million or 100% YoY as compared with approximately HK\$27 million for the Last Period. Excluding the impact of net foreign exchange gain of approximately HK\$31 million (1H 2024: net foreign exchange loss of approximately HK\$1,000) during the Period Under Review, other income and gains, net was decreased by approximately HK\$4 million YoY.

During the Period Under Review, the increase in net foreign exchange gain by approximately HK\$31 million is attributable to the turnaround of net foreign exchange loss of approximately HK\$1,000 for the Last Period to gain of approximately HK\$31 million for the Period Under Review. The increase was resulted from the realised exchange gain of approximately HK\$31 million aroused from the exchange of RMB into HK\$ and United States Dollars at good time.

## **Selling and Distribution Expenses**

For the Period Under Review, selling and distribution expenses were approximately HK\$24 million, representing a significant decrease of approximately HK\$34 million or 59% YoY as compared with that of approximately HK\$58 million for the Last Period. Selling and distribution expenses mainly include 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 drop in the proportion of both sales by train and sea freight together with cost efficiency measures for the Period Under Review.

## **General and Administrative Expenses**

For the Period Under Review, general and administrative expenses were approximately HK\$100 million, representing a slight increase of approximately HK\$4 million or 4% YoY as compared with that of approximately HK\$96 million for the Last Period.

## **Other Operating Expenses**

During the Period Under Review, other operating expenses were approximately HK\$7 million, representing an increase of approximately HK\$2 million or 40% YoY as compared with approximately HK\$5 million for the Last Period.

## **Finance Costs**

For the Period Under Review, finance costs were approximately HK\$0.9 million (1H 2024: approximately HK\$0.9 million), which was solely interest expense on lease liabilities recognised under HKFRS 16.

## **Income Tax Expense**

For the Period Under Review, income tax expense amounted to approximately HK\$170 million (1H 2024: approximately HK\$411 million). Income tax expense mainly includes the enterprise income tax calculated at a tax rate of 25% for the 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 decrease in income tax expense was in line with the drop in profits and the decrease in dividend withholding tax during the Period Under Review.



## **Owner's Attributable Profit**

By reasons of the foregoing, the profit attributable to the Owners during the Period Under Review was approximately HK\$404 million, representing a significant decrease of approximately HK\$433 million or 52% YoY, while approximately HK\$837 million for the six months ended 30 June 2024.

## **Material Investments and Acquisitions**

During the six months ended 30 June 2025, the Group had no material investments and acquisitions.

## **Material Disposals**

During the six months ended 30 June 2025, 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 always strictly complies with the relevant environmental protection rules and regulations. The Group fulfilled our responsibility 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.

For the Period Under Review, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine have been awarded the level I workplace safety standard issued by the National Mine Safety Administration, Xingwu 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 Period Under Review, all coal mines of the Group operated smoothly and have good safety record.

Xingwu Coal Mine has happened an incident resulting in one fatality in the mid of July 2025. Xingwu Coal Mine has been suspended production for comprehensive safety checking and resumed its production normally in the early of August 2025. As the Group has adjusted its production plan, the aforesaid incident would neither cause the Group's significant economic loss nor significant negative effect on the production and operation of the Group for the year of 2025.

### **Charges on Assets**

As at 30 June 2025, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

As at 30 June 2025, bank deposits of approximately HK\$175 million and bills receivables of approximately HK\$34 million were used for securing bills facilities. As at 30 June 2025, bills facilities of approximately HK\$196 million has been utilised.

### **Contingent Liabilities**

As at 30 June 2025, there were no guarantees given by the Group and the Group has no material contingent liabilities.

### **Gearing Ratio**

As at 30 June 2025, the Group had no borrowings. Thus, the gearing ratio of the Group was 0% (As at 31 December 2024: 0%).

### **Exposure to Fluctuations in Exchange Rates**

As at 30 June 2025, other than assets and liabilities denominated in RMB and Australian Dollars ("AUD"), the Group had no other material exposure to foreign exchange fluctuations. As at 30 June 2025, there is no change on the RMB exchange rate and the AUD exchange rate was appreciated by approximately 6.3% when compared to that as at 31 December 2024. As at 30 June 2025, the aggregate carrying amount of assets denominated in AUD represented approximately 1% of the Group's net assets. Thus, such fluctuation in AUD exchange rate is not expected to have any material impact on the financial position and results 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 30 June 2025, the Group's current ratio (total current assets divided by total current liabilities) was approximately 3.57 times and the Group's cash and bank deposits amounted to approximately HK\$10,102 million, of which approximately HK\$175 million was deposited to secure bills facilities of approximately HK\$168 million and approximately HK\$482 million was restricted bank deposits for land reclamation and environmental restoration fund. The Group continued to maintain a healthy net cash balance.

The Group has total bills receivables amounting to approximately HK\$67 million (of which approximately HK\$3 million represented endorsed bills receivables and approximately HK\$34 million was used for securing bills facilities of approximately HK\$28 million) as at 30 June 2025. 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\$30 million, the Group's free cash resources would have approximately HK\$9,475 million as at 30 June 2025.

## **Capital Structure**

Total equity and borrowings are classified as capital of the Group. As at 30 June 2025, the share capital of the Company was approximately HK\$15,582 million, represented approximately 5,091 million shares in number. During the Period Under Review, there is no change in number and amount of issued shares. The Group had no borrowings as at 30 June 2025.

## **EMPLOYEES**

As at 30 June 2025, the Group had 4,154 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 Period Under Review, no share option was granted or exercised. As at 30 June 2025, no share option was outstanding.

## CHANGE OF AUDITORS

As at 27 March 2025, the Board resolved to propose the appointment of SHINEWING (HK) CPA Limited (“**SHINEWING**”) as the auditor of the Company for 2025 to replace PricewaterhouseCoopers. It was considered and approved at the annual general meeting on 30 June 2025. The respective term of service of SHINEWING has commenced from the date of the approval at the annual general meeting up to the date of next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 27 March 2025, the circular of the Company dated 6 June 2025 and the announcement of the Company dated 30 June 2025.

## FUTURE PROSPECTS

In the first half of 2025 (“**1H 2025**”), following U.S. President Trump’s inauguration and the full implementation of the ‘America First’ policy, its effects became increasingly evident. The global economic landscape underwent significant transformation, with trade rules and supply chains being reshaped rapidly. Geopolitical risks showed no significant easing, with ongoing regional conflicts and rising uncertainties in international markets constraining the pace of global economic recovery. Under the current world situation, China introduced a series of policies to boost domestic demand and promote production. The economy maintained a “steady yet moderating” trend in 1H 2025, with Gross Domestic Product (“**GDP**”) growing by approximately 5.3% YoY. This surpassed the 5% full-year target set at the beginning of the year and exceeded market expectations, reflecting the resilience of China’s economy.

Downstream steel demand remained varied, with infrastructure, manufacturing, and exports providing effective support for the steel industry. In the 1H 2025, national infrastructure investment grew by 4.6% YoY, while production and sales volumes in key industries such as automobiles and excavators increased by over 10%. Driven by policy subsidies, the home appliance industry saw improved production and sales, with overall manufacturing investment rising by 7.5%. Steel export growth slowed due to changes in international trade policies but still rose by 8.9% in 1H 2025. However, the real estate market continued its bottoming process, with real estate development investment and floor space of buildings newly started experiencing double-digit declines, dragging down overall steel demand. The central government continued to roll out further real estate support policies, such as easing purchase and loan restrictions in first- and second-tier cities, reducing down payment ratios and loan interest rates, and strictly control supply synchronization in the early stage, which gradually improve the real estate market.

On the supply side, in 1H 2025, China's raw coal production grew by 5.4% YoY, reaching 2.4 billion tonnes. Shanxi accounted for approximately 650 million tonnes, with a 10.1% increase. Domestic clean coking coal production rose by 4.3% YoY to approximately 240 million tonnes, with Shanxi's output growing by 8.9%, partly due to a low base effect from the previous year. Coking coal imports declined by 8.0% from a high level to 52.82 million tonnes. With limited demand growth and rapidly increasing production, coking coal prices experienced a substantial decline in the 1H 2025.

Entering the second half of 2025, sentiment in the coking coal market has warmed. Coking coal futures prices have been rebounding since June, with spot prices also rising. Meanwhile, the Central Commission for Financial and Economic Affairs meeting signaled an "anti-involution" stance, followed by the swift introduction of supply-side policies, leading to some price recovery. Substantial fiscal measures to ensure stable growth provide confidence for sustained economic growth throughout the year. In 1H 2025, 2.16 trillion yuan in local government special bonds were issued and implemented, continuing to drive infrastructure and major project construction. Policies to stabilize the real estate market and boost domestic demand are also expected to gradually take effect in the second half, supporting downstream steel demand. In summary, driven by constrained supply, improved confidence, and strong demand, the coking coal market has rebounded sharply recently. The coking coal market has experienced a rapid rebound from mid-June to July 2025. The market price of the Group's main clean coking coal products at the loading dock has risen from the lowest price (inclusive VAT) of RMB968 per tonne in June to approximately RMB1,300 per tonne, an increase over 30% from the June low. Coke prices have risen in eight consecutive rounds, with a cumulative increase of approximately RMB400 per tonne, driving more active procurement by downstream enterprises.

Of course, we will continue to monitor the evolving international trade landscape, policy directions, and their further impact on the macroeconomy and the coal industry.

The Company will maintain its focus on safe and efficient production, strictly adhering to production and environmental regulations. We will enhance employee safety training and technical skills, promote intelligent upgrades, strengthen lean management, and apply innovative technologies to drive industrial upgrades, creating greater value for shareholders, employees, and society.

## AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2025. In addition, the independent auditor of the Company, SHINEWING, has reviewed the unaudited interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## 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 six months ended 30 June 2025.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2025, the Company has complied with all the code provisions of the Corporate Governance Code as set out in part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), except for a temporary deviation from the following provision:

Pursuant to Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have a chief executive officer position, and the duties of the chief executive are performed by the managing director. Following the retirement of the former chairman of the Board, Mr. Ding Rucai (“**Mr. Ding**”), on 23 May 2025, Mr. Fan Wenli (“**Mr. Fan**”), the managing director of the Company, has been appointed as the acting chairman of the Board concurrently on a temporary basis. Given that the selection of a suitable candidate to assume the chairman role requires time after Mr. Ding’s retirement, and considering Mr. Fan’s extensive knowledge and experience of the Group’s business in his capacity as managing director, the Board believes that, until the Board appoints a suitable candidate as chairman, it is in the best interests of the Company for Mr. Fan to serve concurrently as acting chairman and managing director.

## 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 six months ended 30 June 2025.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The 2025 interim report containing all the information required under the Listing Rules will only be despatched to those shareholders of the Company who have selected to receive the printed version of corporate communication, and the electronic copy of the interim report will also be made available for review 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 like to extend my gratitude and appreciation to all management and staff of the Group for their hard work and dedication throughout the period.

By Order of the Board  
**Shougang Fushan Resources Group Limited**  
**Fan Wenli**  
*Acting Chairman and Managing Director*

Hong Kong, 28 August 2025

*As at the date of this announcement, the Board comprises Mr. Fan Wenli (Acting Chairman and Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Wang Dongming (Deputy Managing Director), Ms. Chang Cun (Non-executive Director), Mr. Xu Qian (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).*