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

(Incorporated in Hong Kong with limited liability)
 (Stock Code: 639)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

(HK\$'million)	For the year ended		Percentage change
	31 December 2025	2024 ⁴	
Revenue	5,056	5,136	-2%
Gross profit	1,084	2,652	-59%
Gross profit margin	21%	52%	
Adjusted gross profit margin ¹	33%	52%	
Profit for the year	745	1,815	-59%
Profit attributable to owners of the Company ("Owners")	632	1,494	-58%
EBITDA ²	1,656	3,089	-46%
Basic earnings per share (HK cents)	12.42	30.12	-59%
	As at 31 December		Percentage change
(HK\$'million)	2025	2024	
Net assets	18,384	18,901	-3%
Equity per share attributable to Owners (HK\$)	3.23	3.24	-0.3%
Current ratio (times) ³	4.03	4.25	-5%

The board of directors is pleased to propose a 2025 final dividend of HK6 cents per ordinary share. Together with the 2025 interim dividend of HK6 cents per ordinary share, the total dividend to be distributed for the year of 2025 will be HK12 cents per ordinary share. 2025 dividend payout ratio reached approximately 97%.

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

ANNUAL RESULTS

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 2025 with comparative figures for the year ended 31 December 2024. 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 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Revenue from contracts with customers	3	5,055,750	5,135,591
Cost of sales		(3,971,780)	(2,484,072)
Gross profit		1,083,970	2,651,519
Interest income		159,201	186,780
Other income and gains, net	4	140,662	31,737
Selling and distribution expenses		(61,919)	(110,092)
General and administrative expenses		(262,467)	(208,899)
Other operating expenses	5	(20,564)	(13,346)
Impairment loss on an associate		–	(9,818)
Finance costs	6	(1,886)	(1,746)
Share of loss of an associate		–	(238)
Profit before income tax	7	1,036,997	2,525,897
Income tax expense	8	(292,386)	(710,922)
Profit for the year		744,611	1,814,975

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Other comprehensive income/(expense) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements from functional currency to presentation currency	253,116	(142,023)
Item that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on financial assets measured at fair value through other comprehensive income	443,907	(249,077)
Exchange differences arising on translation of financial statements from functional currency to presentation currency	62,556	(25,859)
Total comprehensive income for the year	<u>1,504,190</u>	<u>1,398,016</u>
Profit for the year attributable to:		
Owners of the Company	632,499	1,494,066
Non-controlling interests	112,112	320,909
Profit for the year	<u>744,611</u>	<u>1,814,975</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,329,522	1,102,966
Non-controlling interests	174,668	295,050
Total comprehensive income for the year	<u>1,504,190</u>	<u>1,398,016</u>
Earnings per share		
– Basic and diluted (<i>HK cents</i>)	<i>10</i>	
	<u>12.42</u>	<u>30.12</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		4,013,574	3,715,248
Land use rights		72,901	73,168
Right-of-use assets		33,204	31,796
Mining rights		5,882,112	5,970,133
Goodwill		1,208,522	1,179,551
Financial assets measured at fair value through other comprehensive income	<i>11</i>	883,094	439,187
Deposits, prepayments and other receivables		270,933	453,310
Deferred income tax assets		95,943	84,764
		<hr/>	<hr/>
Total non-current assets		12,460,283	11,947,157
Current assets			
Inventories		184,418	137,638
Trade receivables	<i>12</i>	370,110	519,815
Bills receivables	<i>12</i>	36,489	18,089
Deposits, prepayments and other receivables		257,641	207,695
Pledged and restricted bank deposits		885,396	937,107
Time deposits with original maturity over three months		2,221,582	1,505,443
Cash and cash equivalents		5,773,365	7,675,879
		<hr/>	<hr/>
Total current assets		9,729,001	11,001,666
		<hr/>	<hr/>
Total assets		22,189,284	22,948,823

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade and bills payables	<i>13</i>	719,764	757,521
Lease liabilities		5,412	12,125
Other payables and accruals		1,494,244	1,536,254
Amounts due to non-controlling interests of subsidiaries		–	60,466
Tax payables		197,474	224,669
Total current liabilities		2,416,894	2,591,035
Net current assets		7,312,107	8,410,631
Total assets less total current liabilities		19,772,390	20,357,788
Non-current liabilities			
Deferred income tax liabilities		1,356,304	1,424,979
Lease liabilities		31,885	31,552
Total non-current liabilities		1,388,189	1,456,531
Net assets		18,384,201	18,901,257
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	15,582,467	15,582,467
Reserves		852,541	897,607
Total equity attributable to owners of the Company		16,435,008	16,480,074
Non-controlling interests		1,949,193	2,421,183
Total equity		18,384,201	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 year, 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 2025 were approved for issue by the board of directors (the “**Board**”) of the Company on 26 March 2026.

2. BASIS OF PREPARATION

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

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

The financial information relating to the years ended 31 December 2025 and 2024 included in this preliminary announcement of final results for the year ended 31 December 2025 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 2024 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 2025 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.

2.1 Application of amendments to a HKFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to a HKFRS Accounting Standard issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Sales of self-produced clean coking coal	3,218,939	5,057,000
Sales of self-produced by-products	75,942	78,591
Trading of coal products	1,760,869	–
	<u>5,055,750</u>	<u>5,135,591</u>

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

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

	Revenue from external customers		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Principal markets				
PRC	5,055,750	5,135,591	11,477,765	11,422,884
Hong Kong	-	-	3,481	322
	<u>5,055,750</u>	<u>5,135,591</u>	<u>11,481,246</u>	<u>11,423,206</u>

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

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

	2025		2024	
	<i>HK\$'000</i>	%	<i>HK\$'000</i> (Restated)	%
Customer A	1,279,260	25	2,006,760	39
Customer B	620,704	12	547,137	11
Customer C	<u>572,256</u>	<u>11</u>	<u>N/A*</u>	<u>N/A*</u>

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

4. OTHER INCOME AND GAINS, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Dividend income	21,510	21,510
Gain on disposals of property, plant and equipment	12	5,060
Net foreign exchange gain/(loss)	115,405	(2,810)
Others	3,735	7,977
	<u>140,662</u>	<u>31,737</u>

5. OTHER OPERATING EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Charitable donations	2,436	2,153
Others	18,128	11,193
	<u>20,564</u>	<u>13,346</u>

6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expense on lease liabilities	1,886	1,746

No borrowing costs were capitalised for the years ended 31 December 2025 and 2024.

7. PROFIT BEFORE INCOME TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Profit before income tax is arrived at after charging:		
Auditor's remuneration		
– audit services	1,200	1,700
– other services	309	450
Cost of inventories sold	3,971,780	2,484,072
Amortisation of:		
– land use rights	2,223	2,138
– long-term deferred expenses	46,264	1,408
– mining rights	238,190	229,466
Depreciation of:		
– property, plant and equipment	326,759	313,551
– right-of-use assets	4,033	4,354
Staff costs (including directors' emoluments)	<u>796,395</u>	<u>837,770</u>

8. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – PRC income tax		
– Current year	319,438	651,059
– Under provision in respect of prior years	48,648	25,887
Deferred tax		
– (Increase)/Decrease in deferred tax assets	(9,095)	62,423
– Decrease in deferred tax liabilities	<u>(66,605)</u>	<u>(28,447)</u>
	<u>292,386</u>	<u>710,922</u>

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable profits arising in Hong Kong for 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 (“**Xingwu**”), Shanxi Liulin Jinjiazhuang Coal Co., Limited (“**Jinjiazhuang**”) and Shanxi Liulin Zhaiyadi Coal Co., Limited (“**Zhaiyadi**”), all established in the PRC, are subject to 25% enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (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.

9. DIVIDENDS

	2025	2024
	HK\$'000	HK\$'000
Dividends recognised as distributions during the year:		
2024 final dividend of HK21 cents		
(2024: 2023 final dividend of HK18 cents) per ordinary share	1,069,124	886,831
2025 interim dividend of HK6 cents		
(2024: 2024 interim dividend of HK9 cents) per ordinary share	305,464	443,415
	<u>1,374,588</u>	<u>1,330,246</u>

- (a) On 27 March 2024, the Board proposed a 2023 final dividend of HK18 cents per ordinary share totalling HK\$886,831,000 to the owners of the Company in respect of the year ended 31 December 2023. The final dividend was approved by shareholders at the annual general meeting held on 30 May 2024 and was paid on 26 July 2024. The 2023 final dividend for the year ended 31 December 2023 has been reflected as an appropriation of retained earnings for the year ended 31 December 2024.
- (b) On 29 August 2024, the Board declared a 2024 interim dividend of HK9 cent per ordinary share, totalling HK\$443,415,000 for the six months ended 30 June 2024, which was paid on 7 November 2024.
- (c) On 27 March 2025, the Board proposed a 2024 final dividend of HK21 cents per ordinary share totalling HK\$1,069,124,000 to the owners of the Company in respect of the year ended 31 December 2024. The final dividend was approved by shareholders at the annual general meeting held on 30 June 2025 and was paid on 24 July 2025. The 2024 final dividend for the year ended 31 December 2024 has been reflected as an appropriation of retained earnings for the year ended 31 December 2025.
- (d) On 28 August 2025, the Board declared a 2025 interim dividend of HK6 cent per ordinary share, totalling HK\$305,464,000 for the six months ended 30 June 2025, which was paid on 6 November 2025.
- (e) On 26 March 2026, the Board proposed a 2025 final dividend of HK6 cents per ordinary share totalling HK\$305,464,000 to the owners of the Company in respect of the year ended 31 December 2025. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2025 has not been recognised as a liability as at 31 December 2025.

10. EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit used to determine basic and diluted earnings per share	632,499	1,494,066
	<i>'000 shares</i>	<i>'000 shares</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share		
Issued shares at 1 January	5,091,065	4,926,837
Effect of rights issue including bonus elements	–	34,097
Weighted average number of shares at 31 December	5,091,065	4,960,934

As at 31 December 2025 and 2024, there was no outstanding share option and the Company did not have any dilutive potential ordinary shares during years ended 31 December 2025 and 2024.

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Equity securities, at fair value		
– listed in Australia	388,364	232,691
– listed in Hong Kong	494,730	206,496
	883,094	439,187
Unlisted equity interest*	–	–
	883,094	439,187

* This represents the cost of 7% (2024: 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 recorded against the full investment cost in 2013.

12. TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	557,542	702,675
Less: Provision for impairment loss	<u>(187,432)</u>	<u>(182,860)</u>
	370,110	519,815
Bills receivables	<u>36,489</u>	<u>18,089</u>
	<u>406,599</u>	<u>537,904</u>

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Up to 90 days	370,110	246,421
91 to 180 days	–	241,417
181 to 365 days	<u>–</u>	<u>31,977</u>
	<u>370,110</u>	<u>519,815</u>

As at 31 December 2025, ageing analysis of bills receivables, based on the bills receiving dates, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Up to 90 days	21,884	18,089
91 to 180 days	<u>14,605</u>	<u>–</u>
	<u>36,489</u>	<u>18,089</u>

Details of pledged bills receivables are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Pledged bills receivables	35,835	–
Associated bills payables (<i>note 13</i>)	33,311	–

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bills receivables endorsed to creditors with full recourse:		
Transferred bills receivables	654	2,749
Associated other payables	(654)	(2,749)

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	182,860	184,426
Exchange differences	4,572	(1,566)
At 31 December	187,432	182,860

13. TRADE AND BILLS PAYABLES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	315,837	282,263
Bills payables	403,927	475,258
	<u>719,764</u>	<u>757,521</u>

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

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	196,974	169,493
91 to 180 days	54,918	64,912
181 to 365 days	21,448	16,846
Over 365 days	42,497	31,012
	<u>315,837</u>	<u>282,263</u>

As at 31 December 2025, bills payables HK\$370,616,000 out of HK\$403,927,000 (2024: All) were secured by the pledged bank deposit. As at 31 December 2025, remaining bills payables amounted to HK\$33,311,000 were secured by bills receivables (note 12).

14. SHARE CAPITAL

	Number of shares		Amount	
	2025 '000 shares	2024 '000 shares	2025 HK\$'000	2024 HK\$'000
Issued and fully paid:				
At 1 January	5,091,065	4,926,837	15,582,467	15,156,959
Add: Issue of shares under rights issue (note)	–	164,228	–	425,508
	<u>–</u>	<u>164,228</u>	<u>–</u>	<u>425,508</u>
At 31 December	5,091,065	5,091,065	15,582,467	15,582,467
	<u>5,091,065</u>	<u>5,091,065</u>	<u>15,582,467</u>	<u>15,582,467</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.

15. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Contracted for:		
– Acquisition of property, plant and equipment	198,919	213,675
– Exploration and design fees for a potential mining project	60,967	7,932
	<u>259,886</u>	<u>221,607</u>

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year’s presentation.

FINAL DIVIDEND

The Board has proposed a final dividend of HK6 cents per ordinary share for the year ended 31 December 2025 (2024 final dividend: HK21 cents per ordinary share), payable to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 9 July 2026. The proposed final dividend (HK6 cents per ordinary share) together with the interim dividend (HK6 cents per ordinary share) paid in 2025 will make a total dividend of HK12 cents per ordinary share for the year ended 31 December 2025 (2024 total dividend: HK30 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 25 June 2026 (the "AGM"), the final dividend is expected to be paid on Thursday, 23 July 2026. 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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 9 July 2026 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 June 2026 to Thursday 25 June 2026 (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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 18 June 2026 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 2025 (the “**Year Under Review**” or “**2025 FY**”) together with that of the same period of 2024 (the “**Last Year**” or “**2024 FY**”) is summarised as follows:

		For the year ended		Change	
		31 December		Quantity/	
	Unit	2025	2024	Amount	Percentage
<i>Production volume:</i>					
Raw coking coal	Mt	5.25	4.96	+0.29	+6%
Clean coking coal	Mt	3.15	3.16	-0.01	-0.3%
<i>Sales volume:</i>					
Clean coking coal	Mt	3.13	3.13	0	0%
<i>Average realised selling price (inclusive of VAT):</i>					
Clean coking coal	RMB/tonne	1,066	1,666	-600	-36%
<i>Trading volume:</i>					
Coal products	Mt	1.70	–	+1.70	N/A

For the year ended 31 December 2025, the Group produced approximately 5.25 million tonnes (“Mt”) (2024 FY: approximately 4.96 Mt) of raw coking coal, representing a year-on-year (“YoY”) increase of 6% and also produced approximately 3.15 Mt (2024 FY: approximately 3.16 Mt) of clean coking coal, representing a YoY slight decrease of 0.3%.

During the Year Under Review, the Three Mines operated smoothly under planned. 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 this 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 an increase in the production volume of raw coking coal for the Year Under Review.

During the Year Under Review, due to changes in coal qualities and geological structure etc., the recovery rate of clean coking coal decreased YoY. Although the production volume of raw coking coal increased YoY and is processed into clean coking coal. This is in line with the Group’s long-term strategy to concentrate on clean coking coal sales. The output of clean coking coal experienced a slight decline YoY, while the sales volume of clean coking coal remained similar to that of the Last Year.

For the Year Under Review, the Group commenced trading business of coal with sales volume of approximately 1.70 Mt in order to enlarge the Group’s revenue base. The sales of trading business of coal accounted for 35% of the Group’s revenue (2024 FY: 0%).

In 2025, the coking coal market was generally characterised by a pattern of “ample supply and subdued demand”, with prices shifting noticeably downward. On the supply side, output continued to grow: during 2025, domestic raw coal production reached 4.83 billion tonnes, representing a 1.2% YoY increase. During the same period, coking coal imports amounted to nearly 120 million tonnes, representing a 2.66% YoY decrease. Although this marked a slight decline, imports rebounded significantly in the second half of the year. On the demand side, reduced downstream orders in the steel industry, together with the rising share of electric arc furnace steel, weighed on coking coal consumption. In the first half of the year, supply exceeded demand, and inventories of clean coking coal at production sites climbed to 4.99 million tonnes by mid-June—rise 71% YoY—marking a ten-year high. Coal prices came under pressure and fell to their lowest levels in nearly a decade. In the second half, as steel mill profitability improved, molten iron output rose from 2.2 million tonnes per day to 2.45 million tonnes per day, driving stronger procurement demand. Coupled with anti-over competition policies and coal mine capacity audits, the supply-demand balance tightened, pushing coal prices upward from their lows until mid-November. Subsequently, blast furnace maintenance and a decline in molten iron output led prices into a volatile downward trajectory. Overall, for the 2025 FY, the average market price of medium-sulfur clean coking coal significantly declined by approximately 30% YoY compared with 2024 FY.

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 clean coking coal has ceased production, further impacting the overall selling prices of the Group in the Year 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 medium-sulfur clean coking coal significantly dropped by approximately 30% YoY and the changes in coal qualities in the 2025 FY, the Group’s average realised selling prices (inclusive of VAT) of clean coking coal significantly dropped by 36% YoY to RMB1,066/tonne (2024 FY: RMB1,666/tonne). In terms of its sales volume of clean coking coal, all sales was medium-high sulfur clean coking coal (2024 FY: sales volume of low-sulfur and medium-high sulfur clean coking coal accounted for 1% and 99% of the total clean coking coal sales volume respectively) for the year ended 31 December 2025.

FINANCIAL REVIEW

For the year ended 31 December 2025, the Group recorded a revenue of approximately Hong Kong Dollars (“**HK\$**”) 5,056 million, representing a reduction of approximately HK\$80 million or 2% YoY as compared with that of approximately HK\$5,136 million for the Last Year. The decrease in revenue was mainly driven by the substantial decrease in average realised selling prices of clean coking coal by 36% YoY, net off the positive effect on the commencement of coal trading business for the Year Under Review.

For the year ended 31 December 2025, the total revenue to the top five customers accounted for approximately 57% (2024 FY: 62%) of the Group’s revenue. Of which, the total revenue to the largest customer, Shougang Group Co. Ltd., together with its subsidiaries, accounted for 25% (2024 FY: 39%) of the Group’s revenue.

For the year ended 31 December 2025, gross profit margin was 21% (exclude the effect of trading business of coal products, gross profit margin would be 33%) while 52% for the Last Year. Gross profit decreased by approximately HK\$1,568 million or 59% YoY. Even though, the unit production cost was reduced by 13% YoY as disclosed per below, the drop in gross profit margin during the Year Under Review was mainly due to the significant decrease in average realised selling prices of clean coking coal by 36% YoY as disclosed above.

For the year ended 31 December 2025, the Group recorded a net profit of approximately HK\$745 million and profit attributable to the owners of the Company (the “**Owners**”) of approximately HK\$632 million, representing a substantial decrease of approximately 59% and 58% YoY respectively. During the Year Under Review, the decrease in the Group’s net profit by approximately 59% YoY is mainly due to (i) the significant decrease in gross profit by approximately HK\$1,568 million or 59% YoY; (ii) the decrease in interest income by approximately HK\$28 million or 15% YoY which was mainly due to the drop in market deposit rates; and (iii) the increase in general and administrative expenses by approximately HK\$53 million or 25% YoY was due to additional costs incurred in relation to professional fees for preliminary design and exploration etc., of potential coal mine projects. On the other hand, (i) due to the drop in the proportion of sales volume by train together with cost efficiency measures, selling and distribution expenses decreased by approximately HK\$48 million YoY; (ii) the net foreign exchange gain increased by approximately HK\$118 million YoY as a result of the appreciation of the exchange rate from RMB to HK\$ YoY; and (iii) as the Group’s profit decreased significantly by approximately 59% YoY, the income tax expense decreased accordingly. Eventually, the Group recorded net profit of approximately HK\$745 million, significantly decreased by approximately 59% YoY, during the Year Under Review.

During the Year Under Review, basic earnings per share was HK12.42 cents (2024 FY: HK30.12 cents), representing a substantial decrease of approximately 59% YoY which was in line with the significant decrease in profit attributable to the Owner by approximately 58% YoY.

The Group recorded EBITDA of approximately HK\$1,656 million (2024 FY: approximately HK\$3,089 million) and generated a positive cash flow of approximately HK\$917 million (2024 FY: approximately HK\$2,370 million) from our operating activities during the Year Under Review.

As at 31 December 2025, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK\$7,995 million (As at 31 December 2024: approximately HK\$9,181 million). During the Year Under Review, the Group paid total dividend of approximately HK\$1,375 million (2024 FY: approximately HK\$1,330 million) to the shareholders of the Company and approximately HK\$708 million to the non-controlling interests of subsidiaries (2024 FY: approximately HK\$66 million).

Cost of Sales

During the Year Under Review, cost of sales was approximately HK\$3,972 million, representing a significant increase of approximately HK\$1,488 million or 60% YoY, as compared with that of approximately HK\$2,484 million for the Last Year. The significant increase in cost of sales was primarily due to the commencement of coal trading business with trading volume of approximately 1.70 Mt and cost of approximately HK\$1,755 million. In fact, excluding this effect, cost of sales was decreased by approximately HK\$267 million or 11% YoY. The drop was mainly due to the decrease in unit production costs by 13% YoY as disclosed below.

The unit production costs are summarised as follows:

Unit: RMB/tonne

	For the year ended		Change	
	31 December 2025	2024	Amount	Percentage
Production cost of raw coking coal	373	429	-56	-13%
<i>Less: Depreciation and amortisation</i>	(86)	(88)	-2	-2%
Cash production cost of raw coking coal	287	341	-54	-16%
<i>Less: Uncontrollable costs</i> ^{Note 1}	(58)	(88)	-30	-34%
Total	229	253	-24	-9%
Processing cost for clean coking coal	52	47	+5	+11%
<i>of which, depreciation</i>	(9)	(8)	+1	+13%

Note 1: Included resources tax and levies.

Included in cost of sales, amortisation of mining rights was approximately HK\$238 million for the year ended 31 December 2025, representing an increase of approximately HK\$9 million or 4% YoY, as compared with that of approximately HK\$229 million for the Last Year. The increase in amortisation of mining rights was mainly due to increase in actual usage volume of raw coking coal for sales during the Year Under Review.

The decrease in unit production cost of raw coking coal by 13% YoY was mainly due to the (i) increase in production volume of raw coking coal by 6% YoY; (ii) substantial decrease in average realised selling prices of clean coking coal by 36% 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 RMB30/tonne YoY; (iii) effective cost control measures during the Year Under Review resulted in a YoY decrease in materials consumption; (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 Year Under Review.

The unit processing cost of clean coking coal increased by 11% YoY, mainly as a result of the YoY increase in gangue quantity, the gangue disposal fee increased accordingly.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit was approximately HK\$1,084 million for the year ended 31 December 2025, representing a substantial decrease of approximately HK\$1,568 million or 59% YoY as compared with that of approximately HK\$2,652 million for the Last Year. Gross profit margin was 21% for the Year Under Review and 52% for the Last Year. Excluding the coal trading business, gross profit margin was 33% for the Year Under Review and 52% for the Last Year.

Interest Income

During the Year Under Review, interest income was approximately HK\$159 million, representing a decrease of approximately HK\$28 million or 15% YoY as compared with approximately HK\$187 million for the Last Year. Following the decline in market deposit rates, interest income decreased for the Year Under Review.

Other Income and Gains, Net

During the Year Under Review, other income and gains, net recorded a net gain of approximately HK\$141 million, representing a significant net increase of approximately HK\$109 million YoY as compared with a net gain of approximately HK\$32 million for the Last Year. Excluding the impact of net foreign exchange gain of approximately HK\$115 million (2024 FY: net foreign exchange loss of approximately HK\$3 million) during the Year Under Review, other income and gains, net was decreased by approximately HK\$9 million or 26% YoY, which was mainly attributable to the decrease in gain on disposals of property plant and equipment by approximately HK\$5 million YoY during the Year Under Review.

The Group recorded foreign exchange differences when certain financial assets which are denominated in RMB translated into HK\$ at closing rate on reporting date. During the Year Under Review, the Group recorded an substantial increase in net foreign exchange gain of approximately HK\$118 million as a result of the appreciation of the exchange rate for RMB to HK\$ YoY and the realised exchange gain of approximately HK\$42 million aroused from the exchange of certain RMB into HK\$ and United States Dollars at good time. Appreciation in RMB to HK\$ exchange rate was approximately 2.5% as at reporting date on 31 December 2025 when compared with that as at 31 December 2024 while depreciation in RMB to HK\$ exchange rate was approximately 0.9% as at reporting date on 31 December 2024 when compared with that as at 31 December 2023.

Selling and Distribution Expenses

During the Year Under Review, selling and distribution expenses were approximately HK\$62 million, representing a decrease of approximately HK\$48 million or 44% YoY as compared with that of approximately HK\$110 million for the Last Year. Selling and distribution expenses mainly included logistic costs such as the trucking fees for short distance by train and freight costs by trucks and sea for sales of clean coking coal, of which are usually re-charged to customers. The decrease was mainly due to the decrease in proportion of sales by train and sea together with cost efficiency measures during the Year Under Review.

General and Administrative Expenses

During the Year Under Review, general and administrative expenses were approximately HK\$262 million, representing an increase of approximately HK\$53 million or 25% YoY as compared with approximately HK\$209 million for the Last Year. The increase in general and administrative expenses was mainly due to additional costs incurred in relation to professional fees for preliminary design and exploration etc., of potential coal mine projects.

Other Operating Expenses

During the Year Under Review, other operating expenses were approximately HK\$21 million, representing an increase of approximately HK\$8 million or 62% YoY as compared with approximately HK\$13 million for the Last Year. Other operating expenses included charitable donation of approximately HK\$2.44 million (2024 FY: approximately HK\$2.15 million), of which HK\$2 million is a donation to support relief efforts for the fire at Wang Fuk Court, Tai Po, Hong Kong.

Impairment loss on an associate

There is no impairment loss on an associate during the Year Under Review. During the Last year, as the long term unprofitable associate started the liquidation procedures and it is expected that the recoverable amount may be lower than the carrying amount of interest in the associate at the end of 2024, an impairment loss of approximately HK\$10 million was recognised. The liquidation of the associate did not have any material impact on the financial performance and financial position of the Group at that time and in the future. As at 31 December 2025, the above liquidation process is still under process.

Finance Costs

During the Year Under Review, finance costs were approximately HK\$1.9 million (2024 FY: approximately HK\$1.7 million), which was solely interest expense on lease liabilities recognised under HKFRS 16.

Income Tax Expense

During the Year Under Review, income tax expense amounted to approximately HK\$292 million (2024 FY: approximately HK\$711 million). Income tax expense mainly includes the enterprise income tax calculated at a tax rate of 25% for the Group's major PRC subsidiaries incorporated in the PRC (“**major PRC Subsidiaries**”) and the provision of withholding tax of 5% on the dividend to be declared from the major PRC Subsidiaries in accordance with the relevant tax regulations in the PRC. The income tax expense was decreased in line with decrease in profits during the Year Under Review.

Owner's Attributable Profit

By reasons of the foregoing, the profit attributable to the Owner during the Year Under Review was approximately HK\$632 million, a substantial decrease of approximately HK\$862 million or 58% YoY, while approximately HK\$1,494 million for the Last Year.

Material Investments and Acquisitions

During the year ended 31 December 2025, the Group had no material investments and acquisitions.

Material Disposals

During the year ended 31 December 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 has complied with the relevant environmental protection rules and regulations. The Group fulfilled our responsibilities of energy saving, emission reduction and environmental protection by strictly managing production procedures, eliminating discharge of waste water and waste gas and controlling vegetation damage, etc. in material aspects. All coal mines of the Group have obtained necessary permission and approval from the relevant Chinese regulators.

In 2025, through industry-university-research collaboration with institutions, Anhui University of Science and Technology and Beijing Junfa Technology Group, our Group successfully developed the “safe and stable combustion technology for low-concentration coalbed methane,” which received the first-class Innovation Award from the China Energy Conservation Association. This technology not only delivers significant economic and environmental benefits, but also provides a replicable pathway for methane emission reduction and resource utilisation in the coal industry, demonstrating the Group’s leading role in green technology innovation.

For the Year 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 Year Under Review, except disclosed below, 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. Xingwu Coal Mine’s raw coking coal production achieved its annual approved production volume of 1.75 million tonnes in 2025.

Charges on Assets

As at 31 December 2025, save for disclosed below, none of the Group’s assets was charged or subject to any encumbrance.

As at 31 December 2025, bank deposits of approximately HK\$369 million and bills receivables of approximately HK\$35 million were used for securing bills facilities. As at 31 December 2025, bills facilities of approximately HK\$404 million has been utilised.

Contingent Liabilities

As at 31 December 2025, there were no guarantees given by the Group and the Group has no material contingent liabilities.

Gearing Ratio

As at 31 December 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 31 December 2025, 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 2025, RMB and AUD exchange rate were appreciated by approximately 2.5% and 7.9% respectively, when compared to that as at 31 December 2024. As the net assets value of the PRC business operations denominated in RMB represented approximately 70% of the Group’s net assets value as at 31 December 2025, the appreciation in RMB also led to an exchange gain of approximately HK\$316 million (other than the foreign exchange difference recognised in profit or loss stated above) recognised in the other comprehensive income upon re-translation of its net assets in the financial statements of coal business operations in the PRC for the year ended 31 December 2025. Besides, the aggregate carrying amount of assets denominated in AUD represented only approximately 2% of the Group’s net assets value as at 31 December 2025. 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 2025, the Group’s current ratio (total current assets divided by total current liabilities) was approximately 4.03 times and the Group’s cash and bank deposits amounted to approximately HK\$8,880 million, of which approximately HK\$369 million was deposited to secure bills facilities of approximately HK\$371 million and approximately HK\$516 million was restricted bank deposits for land reclamation and mine environmental restoration fund. The Group continued to maintain a healthy rich net cash balance.

The Group has total bills receivables amounting to approximately HK\$36 million (of which approximately HK\$1 million represented endorsed bills receivables and approximately HK\$35 million was used for securing bills facilities of approximately HK\$33 million) as at 31 December 2025. The free bills receivables were readily convertible into cash, but would be subject to finance cost upon conversion before the maturity. The Group’s free cash resources would have approximately HK\$7,995 million as at 31 December 2025 (As at 31 December 2024: approximately HK\$9,196 million).

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2025, the share capital of the Company was approximately HK\$15,582 million, represented approximately 5,091 million shares in number. The Group had no borrowings as at 31 December 2025.

EMPLOYEES

As at 31 December 2025, the Group had 3,999 PRC and Hong Kong employees. The remuneration packages of the employees are subject to annual review. The Group provides mandatory and voluntary provident fund schemes for its employees in Hong Kong and the state-sponsored retirement plan for its employees in the PRC. The Group also provides training to employees in the PRC. During the Year Under Review, no share option was granted or exercised. As at 31 December 2025, no share option was outstanding.

FUTURE PROSPECTS

In 2025, the global economic environment continued to face multiple uncertainties. Trade barriers intensified, geopolitical tensions persisted, policy divergences among major economies became more pronounced, and global capital flows and exchange rate fluctuations escalated. External demand recovery was constrained, leaving overall economic growth momentum relatively weak. Against this backdrop, China's economy maintained generally stable performance amid a complex and evolving domestic and international environment, with Gross Domestic Product (“GDP”) sustaining 5% growth for the year. The government further enhanced the precision and effectiveness of macro regulation, implementing proactive fiscal policies and prudent monetary policies, while focusing on expanding domestic demand, boosting consumption potential, promoting effective investment growth, and stabilising market expectations and development confidence. In mid-year, authorities further advanced anti-involution policies to optimise the market competition environment, foster orderly industrial development and structural upgrading, and accelerate the cultivation of new quality productive forces. Despite multiple challenges, China's economy demonstrated strong resilience and endogenous momentum, laying a solid foundation for high-quality development and long-term stable and healthy growth.

From the perspective of demand structure, the real estate sector remained in a bottoming-out and adjustment phase. Real estate development investment decreased by 17.2% YoY, while the floor space of buildings newly started declined by 20.4% for the year. However, the supportive role of manufacturing and export demand for steel consumption continued to strengthen, gradually replacing real estate as a key driver of steel demand and providing effective underpinning for the overall industry demand. During the year, key industry indicators such as hot metal output and capacity utilisation rates remained at relatively high levels, indicating that overall operations retained a degree of resilience.

The coal market showed a clear V-shaped trajectory in 2025. In the first half of the year, domestic coal supply was rapidly released under policies aimed at ensuring supply and encouraging increased production. In the second half, as anti-involution policies were implemented and capacity management measures were strictly enforced, coal production returned to a more rational pace, the supply-demand relationship continued to improve, and overall supply levels remained stable for the full year. In terms of imports, national coking coal imports declined in 2025, mainly affected by low prices in the first half of the year which caused import volumes to fall. In the second half of the year, as coal prices rebounded and the price differential between domestic and international markets widened, Mongolian coal imports rose rapidly and, by the end of the year, exerted a certain impact on the domestic coking coal market.

Looking ahead to 2026, the global macroeconomic environment faces numerous shifts and uncertainties, among which external challenges such as intensified trade tensions are particularly prominent, imposing uncertainty and structural constraints on economic growth. According to the latest United Nations forecast, global economic growth is projected to be approximately 2.7% in 2026, slightly slower than the previous year but still maintaining moderate growth. China's economy also faces risks and challenges. However, with the Two Sessions explicitly calling for the implementation of a more proactive fiscal policy and a moderately accommodative monetary policy, while adhering to a domestic demand-led strategy, coordinating the promotion of consumption and investment expansion, continuously deepening the strategy of expanding domestic demand, advancing technological innovation and industrial upgrading, and accelerating the implementation of the "Two New" policies, domestic demand is expected to recover gradually. Manufacturing investment is anticipated to maintain relatively rapid growth, driven by equipment renewal and industrial upgrading. Exports are expected to retain a degree of resilience amid divergent global demand. These factors will provide important support for economic growth and bring marginal improvement

in demand for industrial products. In the steel sector, a downward trend in output remains the mid-to-long-term trend. As the government continues to promote high-quality development in the steel industry, strengthens capacity monitoring and early warning mechanisms, curbs involution-style competition, and faces the combined effects of environmental constraints and international trade barriers, the industry will place greater emphasis on quality improvement, efficiency optimisation, and structural adjustment. This will lay a solid foundation for the industry's stable and sustainable development while providing more sustainable support for upstream demand in the coking coal market.

In the coal market, policies relating to safe production, stable supply and the phase-out of outdated production capacity will continue to be vigorously implemented. Full-year output is expected to remain relatively stable. Regarding imported coal, fluctuations in international prices and changes in import structures will continue to exert an impact on the domestic market. It is expected that, under the combined effect of policy guidance and market mechanisms, the coal market will maintain a broadly balanced pattern.

The Group will continue to maintain stable and orderly production operations, ensuring the normalisation of production rhythms while consistently placing production safety at the top of its agenda. It will continuously improve the safety management system, strengthen the standardisation of mining operations and refine on-site control management, and strictly implement the responsibility system for production safety to ensure that all safety measures are effectively carried out. Facing the uncertainties arising from a volatile market environment, the Group will, while maintaining prudent and steady operations, closely monitoring changes in demand and industry development trends, prudently seizing development opportunities, further enhancing management efficiency and cost control capabilities, and steadily advance the construction of intelligent mines at its three mining operations. Meanwhile, the Group will continue to improve its environmental, social and governance (“ESG”) management system, strengthen its sustainable development capabilities, and support the Company in achieving long-term, stable and healthy development, thereby delivering sustainable long-term returns to shareholders.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED (“SHINEWING”)

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 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by SHINEWING 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

During the financial year ended 31 December 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**”), save for the following provision from which the Company temporarily deviated in 2025:

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’ 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. This temporary deviation was disclosed in the interim results announcement and interim report of the Company for the six months ended 30 June 2025.

On 23 September 2025, Mr. Chen Yi was appointed as the chairman of the Board. Following this appointment, the roles of chairman and managing director are no longer held by the same individual. Accordingly, the Company has complied with the requirements under code provision C.2.1 of the Corporate Governance Code since 23 September 2025.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors of the Company, all directors of the Company have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the financial year ended 31 December 2025.

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 2025 annual report containing all the information required under the Listing Rules will be available on the above websites in due course. The printed version will only be despatched to shareholders of the Company who have selected to receive the printed version of corporate communication.

APPRECIATION

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

By order of the Board
Shougang Fushan Resources Group Limited
Chen Yi
Chairman

Hong Kong, 26 March 2026

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