# 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 2026

### FINANCIAL HIGHLIGHTS

| *(HK$'million)* | **For the six months ended 30 June 2026** | 2025 | Percentage change |
|---|---|---|---|
| Revenue | **3,243** | 2,101 | +54% |
| Gross profit | **1,122** | 642 | +75% |
| Gross profit margin | **35%** | 31% | +13% |
| Adjusted gross profit margin[1] | **44%** | 40% | +10% |
| Profit for the period | **748** | 481 | +56% |
| Profit attributable to owners of the Company ("**Owners**") | **589** | 404 | +46% |
| EBITDA[2] | **1,346** | 934 | +44% |
| Basic earnings per share *(HK cents)* | **11.56** | 7.94 | +46% |

| *(HK$'million)* | **As at 30 June 2026** | As at 31 December 2025 | Percentage change |
|---|---|---|---|
| Total equity | **18,521** | 18,384 | +1% |
| Equity per share attributable to Owners *(HK$)* | **3.23** | 3.23 | – |
| Current ratio *(times)*[3] | **3.78** | 4.03 | −6% |

The board of directors has declared an interim dividend of HK10 cents per ordinary share for the six months ended 30 June 2026 (For the six months ended 30 June 2025: HK6 cents per ordinary share).

*Notes:*

1. Adjusted gross profit margin excludes revenue and costs from trading of products.

2. EBITDA is defined as profit before income tax plus finance costs, depreciation and amortisation.

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

## 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 2026. 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 2026*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Revenue from contracts with customers** | *4* | **3,243,379** | 2,101,368 |
| Cost of sales | | **(2,120,989)** | (1,459,744) |
| **Gross profit** | | **1,122,390** | 641,624 |
| Interest income | | **82,481** | 87,421 |
| Other income and gains, net | *5* | **48,383** | 54,384 |
| Selling and distribution expenses | | **(40,974)** | (24,050) |
| General and administrative expenses | | **(99,739)** | (100,203) |
| Other operating expenses | *6* | **(106,093)** | (7,421) |
| Finance costs | *7* | **(888)** | (934) |
| **Profit before income tax** | *8* | **1,005,560** | 650,821 |
| Income tax expense | *9* | **(257,502)** | (169,927) |
| **Profit for the period** | | **748,058** | 480,894 |

| | Notes | Six months ended 30 June 2026 HK$'000 (Unaudited) | 2025 HK$'000 (Unaudited) |
|---|---|---|---|
| **Other comprehensive income/(expense) for the period** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | **(20,146)** | (5,780) |
| Items that will not be reclassified to profit or loss: | | | |
| Net fair value (loss)/gain on financial assets measured at fair value through other comprehensive income | | **(278,699)** | 51,522 |
| Exchange differences on translation of foreign operations | | **(6,980)** | (1,279) |
| **Total comprehensive income for the period** | | **442,233** | 525,357 |
| **Profit for the period attributable to:** | | | |
| Owners of the Company | | **588,646** | 404,135 |
| Non-controlling interests | | **159,412** | 76,759 |
| **Profit for the period** | | **748,058** | 480,894 |
| **Total comprehensive income for the period attributable to:** | | | |
| Owners of the Company | | **289,801** | 449,877 |
| Non-controlling interests | | **152,432** | 75,480 |
| **Total comprehensive income for the period** | | **442,233** | 525,357 |
| **Earnings per share** | | | |
| – Basic and diluted *(HK cents)* | *11* | **11.56** | 7.94 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 30 June 2026*

| | Notes | 30 June 2026 HK$'000 (Unaudited) | 31 December 2025 HK$'000 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **3,900,739** | 4,013,574 |
| Land use rights | | **71,793** | 72,901 |
| Right-of-use assets | | **31,192** | 33,204 |
| Mining rights | | **5,756,250** | 5,882,112 |
| Goodwill | | **1,208,522** | 1,208,522 |
| Financial assets measured at fair value through other comprehensive income | *12* | **604,395** | 883,094 |
| Deposits, prepayments and other receivables | | **337,704** | 270,933 |
| Deferred income tax assets | | **100,729** | 95,943 |
| **Total non-current assets** | | **12,011,324** | 12,460,283 |
| **Current assets** | | | |
| Inventories | | **130,905** | 184,418 |
| Trade receivables | *13* | **390,189** | 370,110 |
| Bills receivables | *13* | **259,239** | 36,489 |
| Deposits, prepayments and other receivables | | **184,783** | 257,641 |
| Pledged and restricted bank deposits | | **737,149** | 885,396 |
| Time deposits with original maturity over three months | | **3,629,976** | 2,221,582 |
| Cash and cash equivalents | | **5,418,042** | 5,773,365 |
| **Total current assets** | | **10,750,283** | 9,729,001 |
| **Total assets** | | **22,761,607** | 22,189,284 |

| | Notes | **30 June 2026** **HK$'000** **(Unaudited)** | 31 December 2025 *HK$'000* (Audited) |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and bills payables | *14* | **592,728** | 719,764 |
| Lease liabilities | | **7,159** | 5,412 |
| Other payables and accruals | | **1,662,670** | 1,494,244 |
| Dividend payable | *10* | **305,464** | – |
| Tax payables | | **278,443** | 197,474 |
| **Total current liabilities** | | **2,846,464** | 2,416,894 |
| **Net current assets** | | **7,903,819** | 7,312,107 |
| **Total assets less total current liabilities** | | **19,915,143** | 19,772,390 |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **1,364,037** | 1,356,304 |
| Lease liabilities | | **30,136** | 31,885 |
| **Total non-current liabilities** | | **1,394,173** | 1,388,189 |
| **Net assets** | | **18,520,970** | 18,384,201 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | *15* | **15,582,467** | 15,582,467 |
| Reserves | | **836,878** | 852,541 |
| **Total equity attributable to owners of the Company** | | **16,419,345** | 16,435,008 |
| **Non-controlling interests** | | **2,101,625** | 1,949,193 |
| **Total equity** | | **18,520,970** | 18,384,201 |

*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, sales and trading of coking coal products. There were no significant changes in the Group's operations during the six months ended 30 June 2026.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (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 2025, which have been prepared in accordance with the HKFRS Accounting Standards.

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 2025, 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 27 August 2026.

## 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 2025, 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 2026:

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11 |

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 2026 and have not been early adopted by the Group:

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| HKFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Amendments to Hong Kong Interpretation 5 | Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2027 |
| Amendments to HKAS 21 | Translation to a Hyperinflationary Presentation Currency | 1 January 2027 |
| HKFRS 20 | Regulatory Assets and Regulatory Liabilities | 1 January 2029 |
| 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.

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

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:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Sales of self-produced clean coking coal | **2,438,754** | 1,579,279 |
| Sales of self-produced by-products | **63,212** | 27,506 |
| Trading of products | **741,413** | 494,583 |
| | **3,243,379** | 2,101,368 |

In 2025, in response to the decline in the coal market, the Group commenced a trading business to broaden revenue and profit streams. Leveraging existing customer relationships and market familiarity, the Group initiated coal trading activities and implemented the *Measures for the Management of Trading Business* to ensure all trading transactions are in order. A Joint Review Panel was established in the PRC, with Shanxi Fushan Resources Group., Ltd. ("**Fushan Resources**"), a wholly-owned subsidiary of the Group, responsible for supervising the trading business management. The team comprises the General Manager, the Executive Deputy General Manager, the Deputy General Manager of Finance, the Manager of the Investment Risk Control Department, the Manager of the Operations and Finance Department ("**Finance Department**"), and the Assistant General Manger concurrently serving as the Manager of the Sales and Marketing Department ("**Sales Department**") of Fushan Resources.

The trading business is developed by the Sales Department, which formulates procurement plans based on market trends and customer requirements. Products are purchased from independent suppliers (such as coal mines and coal washing plants, etc.) and sold to customers under separately negotiated contracts. The Group independently manages sourcing, logistics, and quality inspection. To mitigate price risk, contract terms including price, specifications, delivery, and payment are confirmed prior to entering purchase agreements. The Investment Risk Control Department reviews contracts before execution. Customers are required to make deposits or full payments depending on internal credit assessments, and the Group bears credit risk until settlement.

Products are delivered under agreed terms, with ownership transferred to customers upon acceptance of goods. Prior to acceptance, the Group retains ownership and bears inventory risk. Following delivery, the Finance Department issues invoices to customers and settles supplier invoices in accordance with contractual terms, regardless of customer payment status. Both the Finance and Sales Departments are responsible for customer collections. Purchase prices are determined through bidding or comparison, while selling prices are negotiated with reference to prevailing market indices and adjusted for quality, logistics, and margin considerations.

Management has assessed the Group's role in the trading business under HKFRS 15 and determined that the Group acts as a principal, based on the following factors:

1. Control and Inventory Risk – The Group controls products prior to transfer and bears inventory risk until customer acceptance.

2. Primary Responsibility – The Group is responsible for fulfilling contractual obligations to both suppliers and customers, including sourcing, logistics, and quality inspection.

3. Pricing Discretion – The Group has discretion in establishing sales prices, referencing market indices but adjusting for product specifications, logistics, and margins.

4. Product and Delivery Risk – The Group bears responsibility for product safety, quality, and delivery until transfer to customers.

5. Credit Risk – The Group bears full credit risk from customers, mitigated through internal credit assessment policies.

The executive directors have been identified as the chief operating decision-maker of the Company. The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines. The Group has identified one reportable segment as coking coal mining, which represents mining and exploration of coal resources and production of raw and clean coking coal and also trading of 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** | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Dividend income | **23,661** | 21,510 |
| Net foreign exchange gain | **33,510** | 31,399 |
| Loss on disposals of property, plant and equipment | **(9,382)** | – |
| Others | **594** | 1,475 |
| | **48,383** | 54,384 |

## 6. OTHER OPERATING EXPENSES

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Staff redundancy compensations* | **96,784** | – |
| Others | **9,309** | 7,421 |
| | **106,093** | 7,421 |

* The amount represented a non-recurring staff redundancy compensations due to the reformation aimed at enhancing labour efficiency.

## 7. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest expense on lease liabilities | **888** | 934 |

## 8. PROFIT BEFORE INCOME TAX

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Profit before income tax is arrived at after charging: | | |
| Cost of inventories sold | **2,120,989** | 1,459,744 |
| Amortisation of: | | |
| – land use rights | **1,158** | 1,099 |
| – long-term deferred expenses | **23,947** | 1,109 |
| – mining rights | **131,583** | 119,390 |
| Depreciation of: | | |
| – property, plant and equipment | **181,262** | 158,999 |
| – right-of-use assets | **2,068** | 2,002 |
| Staff costs *(including directors' emoluments)* | **412,423** | 355,729 |
| Staff redundancy compensations | **96,784** | – |

## 9. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax – PRC income tax | **254,421** | 173,901 |
| Deferred tax | **3,081** | (3,974) |
| | **257,502** | 169,927 |

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 2026 and 2025.

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 2025: 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 2025: 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 | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Declared and payable after interim period: | | |
| 2026 interim dividend HK10 cents per ordinary share (Six months ended 30 June 2025: 2025 interim dividend HK6 cents per ordinary share) | **509,107** | 305,464 |

The interim dividend for six months ended 30 June 2026 totaling HK$509,107,000 was calculated based on the number of issued ordinary shares as at 30 June 2026. As at 30 June 2026, the number of the issued share capital qualifying for the interim dividend of the Company is 5,091,065,770 (As at 30 June 2025: 5,091,065,770). The interim dividend has not been recognised as liabilities as at 30 June 2026.

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| 2025 final dividend HK6 cents per ordinary share (Six months ended 30 June 2025: 2024 final dividend HK21 cents per ordinary share) | **305,464** | 1,069,124 |

Final dividend for the year ended 31 December 2025 and 2024 totaling HK$305,464,000 and HK$1,069,124,000 respectively were calculated based on the number of issued ordinary shares as at 31 December 2025 and 2024 respectively, and have been reflected as an appropriation of retained earnings and recognised as liabilities during the periods ended 30 June 2026 and 2025 respectively. Final dividend for the years ended 31 December 2025 and 2024 was paid on 23 July 2026 and 24 July 2025 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:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Profit used to determine basic and diluted earnings per share | **588,646** | 404,135 |
| | ***'000 shares*** | *'000 shares* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **5,091,065** | 5,091,065 |

The diluted earnings per share for the periods ended 30 June 2026 and 30 June 2025 were the same as the basic earnings per share as there were no dilutive potential ordinary shares during the periods.

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

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Equity securities, at fair value | | |
| − listed in Australia | **309,708** | 388,364 |
| − listed in Hong Kong | **294,687** | 494,730 |
| | **604,395** | 883,094 |
| Unlisted equity interest* | **–** | – |
| | **604,395** | 883,094 |

* 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 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **577,621** | 557,542 |
| Less: Provision for impairment loss | **(187,432)** | (187,432) |
| | **390,189** | 370,110 |
| Bills receivables | **259,239** | 36,489 |
| | **649,428** | 406,599 |

Trade receivables generally have credit terms ranging from 30 to 90 days (As at 31 December 2025: 30 to 90 days) and no interest is charged. Bills receivables are expiring within one year. As at 30 June 2026 and 31 December 2025, all of the trade and bills receivables are denominated in Renminbi ("**RMB**").

As at 30 June 2026 and 31 December 2025, ageing analysis of net trade receivables, based on invoice dates, is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Up to 90 days | **288,326** | 370,110 |
| 91 to 180 days | **101,863** | – |
| | **390,189** | 370,110 |

As at 30 June 2026 and 31 December 2025, ageing analysis of bills receivables, based on bills receiving dates, is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Up to 90 days | **220,981** | 21,884 |
| 91 to 180 days | **38,258** | 14,605 |
| | **259,239** | 36,489 |

Details of pledged bills receivables are as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Pledged bills receivables | **46,725** | 35,835 |
| Associated bills payables *(note 14)* | **39,894** | 33,311 |

The carrying amounts of the bills receivable include receivables 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:

| | 30 June 2026 HK$'000 (Unaudited) | 31 December 2025 HK$'000 (Audited) |
|---|---|---|
| Bills receivables endorsed to creditors with full recourse: | | |
| Transferred bills receivables | **516** | 654 |
| Associated other payables | **(516)** | (654) |

## 14. TRADE AND BILLS PAYABLES

| | 30 June 2026 HK$'000 (Unaudited) | 31 December 2025 HK$'000 (Audited) |
|---|---|---|
| Trade payables | **343,147** | 315,837 |
| Bills payables | **249,581** | 403,927 |
| | **592,728** | 719,764 |

The Group was granted by its suppliers credit period ranging between 30 to 180 days (As at 31 December 2025: 30 to 180 days). As at 30 June 2026 and 31 December 2025, all of the trade and bills payables are denominated in RMB. All bills payables are aged within 6 months (As at 31 December 2025: 6 months).

Based on the invoice dates, ageing analysis of trade payables as at 30 June 2026 and 31 December 2025 is as follows:

| | 30 June 2026 HK$'000 (Unaudited) | 31 December 2025 HK$'000 (Audited) |
|---|---|---|
| Up to 90 days | **201,939** | 196,974 |
| 91 to 180 days | **63,043** | 54,918 |
| 181 to 365 days | **33,558** | 21,448 |
| Over 365 days | **44,607** | 42,497 |
| | **343,147** | 315,837 |

As at 30 June 2026, bills payables amounted to HK$209,687,000 (As at 31 December 2025: HK$370,616,000) were secured by the pledged bank deposits. As at 30 June 2026, remaining bills payables amounted to HK$39,894,000 (As at 31 December 2025: HK$33,311,000) were secured by bills receivables (note 13).

## 15. SHARE CAPITAL

| | Number of shares<br>*'000 shares* | Amount<br>*HK$'000* |
|---|---|---|
| Issued and fully paid: | | |
| At 1 January 2025 (audited)/31 December 2025 (audited)/ 30 June 2026 (unaudited) | **5,091,065** | **15,582,467** |

## 16. CAPITAL COMMITMENTS

| | 30 June 2026<br>*HK$'000*<br>(Unaudited) | 31 December 2025<br>*HK$'000*<br>(Audited) |
|---|---|---|
| Contracted for: | | |
| – Acquisition of investment properties | **518,478** | – |
| – Acquisition of property, plant and equipment | **170,134** | 198,919 |
| – Exploration and design fees for a potential mining project | **60,967** | 60,967 |
| | **749,579** | 259,886 |

## 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 2025 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 2025 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).

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK10 cents per ordinary share for the six months ended 30 June 2026 payable to shareholders whose names appear on the register of members of the Company at the close of business on 21 September 2026 (Monday). 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 21 September 2026 (Monday) for registration. The interim dividend is expected to be paid on 5 November 2026 (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 2026 (the "**Period Under Review**") together with that of the same period of 2025 (the "**Last Period**" or "**1H 2025**") is summarised as follows:

| | | **Six months ended 30 June** | | Change | |
|---|---|---|---|---|---|
| | Unit | **2026** | 2025 | Quantity/ Amount | Percentage |
| *Production volume:* | | | | | |
| Raw coking coal | Mt | **2.79** | 2.64 | +0.15 | +6% |
| Clean coking coal | Mt | **1.95** | 1.54 | +0.41 | +27% |
| *Self-produced sales volume:* | | | | | |
| Clean coking coal | Mt | **1.96** | 1.55 | +0.41 | +26% |
| *Average realised selling price of self-produced sales (inclusive of VAT):* | | | | | |
| Clean coking coal | RMB/tonne | **1,237** | 1,067 | +170 | +16% |
| *Trading volume:* | | | | | |
| Coal products | Mt | **0.52** | 0.57 | -0.05 | -9% |

*Note:* No sales of raw coking coal for the six months ended 30 June 2026 (1H 2025: nil).

During the Period Under Review, the Three Mines operated smoothly and made an effort to increase production compared than planned. For the six months ended 30 June 2026, the Group produced approximately 2.79 million tonnes ("**Mt**") (1H 2025: approximately 2.64 Mt) of raw coking coal, representing a year-on-year ("**YoY**") increase of 6% and also produced approximately 1.95 Mt (1H 2025: approximately 1.54 Mt) of clean coking coal, representing a YoY increase of 27% as a result of the increase in production volume of raw coking coal for washing and increase in recovery rate of clean coking coal. The increase in the recovery rate is primarily attributable to YOY rise in the output proportion of medium-sulfur raw coking coal, coupled with the positive impact of a decrease in coal seam parting thickness, which has effectively enhanced the recovery rate.

In line with the increase in production volume of clean coking coal, the sales volume of self-produced clean coking coal increased by 26% YoY for the Period Under Review.

The coking coal market exhibited a trend of starting low and ending high, strengthening amidst fluctuations. Driven by factors such as the energy crisis sparked by geopolitical conflicts and the coal mine accidents in some major production areas, the baseline for coal prices shifted significantly upward. The average market prices of the main clean coking coal product of the Group raised by 20% YoY for the Period Under Review. The Group's average realised selling prices (inclusive of value added tax "**VAT**") of self-produced clean coking coal increased by 16% YoY to RMB 1,237/tonne (1H 2025: RMB1,067/tonne). The gap versus the market increase is mainly due to differences in the coal product mix.

Since March 2025, the Group commenced coal trading business in order to broaden revenue and profit streams. In addition, since March 2026, the Group's trading business has expanded to include materials and equipment. During the Period Under Review, the sales of trading business accounted for 23% (1H 2025: 24%) of the Group's revenue. Of which, the coal trading accounted for 98% (1H 2025: 100%) of the trading business revenue. For details of the trading business, please refer to below "Trading Business".

## FINANCIAL REVIEW

For the six months ended 30 June 2026, the Group recorded a revenue of approximately Hong Kong Dollars ("**HK$**") 3,243 million, representing a significant increase of approximately HK$1,142 million or 54% YoY as compared with that of approximately HK$2,101 million for the Last Period. The substantial rise in revenue was mainly driven by the increase in average realised selling prices of self-produced clean coking coal by 16% YoY, the increase in sales volume of self-produced clean coking coal by 26% YoY and the increase in revenue from trading business respectively for the Period Under Review.

For the six months ended 30 June 2026, the total revenue and total self-produced revenue to the top five customers accounted for 53% (1H 2025: 57%) and 48% (1H 2025: 63%) of the Group's revenue and self-produced revenue respectively. Of which, the total self-produced revenue to the largest customer, Shougang Group Co., Limited together with its subsidiaries, accounted for 14% (1H 2025: 34%) of the Group's self-produced revenue.

For the six months ended 30 June 2026, gross profit margin was 35% while 31% for the Last Period. Exclude the effect of trading business, gross profit margin would be 44% while 40% for the Last Period. The rise in gross profit margin during the Period Under Review was mainly due to the increase in average realised selling prices of self-produced clean coking coal by 16% YoY as disclosed above even partly offset by the increase in unit cost of production by 17% YoY as disclosed per below.

For the six months ended 30 June 2026, the Group recorded a net profit of approximately HK$748 million representing a significant increase of 56% YoY, and profit attributable to the owners of the Company (the "**Owners**") of approximately HK$589 million, representing an increase of 46% YoY. During the Period Under Review, the significant increase in the Group's net profit by 56% YoY was mainly attributable to the significant rise in gross profit by approximately HK$480 million or 75% YoY.

For the Period Under Review, basic earnings per share was HK11.56 cents (1H 2025: HK7.94 cents) representing a significant increase of 46% YoY.

For the Period Under Review, the Group recorded EBITDA of approximately HK$1,346 million (1H 2025: approximately HK$934 million) and generated a positive cash flow of approximately HK$1,222 million (1H 2025: approximately HK$453 million) from operating activities.

As at 30 June 2026, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK$9,048 million (As at 31 December 2025: approximately HK$7,995 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$1,222 million during the Period Under Review.

## Cost of Sales

For the Period Under Review, cost of sales was approximately HK$2,121 million, representing an increase of approximately HK$661 million or 45% YoY, as compared with that of approximately HK$1,460 million for the Last Period. The increase in cost of sales was mainly due to the increase of trading business with cost increased by approximately HK$236 million. Excluding this effect, cost of self-produced sales was increased by approximately HK$425 million or 44% YoY. The increase was mainly due to (i) the increase in self-produced sales volume of clean coking coal by 26% YoY; (ii) the increase in unit production costs as disclosed below; and (iii) the increase in average exchange rate of RMB to HK$ by approximately 5.3% 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 |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | Amount | Percentage | 2025 | Percentage |
| Production cost of raw coking coal | **385** | 328 | +57 | +17% | 373 | +3% |
| *Less:* Depreciation and amortisation | ***(87)*** | *(87)* | – | – | *(86)* | *+1%* |
| Cash production cost of raw coking coal | **298** | 241 | +57 | +24% | 287 | +4% |
| *Less:* Uncontrollable costs [Note 1] | ***(79)*** | *(56)* | *+23* | *+41%* | *(58)* | *+36%* |
| Total | **219** | 185 | +34 | +18% | 229 | -4% |
| | | | | | | |
| Processing cost for clean coking coal | **47** | 44 | +3 | +7% | 52 | -10% |
| *of which, depreciation* | ***(10)*** | *(8)* | *+2* | *+25%* | *(9)* | *+11%* |

*Note 1:* Included resources tax and levies.

Included in cost of sales, amortisation of mining rights was approximately HK$132 million for the six months ended 30 June 2026, representing an increase of approximately HK$13 million or 11% YoY, as compared with that of approximately HK$119 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 self-produced sales during the Period Under Review.

During the Period Under Review, the increase in unit production cost of raw coking coal by 17% YoY was mainly due to the (i) the increase in average realised selling prices of self-produced clean coking coal by 16% 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, aggregate increased by RMB23/tonne YoY; (ii) as profits increased, the efficiency-based portion of labour costs also increased YoY accordingly; (iii) in order to comply with safety regulatory requirements and further enhance safety standards, the Group has scheduled equipment maintenance resulting in a YoY increase in repair and maintenance costs; and (iv) the amortisation of removal compensation expenses was increased YoY.

Nevertheless, the Group's unit production cost of raw coking coal for the Period Under Review is temporarily higher than 1H 2025 as disclosed above. The Group maintains ongoing cost control, based on the principle of managing total costs on an annual basis. In fact, during the Period Under Review, the unit cash production cost of raw coking coal (excluded depreciation and amortisation, uncontrollable resources tax and levies) and unit processing cost for clean coking coal decreased by 4% and 10%, respectively, compared with that for the year ended 31 December 2025.

**Gross Profit and Gross Profit Margin**

As a result of the reasons above, gross profit was approximately HK$1,122 million for the six months ended 30 June 2026, representing a significant increase of approximately HK$480 million or 75% YoY as compared with that of approximately HK$642 million for the Last Period. Gross profit margin was 35% for the Period Under Review and 31% for the Last Period. Excluding the trading business, gross profit margin was 44% for the Period Under Review and 40% for the Last Period.

**Interest Income**

During the Period Under Review, interest income was approximately HK$82 million, representing a decrease of approximately HK$5 million or 6% YoY as compared with approximately HK$87 million for the Last Period. The decrease in interest income was the result of the drop YoY 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$48 million, representing a decrease of approximately HK$6 million or 11% YoY as compared with approximately HK$54 million for the Last Period. The drop was mainly due to the Group recorded a loss on disposal of fixed assets amounted to approximately HK$9 million during the Period Under Review (1H 2025: nil).

**Selling and Distribution Expenses**

For the Period Under Review, selling and distribution expenses were approximately HK$41 million, representing a sharply increase of approximately HK$17 million or 71% YoY as compared with that of approximately HK$24 million for the Last Period. Selling and distribution expenses mainly included logistic costs such as the trucking fees for short distance or long distance by train for sales of clean coking coal, of which are usually re-charged to customers. The increase was mainly due to the increase in sales with long distance by train for the Period Under Review.

**General and Administrative Expenses**

For the Period Under Review, general and administrative expenses were approximately HK$100 million, similar with that of approximately HK$100 million for the Last Period.

**Other Operating Expenses**

During the Period Under Review, other operating expenses were approximately HK$106 million, representing a significant increase of approximately HK$99 million as compared with approximately HK$7 million for the Last Period. The sharply increase was primarily stemmed from the reformation aimed at enhancing labour efficiency, resulting in a non-recurring staff redundancy compensations of approximately HK$97 million.

**Finance Costs**

For the Period Under Review, finance costs were approximately HK$0.9 million (1H 2025: 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$258 million (1H 2025: approximately HK$170 million). Income tax expense mainly includes the enterprise income tax calculated at a tax rate of 25% for the Group's major subsidiaries incorporated in the People's Republic of China (the "**PRC**") ("**major PRC Subsidiaries**") and the provision of withholding tax of 5% on the dividend to be declared from the major PRC Subsidiaries in accordance with the relevant tax regulations in the PRC. During the Period Under Review, income tax expense increased along with the rise in profit and the increase in dividend withholding tax.

**Owner's Attributable Profit**

By reasons of the foregoing, the profit attributable to the Owners during the Period Under Review was approximately HK$589 million, representing an significant increase of approximately HK$185 million or 46% YoY, while approximately HK$404 million for the six months ended 30 June 2025.

**Trading Business**

The Group has implemented the Measures for the Management of Trading Business in order to ensure all trading transactions are in order. To regulate the management of trading business, a joint review panel was established in the PRC, with Shanxi Fushan Resources Group Co., Ltd. ("**Fushan Resources**"), a wholly-owned subsidiary of the Group, responsible for supervising the trading business management. The team comprises the General Manager, the Executive Deputy General Manager, the Deputy General Manager of Finance, the Manager of the Investment Risk Control Department, the Manager of the Operations and Finance Department ("**Finance Department**"), and the Assistant General Manger concurrently serving as the Manager of the Sales and Marketing Department of Fushan Resources. The Group mainly carried out trading as main principal ("**Trading Business**") instead of agent. The below explain the business model of the Trading Business.

The existing Sales and Marketing Department ("**Sales Department**") develops the Trading Business by starting with our existing customers and then expanding to new customers. Based on market trends, the Sales Department formulates a procurement plan and purchases products from independent resource suppliers (e.g., coal mines and coal washing plants, etc.) and at the same time to approach the customers to understand their requirement of specifications and order size and payment terms.

In order to minimise the price risk due to the fluctuation of prices especially coal prices, the Group will confirm the details of contracts, including price, specifications, delivery date and payment terms before we formally entered the purchase contract with the suppliers. The Group will independently approach customers and suppliers and entered into the contracts individually. The Investment Risk Control Department is responsible for the final review of contracts. Customers are required to make payment under the applicable payment terms, by deposit or full payment, depending on the result of our internal credit assessment. Once the orders are confirmed, Sales Department arranges logistics for delivery and coordinates quality inspection with suppliers to ensure compliance with contractual specifications. Products are delivered to customers under agreed terms and transferred to the ownership of the products to customers once the customers signed the acceptance of the goods. Before that, the Group has ownership and inventory risk on the goods.

After acceptance, the Sales Department passes the contracts, delivery notes and acceptance notes to the Finance Department for issuance of invoices to the customers under the agreed terms. The Finance Department settles the invoices received from suppliers in accordance with the agreed terms and internal payment process, regardless of whether the customers have settled payment to us. Both the Finance Department and Sales Department are responsible to procure the customers for the settlement of our invoices with agreed terms. As we bear credit risk from our customers; accordingly, we have adopted an internal credit assessment policy to minimise this risk and prevent credit losses.

For price establishment, the purchase price is determined through bidding or price comparison. Based on customers' requirements in terms of specifications and order size, the Group negotiates with resource suppliers and selects the optimal purchase price. The selling price to customers is then negotiated with reference to prevailing market conditions. Nevertheless, coal market price transparency has indeed become a major profit killer in coal trading. As the coal market prices are now is real-time price visibility: digital platforms, online exchanges, and government-published indices (like the Qinhuangdao spot price) mean that everyone knows the prevailing price or price range instantly. Customers and suppliers all reference to the same benchmark, leaving thin room for information asymmetry which used to be the main source of trading profits. The final price is set with reference to the profit calculation sheet provided by the Finance Department, ensuring that a certain operating profit margin is achieved or at least breakeven in the view of explanation of market shares and procurement of customers.

During the Period Under Review, the Group recorded a minimal but improving gross profit by approximately HK$7 million (1H 2025: HK$1.6 million) for Trading Business. As stated above, the price has limited increasing space which driven our minimal gross profit for Trading Business. Given that the Group has made use of existing human resources and assets without incurring additional costs for the Trading Business, even minimal gross profit from the Trading Business is still profitable to the Group.

**Material Investments and Acquisitions**

During the six months ended 30 June 2026, except as disclosed below, the Group had no material investments and acquisitions.

As disclosed in the announcement of the Company dated 25 June 2026, the Group entered into the master contract for the purchase of total of 22 office units located at Levels 2 to 12 of Block A of Building No. 1 of the property development known as "Shouyi Development Building" (首怡發展大廈), situated within Shougang Park (首鋼園), with a total gross floor area of approximately 21,337.51 square meters, at a consideration of RMB530,000,000 (inclusive of VAT of RMB43,761,467.89). This transaction is intended, among others, to promote the Group's business diversification, foster industrial synergies and make effective use of surplus funds of its wholly-owned subsidiaries in the PRC, and long-term investment opportunities. As at 30 June 2026, the Group paid deposit of RMB53,000,000 (equivalent to approximately HK$57,611,000) and the said transaction is not completed. The details of this transaction are referred to the announcement of the Company dated 25 June 2026.

**Material Disposals**

During the six months ended 30 June 2026, the Group had no material disposals.

**Safety Production and Environmental Protection**

The Group has always been paying great attention to production safety and environmental protection while achieving stable coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming to build itself into a safety-oriented and environmentally-friendly enterprise. The Group has constantly complied with the relevant environmental protection rules and regulations. The Group fulfilled our 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.

As at 30 June 2026, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine both maintain the level I workplace safety standard issued by the National Mine Safety Administration, Xingwu Coal Mine maintain the level II workplace safety standard issued by the Shanxi Provincial Emergency Management Department, and their coal processing plants also maintain level I workplace safety standard issued by the Provincial Energy Bureau. Three Mines have formed intelligent fully mechanised mining face.

For the Period Under Review, all coal mines of the Group operated smoothly and have good safety record.

**Charges on Assets**

As at 30 June 2026, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

As at 30 June 2026, bank deposits of approximately HK$202 million and bills receivables of approximately HK$47 million were used for securing bills facilities. As at 30 June 2026, bills facilities of approximately HK$250 million has been utilised.

**Contingent Liabilities**

As at 30 June 2026, there were no guarantees given by the Group and the Group has no material contingent liabilities.

**Gearing Ratio**

As at 30 June 2026, the Group had no borrowings. Thus, the gearing ratio of the Group was 0% (As at 31 December 2025: 0%).

**Exposure to Fluctuations in Exchange Rates**

As at 30 June 2026, other than assets and liabilities denominated in RMB and Australian Dollars ("**AUD**"), the Group had no material exposure to foreign exchange fluctuations. As at 30 June 2026, the RMB market exchange rate was appreciated by approximately 3.6% and the AUD market exchange rate was appreciated by approximately 3.5% when compared to that as at 31 December 2025. As at 30 June 2026, the aggregate carrying amount of assets denominated in RMB and AUD represented approximately 74% and 2% of the Group's net assets respectively. Thus, during the Period Under Review, such fluctuation in above exchange rates are not expected to have any material negative impact on the financial position and results of the Group.

**Liquidity and Financial Resources**

As at 30 June 2026, the Group's current ratio (total current assets divided by total current liabilities) was approximately 3.78 times and the Group's cash and bank deposits amounted to approximately HK$9,785 million, of which approximately HK$202 million was deposited to secure bills facilities of approximately HK$210 million and approximately HK$535 million was restricted bank deposits for land reclamation and mine environmental restoration fund. The Group continued to maintain a healthy net cash balance.

The Group has total bills receivables amounting to approximately HK$259 million (of which approximately HK$0.5 million represented endorsed bills receivables and approximately HK$47 million was used for securing bills facilities of approximately HK$40 million) as at 30 June 2026. 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$211.5 million, the Group's free cash resources would have approximately HK$9,259.5 million as at 30 June 2026.

**Capital Structure**

Total equity and borrowings are classified as capital of the Group. As at 30 June 2026, 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 2026.

**EMPLOYEES**

As at 30 June 2026, the Group's total workforce numbered 3,850 (as at 30 June 2025: 4,262), with 3,783 (as at 30 June 2025: 4,154) being employees in Mainland China and Hong Kong. During the six months ended 30 June 2026, the average number of workforce and employees were 4,032 and 3,922 respectively. 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 respectively. The Group also provides training to PRC employees. During the Period Under Review, no share option was granted or exercised. As at 30 June 2026, no share option was outstanding.

During the six months ended 30 June 2026, the Group's raw coal labour productivity per workforce (production volume of raw coking coal divided by average number of workforce calculated on monthly basis) was 691 tonnes per person (1H 2025: 619 tonnes per person), representing a YoY increase of approximately 12%, resulting from reform initiatives.

## FUTURE PROSPECTS

In the first half of 2026 ("**1H 2026**"), the global economic and trade environment presented a complex landscape of intertwined fragility and resilience. Geopolitical uncertainties intensified, major economies made significant policy adjustments, international trade frictions continued to escalate, and energy prices became highly volatile, creating a multitude of uncertainties. During the period, China's gross domestic product grew by approximately 4.7% YoY, marking a steady start to the 15th Five-Year Plan and remaining broadly in line with the full-year economic growth target. Although industry performance showed differentiation, industrial production and emerging industries continued to provide support for economic growth, underscoring the inherent resilience of the Chinese economy.

In the steel sector, under the dual pressure of relatively weak end-user demand and elevated raw material costs, steel enterprises saw their profit margins narrow significantly. In 1H 2026, China's crude steel output declined by 3.0% YoY, while steel mills and coke producers continued to adopt the on-demand procurement strategy, and overall inventory levels across the industrial chain remained at prudent levels. Nevertheless, demand from manufacturing, infrastructure investment, equipment upgrading and emerging industries still provided a certain degree of support to the market. Meanwhile, China continued to advance high-quality development of the steel industry by strengthening capacity monitoring, energy conservation and carbon reduction, and environmental management, while addressing low-price disorderly competition, guiding the industry toward comprehensive improvements in quality, efficiency and benefits. Downstream, the real estate sector overall remained weak. Investment in real estate development for 1H 2026 fell by approximately 18.0% YoY, while the floor space of newly built commercial buildings sold also contracted. Nevertheless, some core cities, high-quality residential projects, and the secondary housing market showed signs of marginal recovery. On the export front, China's total exports increased by 13.4% YoY in 1H 2026, with exports of mechanical and electrical products rising by 20.1%. The strong resilience of high-end manufacturing injected momentum into related steel demand and overall economic growth. Mapping to the coking coal segment, although steel and coking enterprises currently maintain low-inventory strategies, the continuity of infrastructure investment, equipment upgrades, and high-end products exports will gradually transmit upstream along the industrial chain. Against the backdrop of tightening safety and environmental constraints and rising scarcity of high-quality resources, steel mills' rigid procurement foundation for raw materials like coking coal remains solid.

On the supply side, domestic coal supply tightened periodically due to mine safety inspections, production suspensions for rectification and adjustments to production schedules in certain major producing regions. In 1H 2026, nationwide raw coal output from industrial enterprises above the designated size amounted to approximately 2.37 billion tonnes, representing a YoY decrease of 1.7%, while raw coking coal output amounted to approximately 630 million tonnes, down 3.0% YoY. In June, raw coal output declined by 9.7% YoY, while coking coal supply fell by approximately 16.0%, indicating a marked tightening in supply. Part of the domestic supply gap was filled by increased coal imports. China's imports of coking coal in the first half grew by 26.6% YoY, with imports from Mongolia surging by 63.9%. Despite this, imported supply remained constrained by factors including border customs clearance capacity, cross-border transportation conditions and fluctuations in domestic and international price spreads. Considering the combined effects of tightening domestic supply, higher imports and changes in downstream demand, coking coal prices generally followed a low-then-high trajectory during 1H 2026.

Looking ahead to the second half of 2026 ("**2H 2026**"), as more proactive macroeconomic policies continue to take effect and the accelerated implementation of RMB 800 billion in funding for "Two Priorities" construction projects will drive the successive commencement of over a thousand major projects, including major water conservancy, transportation infrastructure, and urban underground pipeline networks, providing certain support for steel and coking coal demand.

On the domestic coking coal supply side, mine safety inspections and related policies are expected to continue to influence the pace of production resumptions and supply recovery. On the demand side, multiple factors will exert constraints simultaneously, including steel mills' profitability, the progress of capacity optimisation in traditional industries, the depth of real estate market adjustments, changes in the volume of imported coal, and fluctuations in the external trade environment. Taking both supply and demand into consideration, the coking coal market is expected to move towards a more balanced position in the second half of the year than the first, providing a degree of fundamental support for prices. Close attention should continue to be paid to changes in policy expectations, supply-side disruptions and the procurement pace of downstream users, as shifts in the supply-demand balance at different stages may give rise to periodic market volatility. The Group will remain prudent and closely monitor market developments.

Facing external environmental uncertainties, the Group adheres to responding with the certainty of its own operations and thoroughly implements the “Four Ultimate” management requirements: In pursuing ultimate efficiency, the Group has efficiently and steadily advanced reform and enhancement initiatives, optimised production organisation and continued to improve operating efficiency; In pursuing energy efficiency, the Group has adopted various measures including gas-fired power generation, photovoltaic power generation and solid electric thermal storage to continuously reduce energy consumption. In pursuing optimal resource allocation, the Group has strengthened internal coordination and capital planning to improve the efficiency of resource allocation; In pursuing cost-effectiveness, the Group has continued to explore cost reduction potential across the entire value chain, further promoted quality and efficiency enhancement, and steadily improved labour productivity across the workforce. On this basis, the Group always prioritises production safety as the foremost operational task, continuously improving safety management, risk control, and hazard investigation mechanisms, strengthening on-site management, equipment maintenance, and employee training to ensure safe, stable, and orderly operation of the coal mines. In 2H 2026, the Group will continue to coordinate the production and sales of its three coal mines, further strengthen mining-excavation coordination, equipment management and cost control, deepen communication with key customers, flexibly adjust production and sales rhythms according to market demand, continuously advance safety technology upgrades and intelligent mine construction, strictly control non-essential expenditures, and safeguard operating cash flow and financial stability.

During the period, Shanxi Fushan Resources Group Co., Ltd., a wholly-owned subsidiary of the Group, was awarded the “National May 1 Labour Medal”, while the Group’s three coal mines were also rated as “AAA Credit Enterprises in the Coal Industry” by the China National Coal Association. These recognitions represent an acknowledgement of the Group’s overall performance in areas including workplace safety, operational management, technological innovation, employee development and social responsibility.

Taking this as an opportunity, the Group will continue to enhance corporate governance and operational efficiency. At the same time, while maintaining ample liquidity and prudent financial policies, the Group will appropriately balance business development, capital expenditure and shareholder returns, while embedding the principle throughout a stable and sustainable return mechanism.

## AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2026. In addition, the independent auditor of the Company, SHINEWING (HK) CPA Limited, 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 2026.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with 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**") during the six months ended 30 June 2026.

## 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 2026.

## EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 21 August 2026 in relation to the proposed adoption of the 2026 Share Option Scheme of the Company (the "**Scheme**"), under which share options will be granted by the issuance of new shares. The proposed adoption shall be subject to (i) the passing of an ordinary resolution by the shareholders of the Company at the general meeting of the Company to approve the adoption of the Scheme; (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the new shares which may be issued by the Company upon exercise of all share options to be granted under the Scheme; and (iii) the approval of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. No options had been granted under the Scheme as at the date of this announcement. Accordingly, the proposed adoption had no effect on the financial position or results of the Group for the six months ended 30 June 2026.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2026 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**
**Chen Yi**
*Chairman*

Hong Kong, 27 August 2026

*As at the date of this announcement, the Board comprises Mr. Chen Yi (Chairman), Mr. Li Meng (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).*