

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

This announcement is made by Shougang Fushan Resources Group Limited (the “Company”, the Company together with its subsidiaries, the “Group”) pursuant to rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “Board”) has reviewed the unaudited consolidated management accounts of the Company for the four months ended 30 April 2014 (the “Management Accounts”) and wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that due to (i) drop in the average realized selling prices of the Group’s principal products, i.e. raw and clean coking coal, following slump in their market prices; and (ii) the substantial decrease in the sales volume of raw coking coal under the current weak coal market situation, the impact of which has overridden the impact of the increase of sales volume in clean coking coal, the gross profit of the Group for the four months ended 30 April 2014 decreased significantly as compared to that for the corresponding period of the financial year 2013. In addition, as the Group’s financial statements are presented in Hong Kong dollars, the Group’s monetary assets denominated in Renminbi are translated into Hong Kong dollars at the foreign exchange rate at each reporting date and exchange difference are recognised in profit or loss. On 30 April 2014, due to the depreciation in Renminbi, the Group suffered an unrealized foreign exchange loss upon translation of its monetary assets (mainly cash) denominated in Renminbi into Hong Kong dollars. Compounded by such unrealised foreign exchange loss, the Group recorded a consolidated loss for the four months ended 30 April 2014.

The Board also wishes to inform the Shareholders and potential investors that the Company might incur an impairment loss on certain carrying amounts of goodwill and mining rights of its subsidiaries for the first half of the financial year 2014 in accordance with the relevant Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountant. The actual basis and amount of the impairment loss are yet to be determined by the Board and agreed with the auditor of the Company (the “Auditor”). The impairment loss in question is an accounting related adjustment. As such loss is a non-cash item, irrespective of the amount of impairment loss ultimately determined, it is not expected that such loss would have any material impact on the financial strength of the Group.

All in all, the Group is able to maintain abundant cash balance.

The Board would like to remind the Shareholders and potential investors that the information contained in this announcement is based on the preliminary assessment by the Board with reference to the Management Accounts and the information currently available to the Board, which has not been audited or reviewed by the Auditor.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Shougang Fushan Resources Group Limited
Li Shaofeng
Chairman

Hong Kong, 4 June 2014

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Chen Zhouping (Vice-chairman and Managing Director), Mr. Wong Lik Ping (Vice-chairman), Mr. So Kwok Hoo (Deputy Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Liu Qingshan (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Zhang Yaoping (Non-executive Director), Mr. Xiang Xu Jia (Non-executive Director), Mr. Kee Wah Sze (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director), Mr. Chan Pat Lam (Independent Non-executive Director), Mr. Chan Chung Chun (Independent Non-executive Director) and Mr. Japhet Sebastian Law (Independent Non-executive Director).