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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 2014

FINANCIAL HIGHLIGHTS

(HK$'million)	**For the year ended 31 December 2014**	2013	**Percentage change**
Revenue	**3,255**	4,268	-24%
Gross profit	**1,304**	2,173	-40%
Gross profit margin	**40%**	51%	
Non-cash impairment loss on goodwill	**(824)**	–	
Before non-cash impairment loss on goodwill:			
Operating profit	**740**	1,830	-60%
Profit for the year	**463**	1,299	-64%
Profit attributable to owners of the Company	**399**	1,115	-64%
After non-cash impairment loss on goodwill:			
Operating (loss)/profit	**(84)**	1,830	
(Loss)/Profit for the year	**(361)**	1,299	
(Loss)/Profit attributable to owners of the Company	**(425)**	1,115	
EBITDA[1]	**1,270**	2,396	-47%
Basic (loss)/earnings per share *(HK cents)*	**(8.02)**	21.03	

(HK$'million)	**As at 31 December 2014**	2013	**Percentage change**
Net assets	**19,570**	21,659	-10%
Net assets per share attributable to owners of the Company *(HK$)*	**3.38**	3.76	-10%
Adjusted gearing ratio[2]	**0.00%**	0.01%	-100%

The board of directors has proposed a 2014 final dividend of HK2.7 cents (2013: HK7.8 cents) per ordinary share.

Notes:

1. EBITDA is defined as operating (loss)/profit plus impairment loss on goodwill, depreciation and amortisation.
2. Adjusted gearing ratio is computed from total borrowings (exclusive of asset-backed financing) divided by total equity.

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 2014 with comparative figures for the year ended 31 December 2013. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue	*3*	**3,254,861**	4,268,232
Cost of sales		**(1,950,708)**	(2,095,216)
Gross profit		**1,304,153**	2,173,016
Other operating income	*5*	**295,996**	385,001
Selling and distribution expenses		**(300,931)**	(142,007)
General and administrative expenses		**(310,864)**	(319,221)
Other operating expenses		**(248,601)**	(266,894)
Impairment loss on goodwill	*12(b)*	**(823,964)**	–
Operating (loss)/profit		**(84,211)**	1,829,895
Finance costs	*6*	**(11,301)**	(24,458)
Change in fair value of derivative financial instruments		**(42,500)**	25,430
Share of loss of an associate		**(1,203)**	(943)
(Loss)/Profit before income tax	*7*	**(139,215)**	1,829,924
Income tax expense	*8*	**(221,717)**	(530,685)
(Loss)/Profit for the year		**(360,932)**	1,299,239
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(222,765)**	307,101
Item that will not be reclassified to profit or loss:			
Fair value loss on financial assets measured at fair value through other comprehensive income		**(917,383)**	(9,442)
Total comprehensive income for the year		**(1,501,080)**	1,596,898
(Loss)/Profit for the year attributable to:			
Owners of the Company	*9*	**(425,302)**	1,115,066
Non-controlling interests		**64,370**	184,173
(Loss)/Profit for the year		**(360,932)**	1,299,239

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,534,287)**	1,377,033
Non-controlling interests		**33,207**	219,865
Total comprehensive income for the year		**(1,501,080)**	1,596,898
		HK (Cents)	*HK (Cents)*
(Loss)/Earnings per share	*11*		
– Basic and diluted		**(8.02)**	21.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,412,110**	3,609,675
Prepaid lease payments		**58,081**	60,681
Mining rights		**9,966,970**	10,410,259
Goodwill	*12(a)*	**1,454,520**	2,319,205
Interest in an associate		**17,365**	18,894
Financial assets measured at fair value through other comprehensive income		**373,494**	1,290,877
Deposits, prepayments and other receivables		**273,350**	312,375
Deferred tax assets		**22,489**	27,586
Total non-current assets		**15,578,379**	18,049,552
Current assets			
Inventories		**180,799**	221,019
Trade and bill receivables	*13*	**2,548,830**	2,590,184
Deposits, prepayments and other receivables		**184,858**	203,485
Derivative financial instruments		**56**	13,661
Pledged bank deposits		**103,670**	204,790
Time deposits with original maturity over three months		**3,450,784**	3,450,606
Cash and cash equivalents		**1,952,602**	2,137,611
Total current assets		**8,421,599**	8,821,356

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Current liabilities			
Trade and bill payables	*14*	**601,062**	663,324
Other payables and accruals		**1,446,840**	1,526,846
Borrowings		**73,899**	580,009
Derivative financial instruments		**22,397**	–
Amounts due to non-controlling interests of subsidiaries		**3,796**	20,635
Tax payables		**226,712**	269,627
Total current liabilities		**2,374,706**	3,060,441
Net current assets		**6,046,893**	5,760,915
Total assets less current liabilities		**21,625,272**	23,810,467
Non-current liabilities			
Deferred tax liabilities		**2,055,672**	2,151,302
Total non-current liabilities		**2,055,672**	2,151,302
Net assets		**19,569,600**	21,659,165
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**15,156,959**	530,184
Reserves		**2,769,576**	19,397,199
Total equity attributable to owners of the Company		**17,926,535**	19,927,383
Non-controlling interests		**1,643,065**	1,731,782
Total equity		**19,569,600**	21,659,165

Notes:

1. GENERAL INFORMATION

Shougang Fushan Resources Group Limited ("the Company") is a limited liability company incorporated and domiciled in Hong Kong. Its registered office address 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 Stock Exchange of Hong Kong Limited ("The Stock Exchange"). The principal places of business of the Company and its subsidiaries (collectively referred to as "the Group") are in Hong Kong and the People's Republic of China ("the PRC").

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries comprise coking coal mining, production and sales of coking coal products. There were no significant changes in the Group's operations during the year.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for the financial year and the comparative period continue to be those of the Hong Kong Companies Ordinance, Cap. 32, in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap. 622 "Accounts and Audit" which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The financial statements for the year ended 31 December 2014 were approved for issue by the board of directors on 26 March 2015.

2. ADOPTION OF HKFRSs

2.1 Adoption of new or revised HKFRSs – effective 1 January 2014

Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK (IFRIC) 21	Levies

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosure for Non-Financial Assets

These amendments remove the unintended consequences of HKFRS 13 Fair Value Measurement on the disclosures required under HKAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generated units ("CGUs") for which an impairment loss has been recognised or reversed during the period. The Group has provided those disclosures in Note 12 to this result announcement.

HK (IFRIC) 21 Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle[3]
Amendments to HKAS 1	Presentation of Financial Statements[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2010 – 2012 Cycle, 2011 – 2013 Cycle and 2012 – 2014 Cycle
The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 Presentation of Financial Statements
The amendments to HKAS 1 are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. In addition, an amendment is made to HKAS 1 to clarify the presentation of an entity's share of other comprehensive income ("OCI") from its equity accounted interests in associates and joint ventures. The amendment requires an entity's share of OCI to be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

Amendments to HKAS 27 Equity Method in Separate Financial Statements
The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) Financial Instruments
HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 15 Revenue from Contracts with Customers
The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2.3 New Companies Ordinance provisions relating to the preparation of financial statements
The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. REVENUE

The Group's principal activities are disclosed in Note 1 to this result announcement. Revenue from the Group's principal activities recognised during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales of raw coking coal	**537,023**	1,332,487
Sales of clean coking coal	**2,717,838**	2,935,745
	3,254,861	4,268,232

4. SEGMENT INFORMATION

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 for 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 follows:

Coking coal mining:	Mining and exploration of coal resources and production of raw and clean coking coal in the PRC

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that change in fair value of derivative financial instruments, interest income, finance costs, share of result of an associate, income tax expense and corporate income and expenses which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

Segment assets include property, plant and equipment, prepaid lease payments, mining rights, goodwill, inventories, receivables and operating cash and mainly exclude financial assets measured at fair value through other comprehensive income, derivative financial instruments, deferred tax assets, interest in an associate and corporate assets which are not directly attributable to the business activities of any operating segment.

Segment liabilities comprise operating liabilities and exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include tax payables, derivative financial instruments, deferred tax liabilities and corporate borrowings.

The operating segment is monitored and strategic decisions are made on the basis of adjusted segment operating result. The Group's segment operating (loss)/profit reconciles to the Group's (loss)/profit before income tax was as follows:

	Coking coal mining		**Consolidated**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:				
Revenue from external customers	**3,254,861**	4,268,232	**3,254,861**	4,268,232
Segment operating (loss)/profit	**(215,676)**	1,645,103	**(215,676)**	1,645,103
Interest income			**175,912**	129,623
Other operating income not allocated			**44,639**	143,161
General and administrative expenses not allocated			**(89,086)**	(87,992)
Operating (loss)/profit			**(84,211)**	1,829,895
Finance costs			**(11,301)**	(24,458)
Change in fair value of derivative financial instruments			**(42,500)**	25,430
Share of loss of an associate			**(1,203)**	(943)
(Loss)/Profit before income tax			**(139,215)**	1,829,924

	Coking coal mining		Corporate		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**267,800**	282,468	**639**	690	**268,439**	283,158
Amortisation of mining rights	**260,618**	281,051	**–**	–	**260,618**	281,051
Amortisation of prepaid lease payments	**1,536**	1,563	**–**	–	**1,536**	1,563
Impairment loss on goodwill	**823,964**	–	**–**	–	**823,964**	–
Provision for impairment of trade receivables	**–**	3,407	**–**	–	**–**	3,407

	Coking coal mining		Corporate		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**18,402,978**	20,093,380	**5,183,596**	5,426,510	**23,586,574**	25,519,890
Interest in an associate	**–**	–	**17,365**	18,894	**17,365**	18,894
Deferred tax assets	**–**	–	**22,489**	27,586	**22,489**	27,586
Financial assets measured at fair value through other comprehensive income	**–**	–	**373,494**	1,290,877	**373,494**	1,290,877
Derivative financial instruments	**–**	–	**56**	13,661	**56**	13,661
Group assets					**23,999,978**	26,870,908
Segment liabilities	**2,006,378**	2,138,427	**45,320**	72,378	**2,051,698**	2,210,805
Deferred tax liabilities	**–**	–	**2,055,672**	2,151,302	**2,055,672**	2,151,302
Tax payables	**–**	–	**226,712**	269,627	**226,712**	269,627
Borrowings	**73,899**	580,009	**–**	–	**73,899**	580,009
Derivative financial instruments	**–**	–	**22,397**	–	**22,397**	–
Group liabilities					**4,430,378**	5,211,743

The Group's revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal markets				
PRC	**3,254,861**	4,268,232	**15,180,758**	16,730,479
Hong Kong	**–**	–	**1,638**	610
	3,254,861	4,268,232	**15,182,396**	16,731,089

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.

The Group has three customers with transactions exceeded 10% of the Group's revenues. During the year, HK$569,795,000 or 18% (2013: HK$841,478,000 or 20%), HK$467,856,000 or 14% (2013: HK$680,904,000 or 16%) and HK$425,874,000 or 13% (2013: HK$527,229,000 or 12%), of the Group's revenue is generated from these three customers under coking coal mining segment.

5. OTHER OPERATING INCOME

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**175,912**	129,623
Dividend income on financial assets measured at fair value through other comprehensive income	**44,639**	50,496
Gain on disposal of property, plant and equipment	**20**	–
Income from sales of scrapped products	**72,950**	78,214
Net foreign exchange gain	**–**	121,852
Others	**2,475**	4,816
	295,996	385,001

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest charged on:		
– borrowings repayable within five years	**–**	2,540
– discounted bill receivables	**11,301**	21,918
Total finance costs	**11,301**	24,458

No borrowing costs were capitalised for the year ended 31 December 2014 and 2013.

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
– audit services	**1,530**	1,530
– other services	**496**	496
Cost of inventories recognised as expenses	**1,950,708**	2,095,216
Amortisation of:		
– prepaid lease payments	**1,536**	1,563
– mining rights	**260,618**	281,051
Depreciation of property, plant and equipment	**268,439**	283,158
Employee benefit expenses (including directors' remuneration and retirement benefits scheme contributions)	**669,831**	774,631
Operating lease charges in respect of land and buildings	**4,043**	6,929
Provision for impairment of trade receivables *(Note 13)*	**–**	3,407
Net exchange loss/(gain)	**53,927**	(121,852)
(Gain)/Loss on disposals of property, plant and equipment	**(20)**	941

8. INCOME TAX EXPENSE

	2014 *HK$'000*	2013 *HK$'000*
Current tax – PRC income tax		
– Current year	**269,108**	558,879
– Under provision in respect of prior years	**5,877**	10,185
Deferred tax		
– Current year	**(53,268)**	(38,379)
	221,717	530,685

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit arising in Hong Kong in 2014 and 2013.

In accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment, enterprise income tax rate for the Group's certain major 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, is subject to 25% enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (2013: 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.

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates is as follows:

	2014 *HK$'000*	2013 *HK$'000*
(Loss)/Profit before income tax	**(139,215)**	1,829,924
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(46,415)**	427,999
Tax effect of non-deductible expenses	**255,400**	32,156
Tax effect of non-taxable income	**(28,435)**	(21,679)
Tax effect of unused tax losses not recognised	**15,253**	2,416
Utilisation of tax loss not recognised	**–**	(2,305)
Effect of withholding tax at 5% on distributable profits of the Group's major PRC subsidiaries	**20,037**	81,913
Under provision in respect of prior years	**5,877**	10,185
Income tax expense	**221,717**	530,685

9. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss for the year attributable to the owners of the Company of HK$425,302,000 (2013: profit of HK$1,115,066,000), a profit of HK$1,362,750,000 (2013: HK$506,071,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
2013 final dividend of HK7.8 cents (2012: HK10 cents) per ordinary share	**413,543**	530,184
2014 interim dividend of HK1 cent (2013: HK2.7 cents) per ordinary share	**53,018**	143,150
	466,561	673,334

On 27 March 2014, the board of directors proposed a final dividend of HK7.8 cents per ordinary share to the owners of the Company in respect of the year ended 31 December 2013. This final dividend was approved by shareholders at the annual general meeting held on 6 June 2014 and total dividend of HK$413,543,000 was paid on 25 June 2014. This final dividend proposed after 31 December 2013 had not been recognised as a liability as at 31 December 2013.

On 26 March 2015, the board of directors proposed a final dividend of HK2.7 cents per ordinary share totalling HK$143,150,000 to the owners of the Company in respect of the year ended 31 December 2014. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2014 has not been recognised as a liability as at 31 December 2014.

11. (LOSS)/EARNINGS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
(Loss)/Profit used to determine basic and diluted (loss)/earnings per share	**(425,302)**	1,115,066
	'000 shares	*'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**5,301,837**	5,301,837
Effect of dilutive potential ordinary shares – share options	**–**	1,030
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**5,301,837**	5,302,867

Basic loss per share is HK8.02 cents (2013: basic earnings per share of HK21.03 cents), based on the loss for the year attributable to owners of the Company of HK$425,302,000 (2013: profit of HK$1,115,066,000) and weighted average number of ordinary shares as set out above for basic (loss)/earnings per share.

In calculating the diluted loss per share for the current year, the potential issue of shares arising from the Company's share options would decrease the loss per share during the current year and was thereby not taken into account as they have an anti-dilutive effect. Therefore, the diluted loss per share was calculated based on the loss for the year of HK$425,302,000 and on the weighted average of 5,301,837,842 ordinary shares, being the weighted average number of ordinary shares used in the calculation of basic loss per share.

12. GOODWILL/IMPAIRMENT LOSS ON GOODWILL

(a) Reconciliation of carrying amount of goodwill

	2014	2013
	HK$'000	*HK$'000*
Gross carrying amount at 1 January	**2,321,215**	2,266,920
Exchange retranslation	**(40,721)**	54,295
Gross carrying amount at 31 December	**2,280,494**	2,321,215
Less:		
Accumulated impairment loss at 1 January	**(2,010)**	(2,010)
Impairment loss for the year	**(823,964)**	–
Accumulated impairment loss at 31 December	**(825,974)**	(2,010)
Net carrying amount at 31 December	**1,454,520**	2,319,205

The carrying amount of goodwill was allocated as follows:

	2014	2013
	HK$'000	*HK$'000*
Xingwu	**853,980**	887,826
Jinjiazhuang	**6,118**	826,627
Zhaiyadi	**572,495**	582,825
Jinshan Energy Group Limited	**21,927**	21,927
Net carrying amount at 31 December	**1,454,520**	2,319,205

(b) Impairment loss on goodwill

During the 2014 interim period, an impairment loss of HK$300,152,000 was recognised in the consolidated statement of profit or loss and other comprehensive income. Given the continuing decrease in coal prices in the second half of 2014, the Group reassessed its estimates on the recoverable amounts of CGUs of the coking coal mining segment. A further impairment loss of HK$523,812,000 was recognised in the consolidated statement of profit or loss and other comprehensive income at the reporting date. Accordingly, the total impairment loss of HK$823,964,000 (2013: Nil) was recognised in the year of 2014.

The recoverable amounts of CGUs have been determined based on value-in-use calculations, which are based on certain key assumptions including discount rates, growth rates, expected changes in direct costs and remaining reserves. The recoverable amounts as at 31 December 2014 were measured by an independent valuer, Asset Appraisal Limited, who is a member of the Hong Kong Institute of Surveyors.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the CGUs.

Cash flows were projected based on the financial budgets prepared by management covering a 5-year period, using a growth rate of approximately 3% to 12% (2013: 0% to 17%) and with average discount rate of 14.08% (2013: 15.24%) per annum.

The cash flows beyond the 5-year period are extrapolated using a steady percentage growth rate of 3% (2013: 2%). Cash flow projections during the budget period for each of the above CGU are based on the budgeted revenue and expected gross margins during the budget period and the same inflation rate of 3% (2013: 2%) during the budget period. Expected cash inflows/outflows, which include budgeted sales, gross margin and inflation rate, have been determined based on market information, past performance and management's expectations for the market development.

The license periods of the mining rights held by the Group range from 3 to 30 years which are shorter than the estimated useful lives of the coal mines estimated by the Group, management is of the opinion that the Group is able to renew the license of the mining rights from the relevant authority continuously and at minimal charges.

The carrying amount of Xingwu's CGU was determined to be higher than its recoverable amount of HK$20,636,000 and an impairment loss of HK$18,108,000 (2013: Nil) was recognised. This impairment loss was allocated fully to goodwill as a result of the reduction of the carrying amount of goodwill, included in the consolidated statement of financial position, by HK$18,108,000; and as "impairment loss on goodwill" in the consolidated statement of profit or loss and other comprehensive income. The key assumptions are the discount rate of 14.04% (2013: 15%) per annum and the growth rates, covering a 5-year period, of approximately 3% to 12% (2013: 0% to 17%).

The carrying amount of Jinjiazhuang's CGU was determined to be higher than its recoverable amount of HK$1,239,778,000 and an impairment loss of HK$805,856,000 (2013: Nil) was recognised. This impairment loss was allocated fully to goodwill as a result of the reduction of the carrying amount of goodwill, included in the consolidated statement of financial position, by HK$805,856,000; and as "impairment loss on goodwill" in the consolidated statement of profit or loss and other comprehensive income. The key assumptions are the discount rate of 14.20% (2013: 14.99%) per annum and the growth rates, covering a 5-year period, of approximately 3% to 12% (2013: 0% to 17%).

(c) Sensitivity analysis

Apart from the considerations described in determining the value-in-use of the CGUs above, the directors are not aware of any other probable changes that would necessitate changes in its key estimates. However, the estimated recoverable amount of the Group's CGUs is particularly sensitive to the long term growth rate applied.

The recoverable amount of Zhaiyadi's CGU exceeds its carrying amount by HK$777,120,000. The key assumptions are the discount rate of 14.03% and the growth rate of approximately 3% to 12%. If the discount rate increased by 1.87% or the growth rate reduced by 0.91%, the carrying amount of Zhaiyadi's CGU would equal its recoverable amount.

13. TRADE AND BILL RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**1,308,218**	990,454
Less: Provision for impairment losses	**(190,480)**	(193,917)
	1,117,738	796,537
Bill receivables	**1,431,092**	1,793,647
	2,548,830	2,590,184

Trade receivables generally have credit terms ranging from 60 to 90 days (2013: 60 to 90 days) and no interest is charged.

The carrying amount of trade and bill receivables is considered a reasonable approximation of fair value as these financial assets, which are measured at amortised cost, are expected to be paid within a short timescale, such that the time value of money impact is not significant.

As at 31 December 2014, bill receivables included an amount of RMB205,766,000 (HK$256,693,000 equivalent) (2013: RMB150,289,000 (HK$190,867,000 equivalent)) (Note 14) which was pledged for bill payables of RMB198,857,000 (HK$248,074,000 equivalent) (2013: RMB150,262,000 (HK$190,833,000 equivalent)).

As at 31 December 2014, the Group discounted and endorsed certain of its bill receivables with full recourse to financial institutions and creditors. In the event of default by the debtors, the Group is obliged to pay the financial institutions and creditors the amount in default. The Group is therefore exposed to the risks of credit losses and late payment in respect of its discounted and endorsed bill receivables.

The discounting and endorsement transactions do not meet the requirements in HKAS 39 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted and endorsed bill receivables. At 31 December 2014, bill receivables of RMB147,361,000 (HK$183,833,000 equivalent) (2013: RMB588,960,000 (HK$747,979,000 equivalent)) continue to be recognised in the Group's financial statements although they have been legally transferred to the financial institutions and creditors. The proceeds of the discounting and endorsement transactions are included in borrowings as asset-backed financing, trade payables and other payables until the related bill receivables are collected or the Group settles any losses suffered by the financial institutions and creditors. At 31 December 2014, the asset-backed financing liabilities and bill receivables endorsed to trade creditors and other creditors amounted to RMB59,237,000 (HK$73,899,000 equivalent) (2013: RMB454,900,000 (HK$577,723,000 equivalent)), RMB57,430,000 (HK$71,644,000 equivalent) (2013: RMB90,060,000 (HK$114,376,000 equivalent)) (Note 14) and RMB30,693,000 (HK$38,290,000 equivalent) (2013: RMB44,000,000 (HK$55,880,000 equivalent)) respectively.

As the bill receivables have been legally transferred to the financial institutions and creditors, the Group does not have the authority to determine the disposition of the bill receivables.

At each reporting date, trade and bill receivables are individually assessed for impairment review purpose. The individually impaired receivables, if any, are recognised, based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these balances.

Impairment losses in respect of trade and bill 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 bill receivables directly. As at 31 December 2014, ageing analysis of net trade and bill receivables, based on the invoice dates, is as follows:

	2014	2013
	HK$'000	*HK$'000*
1 to 3 months	**1,300,738**	1,333,259
4 to 6 months	**1,196,636**	1,235,654
7 to 12 months	**51,456**	21,271
	2,548,830	2,590,184

Movement in the provision for impairment of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
At 1 January	**193,917**	185,983
Exchange retranslation	**(3,437)**	4,527
Impairment loss recognised *(Note 7)*	**–**	3,407
At 31 December	**190,480**	193,917

As at 31 December 2014, ageing analysis of trade and bill receivables that are not impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current	**2,218,086**	2,461,165
Less than 3 months past due	**285,401**	120,132
4 to 6 months past due	**44,804**	8,887
More than 6 months but less than 12 months past due	**539**	–
	330,744	129,019
	2,548,830	2,590,184

Trade and bill receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade and bill receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there had not been a significant change in credit quality and the balances are considered fully recoverable.

14. TRADE AND BILL PAYABLES

The Group was granted by its suppliers credit period ranging between 30 to 180 days (2013: 30 to 180 days) during the year. Based on the invoice dates, ageing analysis of trade and bill payables as at 31 December 2014 is as follows:

	2014	2013
	HK$'000	*HK$'000*
1 to 3 months	**266,322**	391,918
4 to 6 months	**291,329**	238,219
7 to 12 months	**19,001**	12,599
Over 1 year	**24,410**	20,588
	601,062	663,324

As at 31 December 2014, bill payables of RMB281,820,000 (HK$351,571,000 equivalent) (2013: RMB302,484,000 (HK$384,155,000 equivalent)) were secured by the pledged bank deposits of RMB83,102,000 (HK$103,670,000 equivalent) (2013: RMB161,252,000 (HK$204,790,000 equivalent)) and bill receivables of RMB205,766,000 (HK$256,693,000 equivalent) (2013: RMB150,289,000 (HK$190,867,000 equivalent)) (Note 13).

As at 31 December 2014, included in trade payables of RMB57,430,000 (HK$71,644,000 equivalent) (2013: RMB90,060,000 (HK$114,376,000 equivalent)) (Note 13) represents the amount of bill receivables endorsed to trade creditors which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in bill receivables.

15. SHARE CAPITAL

	Number of shares		Amount	
	2014	2013	**2014**	2013
	'000 shares	*'000 shares*	***HK$'000***	*HK$'000*
Authorised: *(Note (a))*				
Ordinary shares of HK$0.10 each *(Note (b))*				
At 31 December	**N/A**	10,000,000	**N/A**	1,000,000
Issued and fully paid:				
At 1 January	**5,301,837**	5,301,837	**530,184**	530,184
Transfer from share premium and capital redemption reserve upon abolition of par value of shares on 3 March 2014 *(Note (c))*	**–**	–	**14,626,775**	–
At 31 December	**5,301,837**	5,301,837	**15,156,959**	530,184

Notes:

(a) Under the Hong Kong Companies Ordinance (Cap.622), which effective on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with Section 135 of the Hong Kong Companies Ordinance (Cap.622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) In accordance with the transitional provisions set out in Section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), any amount standing to the credit of the share premium account and capital redemption reserve at the beginning of 3 March 2014 became part of the Company's share capital.

16. COMMITMENTS

(a) Operating lease commitments

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings payable by the Group are as follows:

	2014	2013
	HK$000	*HK$000*
Within one year	**5,216**	5,268
In the second to fifth years	**11,506**	14,053
After the fifth years	**38,431**	42,053
	55,153	61,374

The Group leases a number of land and buildings and other assets under operating leases arrangement. The leases run for an initial period of 3 to 34 years, without an option to renew the leases and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. None of the leases include contingent rental.

(b) Capital commitments

	2014	2013
	HK$000	*HK$000*
Contracted but not provided for:		
– Acquisition of property, plant and equipment	**245,285**	217,164
– Exploration and design fees for a potential mining project	**9,331**	9,500
	254,616	226,664

FINAL DIVIDEND

The Board recommends a final dividend of HK2.7 cents per ordinary share for the year ended 31 December 2014 (2013: HK7.8 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, 28 May 2015. The proposed final dividend together with the interim dividend of HK1 cent per ordinary share (2013: HK2.7 cents per ordinary share) will make a total dividend of HK3.7 cents per ordinary share for the year ended 31 December 2014 (2013: HK10.5 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Friday, 22 May 2015 (the "AGM"), the final dividend is expected to be paid on or about Thursday, 9 July 2015. 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 registrars, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 28 May 2015 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (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 registrars, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 19 May 2015 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The key operational data of our three premium operating coking coal mines in Liulin County, Shanxi (Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine) for the year ended 31 December 2014 (the "year under review") together with that of the same period of 2013 is summarised as follows:

		For the year ended 31 December		Change	
	Unit	**2014**	2013	**Quantity/ Amount**	**Percentage**
Production volume:					
Raw coking coal	Mt	**5.68**	6.13	**-0.45**	**-7%**
Clean coking coal	Mt	**3.01**	2.67	**+0.34**	**+13%**
Sales volume:					
Raw coking coal	Mt	**1.01**	1.96	**-0.95**	**-48%**
Clean coking coal	Mt	**3.00**	2.53	**+0.47**	**+19%**
Average realised selling price (inclusive of VAT):					
Raw coking coal	RMB/tonne	**494**	632	**-138**	**-22%**
Clean coking coal	RMB/tonne	**844**	1,076	**-232**	**-22%**

For the year ended 31 December 2014, the Group produced approximately 5.68 million tonnes ("Mt") (2013: approximately 6.13 Mt) of raw coking coal, representing a year-on-year decrease of 7% and also produced approximately 3.01 Mt (2013: approximately 2.67 Mt) of clean coking coal, representing a year-on-year increase of 13%.

Notwithstanding the impact of the economic slowdown in the Mainland China, the sales volume of clean coking coal increased by 19% even though sales volume of raw coking coal dropped by 48% during the year under review. We continued to make effort to expand our clean coking coal business. This falls in line with the Group's long term strategy to shift our sales mix from raw coking coal to clean coking coal and hence both production and sales volume of clean coking coal increased by 13% and 19% respectively during the year under review.

For the year ended 31 December 2014, the Group's average realised selling price (inclusive of value added tax "VAT") of raw coking coal dropped by 22% to Renminbi ("RMB") 494/tonne when compared with that of the same period of 2013 (2013 : RMB632/tonne) and the Group's average realised selling price (inclusive of VAT) of clean coking coal dropped by 22% to RMB844/tonne when compared with that of the same period of 2013 (2013: RMB1,076/tonne). The decline in average realised selling prices of our coal products were in line with the slump in market coal prices. In terms of its sales volume, sales of No.4 and No.9 raw coking coal accounted for 63% and 37% (2013: 53% and 47%) of the total raw coking coal sales volume respectively for the year ended 31 December 2014. In addition, sales of No.1 and No.2 clean coking coal accounted for 53% and 47% (2013 : 62% and 38%) of the total clean coking coal sales volume respectively for the year ended 31 December 2014.

FINANCIAL REVIEW

For the year ended 31 December 2014, the Group recorded a turnover of approximately Hong Kong Dollars ("HK$") 3,255 million, representing a decrease of approximately HK$1,013 million or 24% as compared with that of approximately HK$4,268 million for the same period of 2013. The reduction in turnover was mainly attributable to the drop in average realised selling prices of both raw and clean coking coal by 22% for the year under review. It was also attributable to the substantial drop in the sales volume of raw coking coal by 48% 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 by 19% for the year under review. In terms of turnover, sales of raw and clean coking coal accounted for 16% and 84% of the Group's turnover respectively for the year ended 31 December 2014. They accounted for 31% and 69% respectively for the year ended 31 December 2013.

For the year ended 31 December 2014, the total turnover to the top five customers accounted for 62% (2013: 59%) of the Group's turnover. Of which, the total turnover to the largest customer accounted for 18% (2013: 20%) of the Group's turnover.

For the year ended 31 December 2014, gross profit margin was 40% while 51% for the same period in 2013. Decrease in gross profit margin was mainly due to the drop in realised selling prices as explained above under "Business Review". Gross profit was dropped by approximately HK$869 million.

For the year ended 31 December 2014, the Group recorded an operating loss of approximately HK$84 million while an operating profit of approximately HK$1,830 million for the same period of 2013. The Group recorded net loss of approximately HK$361 million and loss attributable to the owners of the Company (the "Owner") of approximately HK$425 million in 2014 eventually. Such turnaround from profit to loss in 2014 is primarily attributable to (i) substantial drop in gross profit by HK$869 million as explained above; (ii) the non-cash impairment loss made on goodwill of approximately HK$824 million mainly arising from the continuous downturn in the coal market; and (iii) due to the depreciation in RMB, the Group suffered an unrealised related foreign exchange loss of approximately HK$96 million ("the Foreign Exchange Loss") mainly arising from re-translation of its monetary assets (mainly cash) denominated in RMB into HK$ as at 31 December 2014.

During the year under review, basic loss per share was HK8.02 cents (2013: basic earnings per share was HK21.03 cents).

Excluding such non-cash impairment loss on goodwill and the Foreign Exchange Loss, the Group would record net profit of approximately HK$559 million for the year ended 31 December 2014, representing a substantial decrease of approximately HK$740 million or 57% as compared with that of approximately HK$1,299 million for the same period of 2013. In addition, the Group would record profit attributable to the Owners of approximately HK$495 million, representing a substantial decrease of approximately HK$620 million or 56% as compared with that of approximately HK$1,115 million for the same period of 2013.

Cost of Sales

During the year under review, cost of sales was approximately HK$1,951 million, representing a decrease of approximately HK$144 million or 7%, as compared with that of approximately HK$2,095 million for the same period of 2013. The decrease in cost of sales was mainly due to the decrease in actual usage volume of raw coking coal for sales and the drop in unit production costs as stated below during the year under review.

Included in cost of sales, amortisation of mining rights was approximately HK$261 million for the year ended 31 December 2014, representing a decrease of approximately HK$20 million or 7%, as compared with that of approximately HK$281 million for the same period of 2013. The decrease in amortisation of mining rights was mainly due to the decrease in usage of raw coking coal for sales during the year under review.

The unit production costs are summarised as follows:

		For the year ended 31 December		**Change**	
	Unit	**2014**	2013	**Amount**	**Percentage**
Production cost of raw coking coal	RMB/tonne	**248**	260	**-12**	**-5%**
of which, depreciation and amortisation	RMB/tonne	**(63)**	(62)	**+1**	**+2%**
Processing cost for clean coking coal	RMB/tonne	**48**	53	**-5**	**-9%**
of which, depreciation	RMB/tonne	**(10)**	(11)	**-1**	**-9%**

Although the production volume of raw coking coal was dropped by 7%, its unit production cost was decreased by 5%. The decrease was attributable to the strengthen cost control and implementation certain relief policies by the government, such as (a) the reduction in staff costs and material costs by approximately HK$69 million and approximately HK$37 million respectively; (b) the reduction on levy of continuous development fund amounted to approximately HK$21 million as the levy is decreased by RMB3 per tonne; and (c) the decrease in mine resources compensation fee which is charged at 1% of the realised selling price of raw coking coal by approximately HK$16 million.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit was approximately HK$1,304 million for the year ended 31 December 2014, representing a decrease of approximately HK$869 million or 40% as compared with that of approximately HK$2,173 million for the same period of 2013. During the year under review, gross profit margin was 40% compared with 51% for the same period of 2013. The drop in gross profit margin was mainly due to the drop in average realised selling prices by 22% for the year ended 31 December 2014 when compared with that in the same period of 2013 as explained above under "Business Review".

Other Operating Income

During the year under review, other operating income was approximately HK$296 million, representing a significant decrease of approximately HK$89 million or 23% as compared with approximately HK$385 million of the same period in 2013. Nevertheless bank interest income was increased sharply by HK$46 million or 36%, other operating income was still significantly decreased as no such 2013 net exchange gain of approximately HK$122 million recognised in 2014.

Selling and Distribution Expenses
During the year under review, selling and distribution expenses were approximately HK$301 million, representing a significant increase of approximately HK$159 million as compared with that of approximately HK$142 million for the same period of 2013. The increase was mainly as a result of the substantial increase in transportation costs arising from the significant increase in sales volume of clean coking coal at C&F prices by approximately 480,000 tonnes from approximately 183,000 tonnes in 2013 to approximately 663,000 tonnes in 2014.

General and Administrative Expenses
During the year under review, net exchange loss of approximately HK$54 million (after net-off exchange gain of approximately HK$35 million generated from the cash management) includes in general and administrative expenses. Such net exchange loss was mainly arose from re-translation of the Group's current assets (mainly cash) denominated in RMB to HK$ as at 31 December 2014 as a result of the depreciation of RMB by approximately 2% as at 31 December 2014 compared with that as at 31 December 2013. On the other hand, it was recorded net exchange gain of approximately HK$122 million in other operating income for the same period of 2013 as a result of the appreciation of RMB by approximately 2% as at 31 December 2013. Excluding such net exchange loss, general and administrative expenses would be approximately HK$257 million in 2014, representing a significant decrease of approximately HK$62 million or 19% as compared with approximately HK$319 million for the same period of 2013. The significant decrease was resulted from (i) the effective cost control; and (ii) the decrease in directors' remuneration by approximately HK$17 million during the year under review.

Impairment Loss on Goodwill
Due to the continuous downturn in the coal market and low market coal prices, the Group incurred a non-cash impairment loss of approximately HK$824 million made on goodwill after assessment during the year under review. Details of which are disclosed in Note 12 on this result announcement.

Other Operating Expenses
During the year under review, other operating expenses were approximately HK$249 million, which mainly represented the committed 2014 annual payment of charitable donation of approximately HK$247 million paid by the Group to the Liulin Provincial Government, for the construction of modern schools and provision of education facilities as disclosed in the financial statements of the Company for the year ended 31 December 2013.

Finance Costs
During the year under review, finance costs were approximately HK$11 million, representing a significant decrease of approximately HK$13 million or 54% as compared with that of approximately HK$24 million for the same period of 2013. The decrease in finance costs was due to the Group adopted short term financing such as early redemption of bill receivables instead of long term bank borrowings. During the year under review, no borrowing costs were capitalised in the construction in progress (2013: Nil).

Income Tax Expense
During the year under review, income tax expense was approximately HK$222 million (2013: approximately HK$531 million), of which approximately HK$20 million (2013: approximately HK$82 million) represented the provision of withholding tax of 5% on the dividend declared from the Group's major subsidiaries incorporated in the People's Republic of China ("PRC") ("major PRC Subsidiaries") in accordance with the relevant tax regulations in the PRC. The enterprise income tax rate for the Group's major PRC subsidiaries is 25%. The substantial decrease in income tax expense was in line with the substantial drop in profits arising from the major PRC subsidiaries during the year under review.

Owner's Attributable Loss
By reasons of the foregoing, the loss attributable to the Owners during the year under review was approximately HK$425 million while the profit attributable to the Owners was approximately HK$1,115 million for the same period of 2013.

Material Investments and Acquisitions
During the year ended 31 December 2014, the Group had no material investments and acquisitions.

Material Disposals
During the year ended 31 December 2014, 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. During the year under review, all coal mines of the Group operated smoothly.

Charges on Assets
As at 31 December 2014, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

Bank deposits of approximately HK$104 million and bill receivables of approximately HK$257 million were used for securing bills facilities of approximately HK$352 million.

Contingent Liabilities
As at 31 December 2014, there were no guarantees given to any banks or financial institutions by the Group.

Gearing Ratio
As at 31 December 2014, gearing ratio of the Group, computed from the Group's total borrowings divided by the total equity, was approximately 0.4%. Other than the early redemption of bill receivables amounting to approximately HK$74 million, the Group had no other borrowings.

Exposure to Fluctuations in Exchange Rates
As at 31 December 2014, 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 2014, RMB and AUD were depreciated by approximately 2% and approximately 8% respectively, when compared to that as at 31 December 2013. As the net assets value denominated in RMB represented approximately 72% of the Group's total net assets value as at 31 December 2014, the depreciation in RMB led to other exchange loss of approximately HK$223 million (other than the Foreign Exchange Loss recognised in profit or loss) recognised in the other comprehensive income upon translation of financial statements of foreign operations in the PRC during the year ended 31 December 2014. Also, the aggregate carrying amount of assets denominated in AUD represented approximately 1% of the Group's total net asset values as at 31 December 2014. Thus, such fluctuations in exchange rates are not expected to have any material impact on the financial strength of the Group.

Liquidity and Financial Resources

As at 31 December 2014, the Group's current ratio (current assets divided by current liabilities) was approximately 3.5 times and the Group's cash and bank deposits amounted to approximately HK$5,507 million, of which approximately HK$104 million was deposited to secure bills facilities of approximately HK$104 million. The Group continued to maintain a healthy net cash balance.

Included in trade and bill receivables, the Group has total bill receivables amounting to approximately HK$1,431 million (of which approximately HK$184 million represented discounted or endorsed bill receivables and approximately HK$257 million was used for securing bills facilities of approximately HK$248 million) as at 31 December 2014 that were readily convertible into cash, but would be subject to finance cost upon conversion before the maturity. Taking into account for the free bill receivables of approximately HK$990 million, the Group's free cash resources would have approximately HK$6,393 million as at 31 December 2014.

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2014, the amount of capital was approximately HK$19,643 million.

From the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014), the Company has no authorised share capital and its shares have no par value. Accordingly, approximately HK$14,627 million was transferred from share premium and capital redemption reserve to the share capital of the Company upon abolition of par value. As at 31 December 2014, the share capital of the Company was approximately HK$15,157 million, represented approximately 5,302 million shares in number. During the year under review, there is no change in number of issued shares.

As at 31 December 2014, all borrowings of the Group are denominated in RMB and are asset-backed financing.

EMPLOYEES

As at 31 December 2014, the Group had 29 Hong Kong employees and 6,244 PRC 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 has a share option scheme. During the year under review, no share option was granted or exercised.

FUTURE PROSPECTS

China has entered into a period of new-normal growth. The economic environment will continue to be complicated and volatile in 2015. On one hand, there is strong support for the steady growth of the economy. With the implementation of a series of national strategic development plans such as "One Belt and One Road", Beijing-Tianjin-Hebei Collaborative Development, building Yangtze River economic belt, large scale of infrastructure investment would come along to support economic growth. Policies like relieving house purchasing limits, easing mortgage and decreasing interest rate would improve the real-estates market situation and thus stimulate steel demand. Steel makers in China also actively seek to upgrade technology, expand in the international market, and increase steel utilisation rate. All of these would stimulate the demand of coking coal. On the other hand, there are a lot of uncertainties in China's economy. Industries and manufactures grow at merely moderate rate and the export is weakening. Slowing down of the growth rate of steel production, eliminating outdated crude steel production capacity and strengthening environment protection would also impact on the domestic coking coal demand. Moreover, the current production capacity of coking coal still needs to be digested and the competition from imported coking coal is still exist. Hence, 2015 will be a year full of challenges.

In the long run, with more concerns on the environmental protection by Chinese government and the enforcement of China's new "Environmental Protection Law", the needs for energy saving, emission reduction and more environmental protection requirements in steel industry would be further emphasised, which in turn would benefit premium coking coal resources with less pollution and better strength quality. In addition, as the premium coking coal resources in China become more and more scarce, the value of premium coking coal would be more and more precious. Therefore, the demand of premium coking coal will restore gradually in the future.

In 2015, we will continue to maximise shareholders' interests and to make full use of our competitive advantages and to strengthen our core competence and ensure sustainability of our current business and sustainable development. We will continue to enhance production management and cost control, and strengthen the research and promotion of new techniques in order to further lower the cost. At the same time, we maintain good cooperative relationship with our major clients. In addition, based on our experience of the market and the industry for years together with our sound financial position, we are looking prudently to source for possible acquisitions both in the mainland China and abroad to enhance our resources and reserve and expand production capacity. We will make effort to create great investment return for our shareholders.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2014. Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2014 annual report.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board proposes to adopt a new articles of association of the Company (the "New Articles") at the AGM in substitution for the memorandum and articles of association of the Company to bring the constitution of the Company in line with the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The adoption of the New Articles is subject to the approval of the shareholders of the Company by way of a special resolution at the AGM. A circular containing, among other things, the notice of the AGM and details of the proposed adoption of the New Articles will be despatched to the shareholders of the Company as soon as practicable.

APPRECIATION

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

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

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Ding Rucai (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).