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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)

INSIDE INFORMATION

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”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the preliminary assessment of the Board with reference to the unaudited consolidated management accounts of the Company for the financial year ended 31 December 2015 and other information currently available to the Board, the Company records a slight improvement in the consolidated loss attributable to the Shareholders for the financial year ended 31 December 2015 of approximately HK\$416 million as compared with that for the financial year ended 31 December 2014 of approximately HK\$425 million. The Board wishes to note that the Group generates a positive cashflow of HK\$821 million (2014: HK\$402 million) from our operating activities in 2015 and continues to maintain a healthy net cash balance.

Following the continuous decline in the coal market in recent years, both the sales volume and the average realized selling prices of the coal products of the Group dropped during the financial year 2015. As a result, the Group records a gross profit of approximately HK\$488 million for the financial year 2015 as compared with that of approximately HK\$1,304 million for the financial year 2014. The consolidated loss after tax for the financial year 2015 amounts to approximately HK\$711 million for the financial year 2015 as compared with that of approximately HK\$360 million for the financial year 2014. Such loss comprises a net exchange loss of approximately HK\$153 million (2014: HK\$54 million) mainly resulting from depreciation of Renminbi during the year and a non-cash impairment loss on goodwill, mining rights and property, plant and equipment (the “Impairment”) of approximately HK\$791 million (2014: HK\$824 million), of which approximately HK\$516 million (2014: HK\$824 million) is attributable to the Shareholders. On the other hand, there is a reversal of deferred tax liabilities of approximately HK\$158 million (2014: Nil) arising from impairment loss on mining rights and property, plant and equipment as income that is solely attributable to the Shareholders. Eventually, the net loss on the Impairment attributable to the Shareholders amounts to approximately HK\$358 million (2014: HK\$824 million).

The Group's final results for the financial year ended 31 December 2015 are still under review and subject to finalization and confirmation by the auditor of the Company as well as approval by the Board at the board meeting to be held in late March 2016. The audited final results announcement of the Company for the financial year ended 31 December 2015 will be published in late March 2016.

Further announcements will be made by the Company if there is any significant change in the expected final results of the Group as disclosed in this announcement.

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 March 2016

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Ding Rucai (Vice-chairman and Managing Director), 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. 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) and Mr. Japhet Sebastian Law (Independent Non-executive Director).