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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 2015

FINANCIAL HIGHLIGHTS

(HK$'million)	**For the year ended 31 December 2015**	2014	**Percentage change**
Revenue	**1,997**	3,255	-39%
Gross profit	**488**	1,304	-63%
Gross profit margin	**24%**	40%	
Non-cash impairment loss on goodwill, mining rights and property, plant and equipment	**(791)**	(824)	-4%
EBITDA[1]	**420**	1,270	-67%
Loss for the year	**(711)**	(361)	+97%
Loss attributable to owners of the Company ("Owners")	**(416)**	(425)	-2%
Basic loss per share *(HK cents)*	**(7.86)**	(8.02)	-2%

(HK$'million)	**As at 31 December 2015**	2014	**Percentage change**
Net assets	**17,044**	19,570	-13%
Of which: Equity per share attributable to Owners *(HK$)*	**2.98**	3.38	-12%
Current ratio[2]	**3.69 times**	3.55 times	+4%
Gearing ratio[3]	**0.00%**	0.38%	-100%

The board of directors has proposed a 2015 final dividend of HK5 cents (2014: HK2.7 cents) per ordinary share.

Notes:

1. EBITDA is defined as loss before income tax plus impairment loss on goodwill, mining rights and property, plant and equipment, finance costs, change in fair value of derivative financial instruments, share of loss of an associate, depreciation and amortisation.
2. Current ratio is computed from current assets divided by current liabilities.
3. Gearing ratio is computed from total borrowings 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 2015 with comparative figures for the year ended 31 December 2014. 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 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	3	**1,996,629**	3,254,861
Cost of sales		**(1,508,441)**	(1,950,708)
Gross profit		**488,188**	1,304,153
Other operating income	5	**168,738**	295,996
Selling and distribution expenses		**(201,907)**	(300,931)
General and administrative expenses		**(341,742)**	(310,864)
Other operating expenses		**(132,830)**	(248,601)
Impairment loss on goodwill, mining rights and property, plant and equipment	11(b)	**(791,203)**	(823,964)
Finance costs	6	**(11,370)**	(11,301)
Change in fair value of derivative financial instruments		**(13,134)**	(42,500)
Share of loss of an associate		**(674)**	(1,203)
Loss before income tax	7	**(835,934)**	(139,215)
Income tax credit/(expense)	8	**124,459**	(221,717)
Loss for the year		**(711,475)**	(360,932)
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		**(685,870)**	(222,765)
Item that will not be reclassified to profit or loss:			
Fair value loss on financial assets measured at fair value through other comprehensive income		**(129,435)**	(917,383)
Total comprehensive income for the year		**(1,526,780)**	(1,501,080)
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(416,471)**	(425,302)
Non-controlling interests		**(295,004)**	64,370
Loss for the year		**(711,475)**	(360,932)

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,143,976)**	(1,534,287)
Non-controlling interests		**(382,804)**	33,207
Total comprehensive income for the year		**(1,526,780)**	(1,501,080)
		HK (Cents)	*HK (Cents)*
Loss per share	*10*		
– Basic and diluted		**(7.86)**	(8.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,936,672**	3,412,110
Prepaid lease payments		**53,042**	58,081
Mining rights		**8,580,891**	9,966,970
Goodwill	*11(a)*	**1,359,290**	1,454,520
Interest in an associate		**15,644**	17,365
Financial assets measured at fair value through other comprehensive income		**291,902**	373,494
Deposits, prepayments and other receivables		**309,045**	273,350
Deferred tax assets		**21,879**	22,489
Total non-current assets		**13,568,365**	15,578,379
Current assets			
Inventories		**167,312**	180,799
Trade and bill receivables	*12*	**1,757,738**	2,548,830
Deposits, prepayments and other receivables		**116,168**	184,858
Derivative financial instruments		**–**	56
Pledged bank deposits		**79,905**	103,670
Time deposits with original maturity over three months		**2,747,304**	3,450,784
Cash and cash equivalents		**2,290,877**	1,952,602
Total current assets		**7,159,304**	8,421,599

	Notes	2015 HK$'000	2014 HK$'000
Current liabilities			
Trade and bill payables	*13*	**526,447**	601,062
Other payables and accruals		**1,248,905**	1,446,840
Borrowings		**–**	73,899
Derivative financial instruments		**17,025**	22,397
Amounts due to non-controlling interests of subsidiaries		**3,780**	3,796
Tax payables		**146,559**	226,712
Total current liabilities		**1,942,716**	2,374,706
Net current assets		**5,216,588**	6,046,893
Total assets less current liabilities		**18,784,953**	21,625,272
Non-current liabilities			
Deferred tax liabilities		**1,740,673**	2,055,672
Total non-current liabilities		**1,740,673**	2,055,672
Net assets		**17,044,280**	19,569,600
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,156,959**	15,156,959
Reserves		**634,156**	2,769,576
Total equity attributable to owners of the Company		**15,791,115**	17,926,535
Non-controlling interests		**1,253,165**	1,643,065
Total equity		**17,044,280**	19,569,600

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 ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results 2015 do not constitute the Company's statutory annual consolidated financial statements for those years 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 is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements for the year ended 31 December 2015 were approved for issue by the board of directors on 23 March 2016.

2. **ADOPTION OF HKFRSs**

2.1 Adoption of new or revised HKFRSs – effective on 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group's financial statements.

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 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 Disclosure Initiative
The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item 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
The Group has early adopted HKFRS 9 (2010) and will continue to apply HKFRS 9 (2010). 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 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

2.3 The Hong Kong Companies Ordinance, Cap. 622 ("the new Companies Ordinance") provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Sales of raw coking coal	**96,880**	537,023
Sales of clean coking coal	**1,899,749**	2,717,838
	1,996,629	3,254,861

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, interests 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 segment operating result. Reconciliation of segment revenue, profit or loss and assets and liabilities is as follows:

	Coking coal mining		Consolidated	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:				
Revenue from external customers	**1,996,629**	3,254,861	**1,996,629**	3,254,861
Segment loss	**(784,401)**	(215,676)	**(784,401)**	(215,676)
Interest income			**141,361**	175,912
Other operating income not allocated			**–**	44,639
General and administrative expenses not allocated			**(167,716)**	(89,086)
Finance costs			**(11,370)**	(11,301)
Change in fair value of derivative financial instruments			**(13,134)**	(42,500)
Share of loss of an associate			**(674)**	(1,203)
Loss before income tax			**(835,934)**	(139,215)

	Coking coal mining		Corporate		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**242,922**	267,800	**441**	639	**243,363**	268,439
Amortisation of mining rights	**194,573**	260,618	**–**	–	**194,573**	260,618
Amortisation of prepaid lease payments	**1,502**	1,536	**–**	–	**1,502**	1,536
Impairment loss on goodwill, mining rights and property, plant and equipment	**791,203**	823,964	**–**	–	**791,203**	823,964
Provision for impairment of trade and other receivables	**101,906**	–	**–**	–	**101,906**	–

	Coking coal mining		Corporate		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**15,509,051**	18,402,978	**4,889,193**	5,183,596	**20,398,244**	23,586,574
Interest in an associate	**–**	–	**15,644**	17,365	**15,644**	17,365
Deferred tax assets	**–**	–	**21,879**	22,489	**21,879**	22,489
Financial assets measured at fair value through other comprehensive income	**–**	–	**291,902**	373,494	**291,902**	373,494
Derivative financial instruments	**–**	–	**–**	56	**–**	56
Group assets					**20,727,669**	23,999,978
Segment liabilities	**1,737,215**	2,006,378	**41,917**	45,320	**1,779,132**	2,051,698
Deferred tax liabilities	**–**	–	**1,740,673**	2,055,672	**1,740,673**	2,055,672
Tax payables	**–**	–	**146,559**	226,712	**146,559**	226,712
Borrowings	**–**	73,899	**–**	–	**–**	73,899
Derivative financial instruments	**–**	–	**17,025**	22,397	**17,025**	22,397
Group liabilities					**3,683,389**	4,430,378

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	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal markets				
PRC	**1,996,629**	3,254,861	**13,253,387**	15,180,758
Hong Kong	**–**	–	**1,197**	1,638
	1,996,629	3,254,861	**13,254,584**	15,182,396

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 four (2014: three) customers with transactions exceeded 10% of the Group's revenues. During the year, HK$506,601,000 or 25% (2014: HK$569,795,000 or 18%), HK$274,052,000 or 14% (2014: HK$467,856,000 or 14%), HK$372,685,000 or 19% (2014: HK$425,874,000 or 13%) and HK$294,794,000 or 15%, of the Group's revenue is generated from these four (2014: three) customers under coking coal mining segment.

5. OTHER OPERATING INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**141,361**	175,912
Dividend income on financial assets measured at fair value through other comprehensive income	**–**	44,639
Gain on disposal of property, plant and equipment	**–**	20
Income from sales of scrapped products	**27,377**	72,950
Others	**–**	2,475
	168,738	295,996

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest charged on discounted bill receivables	**11,370**	11,301

No borrowing costs were capitalised for the years ended 31 December 2015 and 2014.

7. LOSS BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
– audit services	**1,530**	1,530
– other services	**297**	496
Cost of inventories recognised as expenses	**1,508,441**	1,950,708
Amortisation of:		
– prepaid lease payments	**1,502**	1,536
– mining rights	**194,573**	260,618
Depreciation of property, plant and equipment	**243,363**	268,439
Employee benefit expenses (including directors' emoluments)	**565,700**	669,831
Operating lease charges in respect of land and buildings	**6,325**	4,043
Provision for impairment on:		
– trade receivables *(Note 12)*	**48,821**	–
– other receivables	**53,085**	–
Provision for litigation settlement	**16,571**	–
Net exchange loss	**152,947**	53,927
Loss/(Gain) on disposals of property, plant and equipment	**14,195**	(20)

8. INCOME TAX (CREDIT)/EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax – PRC income tax		
– Current year	**75,285**	269,108
– (Over)/Under provision in respect of prior years	**(2,292)**	5,877
Deferred tax		
– Current year	**(197,452)**	(53,268)
	(124,459)	221,717

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 2015 and 2014.

In accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment, 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, are subject to 25% enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (2014: 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 (credit)/expense and accounting loss at applicable tax rates is as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax	**(835,934)**	(139,215)
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(200,143)**	(46,415)
Tax effect of non-deductible expenses	**72,387**	255,400
Tax effect of non-taxable income	**(18,610)**	(28,435)
Tax effect of unused tax losses not recognised	**25,437**	15,253
Effect of withholding tax at 5% on distributable profits of the Group's major PRC subsidiaries	**(1,238)**	20,037
(Over)/Under provision in respect of prior years	**(2,292)**	5,877
Income tax (credit)/expense	**(124,459)**	221,717

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
2014 final dividend of HK2.7 cents (2013: HK7.8 cents) per ordinary share	**143,150**	413,543
2015 interim dividend of HK1 cent (2014: HK1 cent) per ordinary share	**53,018**	53,018
2015 special dividend of HK15 cents (2014: Nil) per ordinary share	**795,276**	–
	991,444	466,561

On 26 March 2015, the board of directors proposed a final dividend of HK2.7 cents per ordinary share to the owners of the Company in respect of the year ended 31 December 2014. This final dividend was approved by shareholders at the annual general meeting held on 22 May 2015 and total dividend of HK$143,150,000 was paid on 9 July 2015. This final dividend proposed after 31 December 2014 had not been recognised as a liability as at 31 December 2014.

On 23 March 2016, the board of directors proposed a final dividend of HK5 cents per ordinary share totalling HK$265,092,000 to the owners of the Company in respect of the year ended 31 December 2015. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2015 has not been recognised as a liability as at 31 December 2015.

10. LOSS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Loss used to determine basic and diluted loss per share	**(416,471)**	(425,302)
	'000 shares	*'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**5,301,837**	5,301,837
Effect of dilutive potential ordinary shares – share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**5,301,837**	5,301,837

Basic loss per share is HK7.86 cents (2014: HK8.02 cents), based on the loss for the year attributable to owners of the Company of HK$416,471,000 (2014: HK$425,302,000) and weighted average number of ordinary shares as set out above for basic loss per share.

In calculating the diluted loss per share for the current and last years, the potential issue of shares arising from the Company's share option would decrease the loss per share during the year and was thereby not taken into account as they have an anti-dilutive effect. Therefore, the diluted loss per share for the current and last years was calculated based on the loss for the year of HK$416,471,000 (2014: HK$425,302,000) and on the weighted average of 5,301,837,842 (2014: 5,301,837,842) ordinary shares, being the weighted average number of ordinary shares used in the calculation of basic loss per share.

11. GOODWILL / IMPAIRMENT LOSS ON GOODWILL, MINING RIGHTS AND PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount of goodwill

	2015	2014
	HK$'000	*HK$'000*
Gross carrying amount at 1 January	**2,280,494**	2,321,215
Exchange retranslation	**(88,768)**	(40,721)
Gross carrying amount at 31 December	**2,191,726**	2,280,494
Less:		
Accumulated impairment loss at 1 January	**(825,974)**	(2,010)
Impairment loss	**(6,462)**	(823,964)
Accumulated impairment loss at 31 December	**(832,436)**	(825,974)
Net carrying amount at 31 December	**1,359,290**	1,454,520

The carrying amount of goodwill was allocated as follows:

	2015	2014
	HK$'000	*HK$'000*
Xingwu	**801,368**	854,834
Jinjiazhuang	**–**	6,118
Zhaiyadi	**537,211**	572,857
Jinshan Energy Group Limited	**20,711**	20,711
Net carrying amount at 31 December	**1,359,290**	1,454,520

(b) Impairment loss on goodwill, mining rights and property, plant and equipment

During the 2015 interim period, an impairment loss of HK$143,715,000 was recognised for Jinjiazhuang in the consolidated statement of profit or loss and other comprehensive income. Given global economy was slowing down and China's economy was under downward pressure, there was oversupply of coking coal leading to the continuing decrease in coal price in the second half of 2015. The Group reassessed its estimates of the recoverable amounts of cash-generating units ('CGU's) of the coking coal mining segment, and a further impairment loss of HK$647,488,000 was recognised in the consolidated statement of profit or loss and other comprehensive income at the reporting date. Accordingly, a total impairment loss of HK$791,203,000 (2014: HK$823,964,000) was recognised in the year of 2015.

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 2015 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 -1% to 42% (2014: 3% to 12%) and with average discount rate of 12.76% (2014: 14.08%) per annum.

The cash flows beyond the 5-year period are extrapolated using a steady percentage growth rate of 3% (2014: 3%). 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% (2014: 3%) 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 Jinjiazhuang's CGU was determined to be higher than its recoverable amount of HK$794,683,000 (2014: HK$1,239,778,000) and an impairment loss of HK$791,203,000 (2014: HK$805,856,000) was recognised. This impairment loss was first allocated to goodwill and then to other assets of the unit, including mining rights and property, plant and equipment, pro-rata on the basis of the carrying amount to these assets. Accordingly, the carrying amount of goodwill, mining rights and property, plant and equipment, were reduced by HK$6,462,000 (2014: HK$805,856,000); HK$610,529,000 (2014: Nil) and HK$174,212,000 (2014: Nil) respectively which were included in "impairment loss on goodwill, mining rights and property, plant and equipment" in the consolidated statement of profit or loss and other comprehensive income. The key assumptions are the discount rate of 12.18% (2014: 14.20%) per annum and the growth rates, covering a 5-year period, of approximately -1% to 42% (2014: 3% to 12%).

(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 Xingwu's CGU exceeds its carrying amount by HK$663,240,000. The key assumptions are the discount rate of 12.95% and the growth rate of approximately -1% to 42%. If the discount rate increased by 1.54% or the growth rate reduced by 0.82%, the carrying amount of Xingwu's CGU would equal its recoverable amount.

The recoverable amount of Zhaiyadi's CGU exceeds its carrying amount by HK$1,064,565,000. The key assumptions are the discount rate of 13% and the growth rate of approximately -1% to 42%. If the discount rate increased by 2.38% or the growth rate reduced by 1.33%, the carrying amount of Zhaiyadi's CGU would equal its recoverable amount.

12. TRADE AND BILL RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**1,284,785**	1,308,218
Less: Provision for impairment loss	**(225,151)**	(190,480)
	1,059,634	1,117,738
Bill receivables	**698,104**	1,431,092
	1,757,738	2,548,830

Trade receivables generally have credit terms ranging from 60 to 90 days (2014: 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 2015, bill receivables included an amount of RMB155,700,000 (HK$182,169,000 equivalent) (2014: RMB205,766,000 (HK$256,693,000 equivalent)) (Note 13) which was pledged for bill payables of RMB152,416,000 (HK$178,327,000 equivalent) (2014: RMB198,857,000 (HK$248,074,000 equivalent)).

As at 31 December 2015, 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. As at 31 December 2015, bill receivables of RMB9,716,000 (HK$11,368,000 equivalent) (2014: RMB147,361,000 (HK$183,833,000 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. As at 31 December 2015, the asset-backed financing liabilities and bill receivables endorsed to trade creditors and other creditors amounted to Nil (2014: RMB59,237,000 (HK$73,899,000 equivalent)), RMB3,350,000 (HK$3,920,000 equivalent) (2014: RMB57,430,000 (HK$71,644,000 equivalent)) (Note 13) and RMB6,366,000 (HK$7,448,000 equivalent) (2014: RMB30,693,000 (HK$38,290,000 equivalent)) respectively.

As these 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 2015, ageing analysis of net trade and bill receivables, based on the invoice dates, is as follows:

	2015	2014
	HK$'000	*HK$'000*
1 to 3 months	**918,910**	1,300,738
4 to 6 months	**387,880**	1,196,636
7 to 12 months	**387,994**	51,456
Over 1 year	**62,954**	–
	1,757,738	2,548,830

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

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**190,480**	193,917
Exchange retranslation	**(14,150)**	(3,437)
Impairment loss recognised *(Note 7)*	**48,821**	–
At 31 December	**225,151**	190,480

As at 31 December 2015, ageing analysis of trade and bill receivables that are not impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**1,218,565**	2,218,086
Less than 3 months past due	**101,712**	285,401
4 to 6 months past due	**314,236**	44,804
More than 6 months but less than 12 months past due	**123,225**	539
	539,173	330,744
	1,757,738	2,548,830

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.

13. TRADE AND BILL PAYABLES

The Group was granted by its suppliers credit period ranging between 30 to 180 days (2014: 30 to 180 days) during the year. Based on the invoice dates, ageing analysis of trade and bill payables as at 31 December 2015 is as follows:

	2015	2014
	HK$'000	*HK$'000*
1 to 3 months	**276,622**	266,322
4 to 6 months	**209,840**	291,329
7 to 12 months	**19,589**	19,001
Over 1 year	**20,396**	24,410
	526,447	601,062

As at 31 December 2015, bill payables amounted to RMB284,622,000 (HK$333,008,000 equivalent) (2014: RMB281,820,000 (HK$351,571,000 equivalent)) were partially secured by the pledged bank deposits of RMB68,000,000 (HK$79,560,000 equivalent) (2014: RMB83,102,000 (HK$103,670,000 equivalent)) and bill receivables of RMB155,700,000 (HK$182,169,000 equivalent) (2014: RMB205,766,000 (HK$256,693,000 equivalent)) (Note 12).

As at 31 December 2015, included in trade payables of RMB3,350,000 (HK$3,920,000 equivalent) (2014: RMB57,430,000 (HK$71,644,000 equivalent)) 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 (Note 12).

14. COMMITMENTS

(a) Operating lease commitments

As at 31 December 2015, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings payable by the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**6,298**	5,216
In the second to fifth years	**10,791**	11,506
After the fifth years	**33,346**	38,431
	50,435	55,153

The Group leases a number of land and buildings and other assets under operating leases arrangement. The leases run for an initial period of 1 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

	2015	2014
	HK$'000	*HK$'000*
Commitments for the:		
– Acquisition of property, plant and equipment	**206,803**	245,285
– Exploration and design fees for a potential mining project	**8,752**	9,331
	215,555	254,616

FINAL DIVIDEND

The Board recommends a final dividend of HK5 cents per ordinary share for the year ended 31 December 2015 (2014: HK2.7 cents per ordinary share) payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 5 July 2016. The proposed final dividend together with the interim dividend of HK1 cent per ordinary share (2014: HK1 cent per ordinary share) and the special dividend of HK15 cents per ordinary share (2014: Nil) will make a total dividend of HK21 cents per ordinary share for the year ended 31 December 2015 (2014: HK3.7 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Wednesday, 29 June 2016 (the "AGM"), the final dividend is expected to be paid on or about Wednesday, 20 July 2016. 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 Tuesday, 5 July 2016 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 June 2016 to Wednesday, 29 June 2016 (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 Friday, 24 June 2016 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The key operational data of our three premium operating coking coal mines in Liulin County, Shanxi Province (Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine) for the year ended 31 December 2015 (the "year under review") together with that of the same period of 2014 is summarised as follows:

		For the year ended 31 December		**Change**	
	Unit	**2015**	2014	**Quantity/ Amount**	**Percentage**
Production volume:					
Raw coking coal	Mt	**4.51**	5.68	**-1.17**	**-21%**
Clean coking coal	Mt	**2.69**	3.01	**-0.32**	**-11%**
Sales volume:					
Raw coking coal	Mt	**0.28**	1.01	**-0.73**	**-72%**
Clean coking coal	Mt	**2.61**	3.00	**-0.39**	**-13%**
Average realised selling price (inclusive of VAT):					
Raw coking coal	RMB/tonne	**328**	494	**-166**	**-34%**
Clean coking coal	RMB/tonne	**694**	844	**-150**	**-18%**

For the year ended 31 December 2015, the Group produced approximately 4.51 million tonnes ("Mt") (2014: approximately 5.68 Mt) of raw coking coal, representing a year-on-year decrease of 21% and also produced approximately 2.69 Mt (2014: approximately 3.01 Mt) of clean coking coal, representing a year-on-year decrease of 11%. Our three premium operating coking coal mines are operated smoothly throughout the year under review.

Due to the impact of the economic slowdown in the Mainland China and the drop in demand of coking coal, the Group's production volume of raw coking coal reduced by 21%. As a result, the sales volume of raw and clean coking coal dropped by 72% and 13% respectively during the year under review. Under the current weak coking coal market, the demand of raw coking coal is especially low. However, the demand of clean coking coal is relatively much stronger. This proof of the Group's long term strategy to shift our sales mix from raw coking coal to clean coking coal is a right decision. Sales of raw and clean coking coal accounted for 5% and 95% of the Group's turnover respectively for the year ended 31 December 2015. They accounted for 16% and 84% respectively for the year ended 31 December 2014.

Following the continuous decline in the coal market in recent years, for the year ended 31 December 2015, the Group's average realised selling price (inclusive of value added tax "VAT") of raw coking coal dropped by 34% to Renminbi ("RMB") 328/tonne when compared with that of the same period of 2014 (2014 : RMB494/tonne) and the Group's average realised selling price (inclusive of VAT) of clean coking coal dropped by 18% to RMB694/tonne when compared with that of the same period of 2014 (2014: RMB844/tonne). The decline in average realised selling prices of our coal products were in line with the slump in market coal prices. As 68% of sales volume of raw coking coal is carried out in the second half of 2015 which is relatively lower market price than that in the first half of 2015, the average realised selling price of raw coking coal is dropped much than that of clean coking coal in the year under review. In terms of its sales volume, sales of No.4 and No.9 raw coking coal accounted for 44% and 56% (2014: 63% and 37%) of the total raw coking coal sales volume respectively for the year ended 31 December 2015. In addition, sales of No.1 and No.2 clean coking coal accounted for 59% and 41% (2014 : 53% and 47%) of the total clean coking coal sales volume respectively for the year ended 31 December 2015.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group recorded a turnover of approximately Hong Kong Dollars ("HK$") 1,997 million, representing a decrease of approximately HK$1,258 million or 39% as compared with that of approximately HK$3,255 million for the same period of 2014. The reduction in turnover was mainly attributable to the drop in average realised selling prices of raw and clean coking coal by 34% and 18% respectively and the drop in the sales volume of raw and clean coking coal by 72% and 13% respectively for the year under review.

For the year ended 31 December 2015, the total turnover to the top five customers accounted for 78% (2014: 62%) of the Group's turnover. Of which, the total turnover to the largest customer, Shougang Corporation, accounted for 25% (2014: 18%) of the Group's turnover.

For the year ended 31 December 2015, gross profit margin was 24% while 40% for the same period in 2014. Decrease in gross profit margin was mainly due to the drop in average realised selling prices as explained under "Business Review". Gross profit was dropped by approximately HK$816 million or 63% in 2015.

For the year ended 31 December 2015, the Group recorded net loss of approximately HK$711 million and loss attributable to the owners of the Company (the "Owners") of approximately HK$416 million eventually. Except for the substantial drop in gross profit by approximately HK$816 million as stated above, the loss recorded in 2015 is also attributable to (i) the continuous downturn in the coal market, a non-cash impairment loss of approximately HK$791 million made on goodwill, mining rights and property, plant and equipment even the reversal of the related deferred tax liabilities of approximately HK$158 million as income, it is attributable to the net loss and loss attributable to the Owners amounted to approximately HK$633 million and approximately HK$358 million respectively; and (ii) due to the depreciation in RMB as at 31 December 2015, the Group suffered the relevant net foreign exchange loss of approximately HK$166 million ("the Foreign Exchange Loss") mainly arising from exchange and re-translation of its monetary assets (mainly bank balance) denominated in RMB into HK$ or United States Dollars ("US$") as at transaction date and reporting date. No such material exchange loss is expected to be incurred in the next financial year as 85% of our bank balance is denominated in US$ or HK$ as at 31 December 2015.

During the year under review, basic loss per share was HK7.86 cents (2014: HK8.02 cents).

Nevertheless, the Group recorded EBITDA of approximately HK$420 million (2014: approximately HK$1,270 million) and generated a positive cash flow of approximately HK$821 million (2014: approximately HK$402 million) from our operating activities during the year under review. The Group continues to maintain a healthy free cash balance of approximately HK$5,038 million (2014: approximately HK$5,403 million).

Excluding above stated net effect on loss arising from a non-cash impairment loss on goodwill, mining rights and property, plant and equipment and the Foreign Exchange Loss, the Group would still record net profit of approximately HK$88 million and profit attributable to the Owners of approximately HK$108 million for the year ended 31 December 2015.

Cost of Sales

During the year under review, cost of sales was approximately HK$1,508 million, representing a decrease of approximately HK$443 million or 23%, as compared with that of approximately HK$1,951 million for the same period of 2014. 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 a result of effective cost control as stated below during the year under review.

Included in cost of sales, amortisation of mining rights was approximately HK$195 million for the year ended 31 December 2015, representing a decrease of approximately HK$66 million or 25%, as compared with that of approximately HK$261 million for the same period of 2014. 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	**2015**	2014	**Amount**	**Percentage**
Production cost of raw coking coal	RMB/tonne	**243**	248	**-5**	**-2%**
of which, depreciation and amortisation	RMB/tonne	**(66)**	(63)	**+3**	**+5%**
Processing cost for clean coking coal	RMB/tonne	**46**	48	**-2**	**-4%**
of which, depreciation	RMB/tonne	**(11)**	(10)	**+1**	**+10%**

Although the production volume of raw coking coal was dropped by 21% for the year ended 31 December 2015, its unit production cost was decreased by 2% as a result of implementation of the effective cost control by the Group and certain relief policies by the government.

Gross Profit and Gross Profit Margin
As a result of the reasons above, gross profit was approximately HK$488 million for the year ended 31 December 2015, representing a decrease of approximately HK$816 million or 63% as compared with that of approximately HK$1,304 million for the same period of 2014. During the year under review, gross profit margin was 24% compared with 40% for the same period of 2014. The drop in gross profit margin was mainly due to the drop in average realised selling prices of raw and clean coking coal by 34% and 18% respectively for the year ended 31 December 2015 when compared with that in the same period of 2014 as explained under "Business Review".

Other Operating Income
During the year under review, other operating income was approximately HK$169 million, representing a significant decrease of approximately HK$127 million or 43% as compared with approximately HK$296 million of the same period in 2014. The decrease in other operating income was mainly attributable to (i) the decrease in income from sales of scrapped products by approximately HK$46 million or 62% as a result of the drop in coking coal prices and sales volume of by-products; (ii) the decrease in bank interest income by approximately HK$35 million or 20%; and (iii) no dividend income arising from the equity securities listed in Australia (2014: approximately HK$45 million).

Selling and Distribution Expenses
During the year under review, selling and distribution expenses were approximately HK$202 million, representing a significant decrease of approximately HK$99 million or 33% as compared with that of approximately HK$301 million for the same period of 2014. The decrease was mainly as a result of the drop in sales volume of clean coking coal.

General and Administrative Expenses
Included in general and administrative expenses, net exchange loss of approximately HK$153 million (2014: approximately HK$54 million) (after net-off exchange gain of approximately HK$53 million (2014: approximately HK$35 million) generated from the cash resources) during the year under review. Such net exchange loss was mainly arose from exchange or re-translation of the Group's monetary assets (mainly bank balance) denominated in RMB to HK$ or US$ as at transaction date and reporting date. Eventually, we exchanged cash denominated in RMB on average exchange rate with the depreciation of RMB by approximately 2.9% during the year under review which is lower than the market depreciation of RMB by approximately 6% (2014: approximately 2%) as at 31 December 2015 compared with that as at 31 December 2014. Excluding such net exchange loss, general and administrative expenses would be approximately HK$189 million for the year ended 31 December 2015, representing a significant decrease of approximately HK$68 million or 26% as compared with approximately HK$257 million for the same period of 2014. The significant decrease was resulted from the effective cost control including the decrease in staff costs by approximately HK$18 million during the year under review.

Impairment Loss on Goodwill, Mining Rights and Property, Plant and Equipment
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$791 million (2014: approximately HK$824 million) made on goodwill, mining rights and property, plant and equipment during the year under review after assessment. Details of which are disclosed in note 11(b) on this result announcement.

Other Operating Expenses

During the year under review, other operating expenses were approximately HK$133 million, represent a significant decrease of approximately HK$116 million or 47% as compared with approximately HK$249 million for the same period of 2014. The decrease is mainly attributable to no committed charitable donation of approximately HK$247 million paid by the Group to the Liulin County Government since the year of 2015. During the year under review, other operating expenses mainly represented the provision for impairment on trade and other receivables with ageing over one year amounted to approximately HK$102 million, the provision for litigation settlement of approximately HK$17 million and the loss on disposal of useless plant and equipment of approximately HK$14 million.

Finance Costs

During the year under review, finance costs were approximately HK$11 million (2014: approximately HK$11 million). The finance costs were derived from the early redemption of bill receivables of the Group. During the year under review, no borrowing costs were capitalised in the construction in progress (2014: Nil).

Income Tax Expense

During the year under review, it was recorded income tax credit of approximately HK$124 million (2014: income tax expense of approximately HK$222 million). For the year under review, 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 tax credit. In addition, income tax expense was substantial decreased which in line with the substantial drop in profits arising from the major PRC subsidiaries during the year under review and no provision (2014: approximately HK$20 million) 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") is made in accordance with the relevant tax regulations in the PRC. The enterprise income tax rate for the Group's major PRC subsidiaries is 25%.

Owner's Attributable Loss

By reasons of the foregoing, the Group recorded a slight improvement in the loss attributable to the Owner for the year ended 31 December 2015 of approximately HK$416 million as compared with that for the year ended 31 December 2014 of approximately HK$425 million.

Material Investments and Acquisitions

During the year ended 31 December 2015, the Group had no material investments and acquisitions.

Material Disposals

During the year ended 31 December 2015, the Group had no material disposals.

Charges on Assets

As at 31 December 2015, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

Bank deposits of approximately HK$80 million and bill receivables of approximately HK$182 million were used for securing bills facilities of approximately HK$258 million.

Contingent Liabilities
As at 31 December 2015, there were no guarantees given to any banks or financial institutions by the Group.

Gearing Ratio
As at 31 December 2015, the Group had no borrowings. The gearing ratio of the Group was 0%.

Exposure to Fluctuations in Exchange Rates
As at 31 December 2015, other than assets and liabilities denominated in Australian Dollars ("AUD") and RMB, the Group had no material exposure to foreign exchange fluctuations. As at 31 December 2015, AUD and RMB were depreciated by approximately 11% and approximately 6% respectively, when compared to that as at 31 December 2014. The aggregate carrying amount of assets denominated in AUD represented approximately 1% of the Group's total net assets value as at 31 December 2015. Thus, such fluctuation in AUD exchange rate is not expected to have any material impact on the financial position of the Group. On the other hand, as the net assets value denominated in RMB represented approximately 70% of the Group's total net assets value as at 31 December 2015, the depreciation in RMB led to exchange loss of approximately HK$686 million (other than the Foreign Exchange Loss recognised in profit or loss stated above) recognised in the other comprehensive income upon translation of financial statements of foreign operations in the PRC for the year ended 31 December 2015.

The Group has been substantial adjusting our proportion of bank balance denominated in RMB from 87% as at 31 December 2014 to 14% as at 31 December 2015 and further reduced to 7% as at the date of this result announcement in order to minimise the negative impact from fluctuation in RMB exchange rate on the financial position of the Group. During the year under review, the Group has exchanged RMB to US$ or HK$ at average exchange rate depreciated by 2.9% compared to that as at 31 December 2014. It reduced the exchange loss substantially when compared to that of 6% depreciation in RMB market exchange rate as at 31 December 2015. No such material exchange loss in profit or loss is expected to be incurred in the next financial year as 85% of our bank balance is denominated in US$ or HK$ as at 31 December 2015.

Liquidity and Financial Resources
As at 31 December 2015, the Group's current ratio (current assets divided by current liabilities) was approximately 3.69 times and the Group's cash and bank deposits amounted to approximately HK$5,118 million, of which approximately HK$80 million was deposited to secure bills facilities of approximately HK$80 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$698 million (of which approximately HK$11 million represented discounted or endorsed bill receivables and approximately HK$182 million was used for securing bills facilities of approximately HK$178 million) as at 31 December 2015 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$505 million, the Group's free cash resources would have approximately HK$5,543 million as at 31 December 2015.

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2015, the amount of capital was approximately HK$17,044 million.

During the year under review, there is no change in number of issued shares. As at 31 December 2015, the share capital of the Company was approximately HK$15,157 million, represented approximately 5,302 million shares in number.

As at 31 December 2015, the Group had no borrowings.

EMPLOYEES

As at 31 December 2015, the Group had 28 Hong Kong employees and 5,909 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 also provides training to PRC employees. The Group has a share option scheme. During the year under review, no share option was granted or exercised.

FUTURE PROSPECTS

Due to the slowdown of both China and global economy, the Group expects that commodity and resources sectors will keep running at the bottom of the cycle. As Chinese government begins to strengthen supply-side reform on steel and coal sectors, policy to reduce overcapacity will have impact on the supply and demand of coking coal. As a result, coking coal market could not easily turn around in the near future and coal price will still be under pressure. However, supply and demand will return rational in medium and long term.

Looking forward, in accordance with our future plan, the Group will continue the effort on cost control and optimising personnel structure to improve operating profit; meanwhile actively and prudently looking for suitable merger and acquisition opportunities both domestically and internationally to fulfill a further development and create better value for our shareholders.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement 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 2015. 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 2015 annual report.

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, 23 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).