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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 Group for the six months ended 30 June 2016 (“the 2016 Interim”) and other information currently available to the Board, the Group would record consolidated loss attributable to the Shareholders of approximately HK\$307 million for the 2016 Interim while the Group recorded consolidated profit attributable to the Shareholders of approximately HK\$85 million for the corresponding period of the last year (“the 2015 Interim”). Excluding the non-cash impairment net loss of approximately HK\$305 million as disclosed below, the Group would record consolidated loss attributable to the Shareholders of approximately HK\$2 million for the 2016 Interim.

For the 2016 Interim, the average realized selling prices of the coal products of the Group dropped by 21% to 24% and the sales volume of clean coking coal decreased by 25% because of the weak coal market and the implementation of production control policies by the Chinese government. Although the Group has made an effort on cost controls which resulted in reduction of unit production costs and administrative expenses as well as finance costs, the Group would still record a year-on-year decrease of approximately HK\$146 million in gross profit to approximately HK\$128 million and would record consolidated loss attributable to the Shareholders of approximately HK\$2 million exclusive of the non-cash impairment net loss for the 2016 Interim. In addition, in the view of cut-down in the last year-end forecasted coking coal prices by the market generally as an impairment indicator, the Group recognizes a non-cash impairment loss on goodwill, mining rights and property, plant and equipment (the “Impairment”) of approximately HK\$596 million for the 2016 Interim (2015 Interim: HK\$144 million) of which approximately HK\$409 million (2015 Interim: HK\$96 million) is attributable to the Shareholders. On the other hand, there is a reversal of the respective deferred tax liabilities of approximately HK\$104 million (2015 Interim: HK\$24 million) 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\$305 million (2015 Interim: HK\$72 million), representing a year-on-year increase in loss attributable to the Shareholders of approximately HK\$233 million.

Despite the above, the Board wishes to emphasize that consolidated loss attributable to the Shareholders of approximately HK\$307 million for the 2016 Interim has been improved when compared with that for the second half of the year 2015 of approximately HK\$501 million and the Group generates a positive cashflow of approximately HK\$207 million from its operating activities in the 2016 Interim and continues to maintain a healthy net cash balance.

The Group's interim results for the six months ended 30 June 2016 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 August 2016. The unaudited interim results announcement of the Company for the six months ended 30 June 2016 will be published in late August 2016.

Further announcements will be made by the Company if there is any significant change in the expected financial 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, 17 August 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. Dong Yansheng (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).