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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)

PROFIT ALERT

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 financial year ended 31 December 2016 and other information currently available to the Board, the Group would record a turnaround from loss to profit in its 2016 final results. The Group would expect to record consolidated profit attributable to the Shareholders of approximately HK\$112 million for the financial year of 2016 as opposed to the consolidated loss attributable to the Shareholders of HK\$416 million for the financial year of 2015.

In 2016, affected by the national structural reform on supply side and the policies of reduction in production capacity of the coal industry, the market price of coal became stable in the second quarter of 2016 and has rebounded sharply since the third quarter of 2016. The Group’s average coking coal selling price in the year of 2016 increased when compared to that of the last year, which could offset the negative impact of reduction in production volume resulting from the policy of the limit production. Together with the Group’s strict effective cost control, the profitability of the Group has significantly enhanced in the year 2016. In addition, due to the significant rebounded market coal price since the third quarter of 2016 having outperformed what was expected in the interim period of 2016, the Group would reverse partial non-cash impairment loss on mining rights and property, plant and equipment made and the corresponding deferred tax liabilities recognised as income in the interim period of 2016 after assessment for the year of 2016. This impairment for the year of 2016 would reduce significantly when compared to that for the year of 2015.

The Group’s final results for the financial year ended 31 December 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 March 2017. The audited final results announcement of the Company for the financial year ended 31 December 2016 will be published in late March 2017.

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, 7 March 2017

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).