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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 six months ended 30 June 2017 (“the 2017 Interim Period”) and other information currently available to the Board, the Group is expected to record a consolidated profit attributable to the Shareholders of not less than HK\$650 million for the 2017 Interim Period as opposed to the consolidated loss attributable to the Shareholders of HK\$307 million for the six months ended 30 June 2016 (“the 2016 Interim Period”).

The expected turnaround to considerable profit for the 2017 Interim Period from loss is mainly due to (i) 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 has rebounded sharply since the third quarter of 2016. In addition, due to the growing demand in the steel industry, the market price of coal has been maintained at a relatively high level as a whole in the 2017 Interim Period. The Group’s average coking coal selling price in the 2017 Interim Period sharply increased by approximately 150% when compared to that for the 2016 Interim Period. Together with the continuous strict effective cost control, the profitability of the Group has significantly enhanced for the 2017 Interim Period; and (ii) in the view of current market coal price, the Group would not expect to make any non-cash impairment loss on mining rights and property, plant and equipment for the 2017 Interim Period, whereas an attributable impairment net loss of HK\$304 million was made in the 2016 Interim Period.

The Group’s interim results for the six months ended 30 June 2017 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 2017. The interim results announcement of the Company for the six months ended 30 June 2017 will be published in late August 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, 27 July 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).