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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 WARNING

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).

Reference is made to the Company’s announcement dated 4 June 2014 (the “Announcement”) informing the Shareholders and potential investors that, amongst others, the Company might incur an impairment loss on certain carrying amounts of goodwill and mining rights of its subsidiaries for the first half of the financial year 2014 and that the actual basis and amount of the impairment loss had yet to be determined by the Board and agreed with the Auditor. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The Board wishes to inform the Shareholders and potential investors that (1) subject to the approvals of the audit committee of the Company and the Board at the respective meetings to be held in late August 2014, it is expected that an impairment loss of approximately HK\$300 million (the “Impairment Loss”) will be made on carrying amount of goodwill of the subsidiary of the Company as at 30 June 2014; (2) the operating profit of the Group for the six months ended 30 June 2014 is expected to decline significantly by approximately 98% as compared to that for the corresponding period of last year. Such decline is primarily attributable to (i) drop in the average realized selling prices of the Group’s principal products, i.e. raw and clean coking coal, following slump in their market prices; and (ii) the substantial decrease in the sales volume of raw coking coal under the current weak coal market situation, the impact of which has overridden the impact of the increase of sales volume in clean coking coal; and (3) due to the depreciation in Renminbi, the Group suffered an unrealized related foreign exchange loss of approximately HK\$120 million (the “Foreign Exchange Loss”) mainly arising from the translation of its monetary assets (mainly cash) denominated in Renminbi into Hong Kong dollars as at 30 June 2014. Taking into account of the Impairment Loss and the Foreign Exchange Loss, it is expected that the Company will record a consolidated loss for the six months ended 30 June 2014.

The Board wishes to emphasize that the Impairment Loss and the Foreign Exchange Loss in question are accounting related adjustments. As such losses are non-cash items, they are not expected to have any material impact on the financial strength of the Group.

All in all, the Group is able to maintain abundant cash balance.

The Board would like to remind the Shareholders and potential investors that the information contained in this announcement is based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Company for the six months ended 30 June 2014 and the information currently available to the Board, which are under review and subject to finalisation and confirmation by the Auditor. The interim results announcement of the Company for the six months ended 30 June 2014 will be published in late August 2014.

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, 18 August 2014

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Chen Zhouping (Vice-chairman and Managing Director), Mr. Wong Lik Ping (Vice-chairman), 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. Zhang Yaoping (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), Mr. Chan Chung Chun (Independent Non-executive Director) and Mr. Japhet Sebastian Law (Independent Non-executive Director).