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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 30 December 2011, the Company entered the Coal Supply Agreement with Shougang International in respect of the Continuing Connected Transactions. Shougang International is a substantial shareholder of the Company. Accordingly, the entering into of the Coal Supply Agreement between the Company and Shougang International constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the Continuing Connected Transactions is expected to be more than 0.1% and less than 5% on annual basis, the Continuing Connected Transactions will be subject to the reporting and announcement requirements set out in Rule 14A.34 of the Listing Rules and exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

THE COAL SUPPLY AGREEMENT

Date: 30 December 2011

Parties: The Company
Shougang International

Shougang International, together with its associates, holds approximately 27.2% of the issued share capital of the Company as at the date of this announcement. Accordingly, the entering into of the Coal Supply Agreement between the Company and Shougang International constitutes a continuing connected transaction of the Company under the Listing Rules.

Subject: Pursuant to the Coal Supply Agreement, the Group will supply premier clean coking coal to Shougang International and its associates.

Term: The Coal Supply Agreement has a fixed term of three financial years ending on 31 December 2014.

Price: The basis of determining the prices for the Continuing Connected Transactions will be in accordance with: (1) a comparable market price, if the comparable market price is available; or (2) if no comparable market price can be taken as a reference, by agreement between the parties on an arm's length basis and such prices shall be no less favourable to the Company than that available from third parties.

The Group has been supplying premier clean coking coal to Shougang International in the past. It is proposed that the cap amounts of the Continuing Connected Transactions for each of the financial years ending 31 December 2014 will not exceed the followings:

	2012 RMB' million <i>(exclusive of VAT)</i>	2013 RMB' million <i>(exclusive of VAT)</i>	2014 RMB' million <i>(exclusive of VAT)</i>
Supply of premier clean coking coal	100	150	200

The cap amounts are determined with reference to the historical transactional amounts between Shougang International and the Group, the anticipated increases in business volume and the expected increases in coal prices for the three financial years ending 31 December 2014.

On 15 June 2008, Shougang Holding, which is the controlling shareholder of Shougang International, the Company and Mr. Wong (as a guarantor of the Company) entered into the Long Term Strategic Cooperation Agreement pursuant to which the Company agreed to supply to Shougang Holding or any companies designated by it not less than two million tonnes of premier clean coking coal for each calendar year from 2009 onwards. Shougang Holding became a connected person of the Company upon completion of the Share Sale Agreement and on 24 February 2009, the Supplemental Long Term Strategic Cooperation Agreement was entered into by the parties to comply with the Listing Rules. Pursuant to the Long Term Strategic Cooperation Agreement, the Company entered the Coal Supply Framework Agreement with Shougang Corporation, the holding company of Shougang Holding, on 20 August 2008 to set out the details of the supply of not less than two million tonnes of premier clean coking coal for each calendar year from 2009 onwards. As Shougang Corporation also became a connected person of the Company upon completion of the Share Sale Agreement, the transactions under the Coal Supply Framework Agreement became continuing connected transactions of the Company and on 24 February 2009, the Company and Shougang Corporation entered into the Supplemental Coal Supply Framework Agreement to comply with the Listing Rules. The Supplemental Coal Supply Framework Agreement covers the supply by the Company of premier clean coking coal to Shougang International and will expire on 31 December 2011.

The transaction amount between Shougang International and the Group for the 11 months ended 30 November 2011 was as follows:

	For the 11 months ended 30 November 2011 Amount* RMB' million <i>(exclusive of VAT)</i>
Supply of premier clean coking coal	28.5

* *unaudited figures*

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Shougang International is principally engaged in the manufacture, sale and trading of steel products, shipping operations and mineral exploration. The Company has, through the Supplemental Coal Framework Agreement, been supplying coal products to Shougang International. As the Company is obligated to supply coal to Shougang International under the Long Term Strategic Cooperation Agreement and Coal Supply Framework Agreement, the Company shall continue the Continuing Connected Transactions.

Given that the Continuing Connected Transactions will be conducted under normal commercial terms and in the usual and ordinary course of business of the Company, the Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions under the Coal Supply Agreement are fair and reasonable and the transactions are in the interests of the Company and the Shareholders as a whole as such transactions can further secure the procurement of the coal produced by the Group. Mr. Li Shaofeng, Mr. Chen Zhouping, Mr. Zhang Wenhui and Mr. Leung Shun Sang, Tony are also directors of Shougang International and were considered to be interested in the Continuing Connected Transactions. Accordingly, they have abstained from voting for the resolution of the Board to approve the Coal Supply Agreement.

GENERAL

The Group is principally engaged in coking coal mining, production and sale of coking coal products (including coking coal, clean coking coal and coke) and side products.

As the applicable percentage ratios (other than the profits ratio) in respect of the Continuing Connected Transactions is expected to be more than 0.1% and less than 5% on annual basis, the Continuing Connected Transactions will be subject to the reporting and announcement requirements set out in Rule 14A.34 of the Listing Rules and exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Coal Supply Agreement”	the agreement entered into between the Company and Shougang International on 30 December 2011
“Coal Supply Framework Agreement”	a coal supply framework agreement dated 20 August 2008 entered into between the Company and Shougang Corporation to finalise the Long Term Strategic Cooperation Agreement
“Company”	Shougang Fushan Resources Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Continuing Connected Transactions”	the transactions contemplated under the Coal Supply Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Term Strategic Cooperation Agreement”	a long term strategic cooperation agreement dated 15 June 2008 entered into between the Company, Shougang Holding and Mr. Wong. Details of which are set out in the announcement of the Company dated 17 June 2008
“Mr. Wong”	Mr. Wong Lik Ping, an executive Director and the Vice-chairman of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Sale Agreement”	the share sale agreement dated 9 February 2009 entered into among China Merit Limited as vendor, Mr. Wong as guarantor of vendor, Excel Bond Investments Limited (a wholly owned subsidiary of Shougang International) as purchaser and Shougang International as guarantor of the purchaser in relation to the sale of 550,000,000 Shares. Details of which are set out in the announcement of the Company dated 10 February 2009
“Shares”	Ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shougang Corporation”	首鋼總公司 (Shougang Corporation), a PRC state owned enterprise and the holding company of Shougang Holding
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Shougang International”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Coal Supply Framework Agreement”	a supplemental coal supply framework agreement dated 24 February 2009 entered into between the Company and Shougang Corporation as supplemental to the Coal Supply Framework Agreement
“Supplemental Long Term Strategic Cooperation Agreement”	a supplemental long term strategic cooperation agreement dated 24 February 2009 entered into among the Company, Shougang Holding and Mr. Wong as supplemental to the Long Term Strategic Cooperation Agreement
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“VAT”	the value added tax chargeable under the applicable PRC laws
“%”	per cent.

By order of the Board
Shougang Fushan Resources Group Limited
Li Shaofeng
Chairman

Hong Kong, 30 December 2011

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. Xue Kang (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Zhang Yaoping (Non-executive Director), Mr. Zhang Wenhui (Non-executive Director), Mr. Kee Wah Sze (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director) and Mr. Chan Pat Lam (Independent Non-executive Director).