



Press release

(For immediate release)

Shougang Resources Announces 2013 Annual Results Business slowed down due to weak market

Financial and operational highlights :

- Revenue down by 24% year-on-year to HK\$4.268 billion
- Gross profit down by 39% year-on-year to HD\$2.173 billion, Gross profit margin dropped to 51%
- EBITDA down by 32% year-on-year to HK\$2.396 billion
- Net profit decreased by 40% year-on-year to HK\$1.299 billion
- Net profit attributable to owners of the Company decreased by 38% year-on-year to HK\$1.115 billion
- Basic earnings per share decreased 38% to HK21.03 cents
- 2013 final dividend is HK7.8 cents per share. Taking into account an interim dividend of HK2.7 cents per share, total dividend for 2013 will be HK10.5 cents per share
- Net Assets per share attributable to owners of the Company increased by 4% to HK\$ 3.76
- Production volume of raw and clean coking coal were approximately 6.13 million tonnes and approximately 2.67 million tonnes respectively
- Unit production cost of raw coking coal was RMB260/tonne, remains the same as that in the year of 2012

(27 Mar 2014, Hong Kong) Shougang Fushan Resources Group Limited (“Shougang Resources” or the “Company”; Stock Code: 639.HK), the largest Hong Kong listed coking coal company, today is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2013 (the “Year under Review”).

In the Year under Review, the Revenue of the Company was HK\$4.268 billion, representing a decrease of 24%, as compared with that of HK\$5.651 billion for the same period of 2012. Our gross profit margin dropped to 51% from 63% in 2012. EBITDA was HK\$2.396 billion, which significantly decreased of 32% as compared with the same period of 2012. Net profit and Net profit attributable to owners of the Company were decreased by 40% and 38% to HK\$1.299 billion and HK\$1.115 billion respectively. During the Year under Review, the Group’s average realised selling prices (inclusive of VAT) of raw and clean coking coal were RMB632/tonne and RMB1,076/tonne respectively, representing a year-on-year decrease of 25% and 24% respectively. During the Year under Review, basic earnings per share was HK21.03 cents (2012: HK33.80 cents). The board of directors

recommended a 2013 final dividend of HK7.8 cents per share. Taking into account an interim dividend of HK2.7 cents per share, total dividend for 2013 will be HK10.5 cents per share. The Group's free cash resources would have approximately HK\$6,443 million as at 31 December 2013.

The Group's three premium operating coking coal mines in Liulin County, Shanxi Province ran smoothly in the Year under Review. In terms of production, a total of approximately 6.13 million tonnes of raw coking coal among them 2.67 million tonnes of clean coking coal were produced, compared to the same period in 2012's 6.10 million tonnes and 2.48 million tonnes, increased by approximately 1% and 8% year-on-year respectively.

Each of our three mines has their individual preparation plant, and the annual total input processing capacity is 6 million tonnes. We will continue to work closely with all the major steel producers to develop long-term strategic partnerships, through improvising our client base to build up a solid sales platform.

Looking ahead, the Company says, "Looking into year 2014, the global economy start to get recovery gradually, China government anticipates GDP growth rate at 7.5%, however focuses more on employment. Under the situation of slowing economic growth, key factors to underpin economic growth change significantly, bottom range of commodity and resources cycle, capital expenditure increased significantly in the industry thus created overcapacity over past years, this will lead to a challenge 2014.

Steel dynamics comes from domestic demand. Investment, urbanisation infrastructure and public housing are important impetus for steel industry. Meanwhile, environmental protection and elimination out-of-date productivity will discipline Chinese steel industry, inevitably increase steel industry's profitability.

We believe that coking coal as the upstream resource to steel will benefit as well. In near and medium term, domestic and international coking coal supply is sufficient, coking coal price will face with challenge. In long term, structural shortfall of coking coal supply makes coking coal still attractive.

the Group will leverage on our financial strength, abundant experience in operation, management and sales to prudently and actively source for suitable assets to upgrade resources and reserves, expand production capacity and strengthen the Company's leading position and influence in the industry, for future business development and create greater return for our shareholders."

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Shougang Fushan Resources Group Limited

Shougang Resources is one of the key premium hard coking coal producers in the PRC. With a production base in Liulin County, Shanxi Province, it is principally engaged in coking coal mining and the production and sales of raw and clean coking coal. It boasts three premium operating coking coal mines in Shanxi Province, e.g., Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine. The Group has established long-term relationships with various major steel producers in the Mainland China, including Shougang Group, Hebei Iron & Steel Group, Tisco, Baogang Group and Ben Xi Steel Company. Shougang Group is the largest shareholder of Shougang Resources.

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