



Press release

(For immediate release)

Shougang Resources Announces 2013 Interim Results Market weakness lead to slow down in Business

Financial and operational highlights :

- Revenue down by 30% year-on-year to HK\$2.322 billion.
- EBITDA down by 36% year-on-year to HK\$1.319 billion.
- Profit after tax decreased by 44% year-on-year to HK\$703 million.
- Profit attributable to owners of the Company decreased by 42% year-on-year to HK\$582 million.
- Production volume of raw coking coal and clean coking coal were approximately 3.39 million tonnes and approximately 1.28 million tonnes year-on-year increased by 12% and 4% respectively
- Sales volume of raw coking coal and clean coking coal were approximately 1.32 million tonnes and approximately 1.12 million tonnes, year-on-year increased by 18% and down by 5% respectively
- Unit production cost of raw coal down by 8% year-on-year to RMB248/tonne

(28 Aug 2013, Hong Kong) Shougang Fushan Resources Group Limited (“Shougang Resources” or the “Company”; Stock Code: 639.HK), one of the largest hard coking coal producers in the PRC, today announced the unaudited consolidated interims results of the Company and its subsidiaries (collectively referred to as the “Group”) for the 6 months ended 30th June, 2013 (the “Period under Review”).

In the Period under Review, average realised selling prices (inclusive of VAT) of raw and clean coking coal were RMB661/tonne and RMB1,158/tonne respectively, year-on-year down by 38% and 31% respectively. The significant decline in average realised selling prices of the coal products of the Group were in line with the slump in market coal prices. However, our sales volume of raw coking coal increased by 18% year-on-year and of clean coking coal just dropped by 5% year-on-year. As a result, during the Period under Review, the Group’s revenue was HK\$2.322 billion, year-on-year down by 30%, EBITDA was HK\$1.319 billion, year-on-year down by 36%. Our gross profit margin was 55%. Profit after tax and profit attributable to owners of the Company decreased by 44% and 42% to HK\$703 million and HK\$582 million respectively. In the Period under Review, basic earnings per share was HK10.98 cents versus HK18.79 cents of the same period in 2012.

The Board of Directors declared a 2013 interim dividend of HK2.7 cents per share.

As of 30th June 2013, the Group has free cash resources of HK\$6.6 billion and gearing ratio of 3.25%. The Group's three premium operating coking coal mines in Liulin County, Shanxi Province ran smoothly in the Period under Review. In terms of production, a total of approximately 3.39 million tonnes of raw coking coal and approximately 1.28 million tonnes of clean coking coal were produced, compared to the same period in 2012's approximately 3.04 million tonnes and 1.23 million tonnes, year-on-year increase by 12% and 4% respectively. As a result of strengthening cost control, the unit production cost of raw coal decreased by 8% year-on-year to RMB248/tonne.

Each of our three mines possessed their individual preparation plant and the total annual input processing capacity of these individual preparation plants is over 6 million tonnes. It is the long-term strategy of the Group to put more emphasis on developing our clean coking coal business, therefore we will continue to work closely with the major steel producers to develop long-term strategic partnerships, in order to improve our client base to build up a solid sales platform.

Looking ahead, the Company said, "In the first half of 2013, China's year-on-year GDP growth was only 7.6%, GDP growth in the 2nd quarter further dropped by 0.2% to 7.5%, but crude steel production volume reached 389 million tonnes, year-on-year growth by 7.4% and China is still the largest steel producer in the world. In addition, there will be launching of policies to support railway and urban infrastructure, including subway, light rail and other large-scale capacity of public transport facilities and infrastructure and strengthening works for the city bridges. These projects will drive up the demand for steel, we believed that the Group as a premium coking coal supplier will benefit as a result. The Group will continue to strengthen our efforts to improve production capacity and efficiency, to put more emphasis on production safety, at the same time actively and prudently searching in the domestic and overseas countries to find suitable acquisitions, which will increase our reserve on resources, further expand our production capacity and strengthen the Group's leading position and influence in the coking coal industry to create greater investment value for our shareholders."

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Shougang Fushan Resources Group Limited

Shougang Resources is one of the largest 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, i.e., 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, Inner Mongolia Baotou Steel Union Company Limited and Bengang Steel Plates Company Limited. Shougang Group is the single largest shareholder of Shougang Resources.

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