



**SHOUGANG CONCORD INTERNATIONAL
ENTERPRISES COMPANY LIMITED**

**For the year ended 31 December 2016
Final Results Presentation**

Stock: 697

- **Company Overview**

- **Financial Highlights**

- **About Shougang Resources**

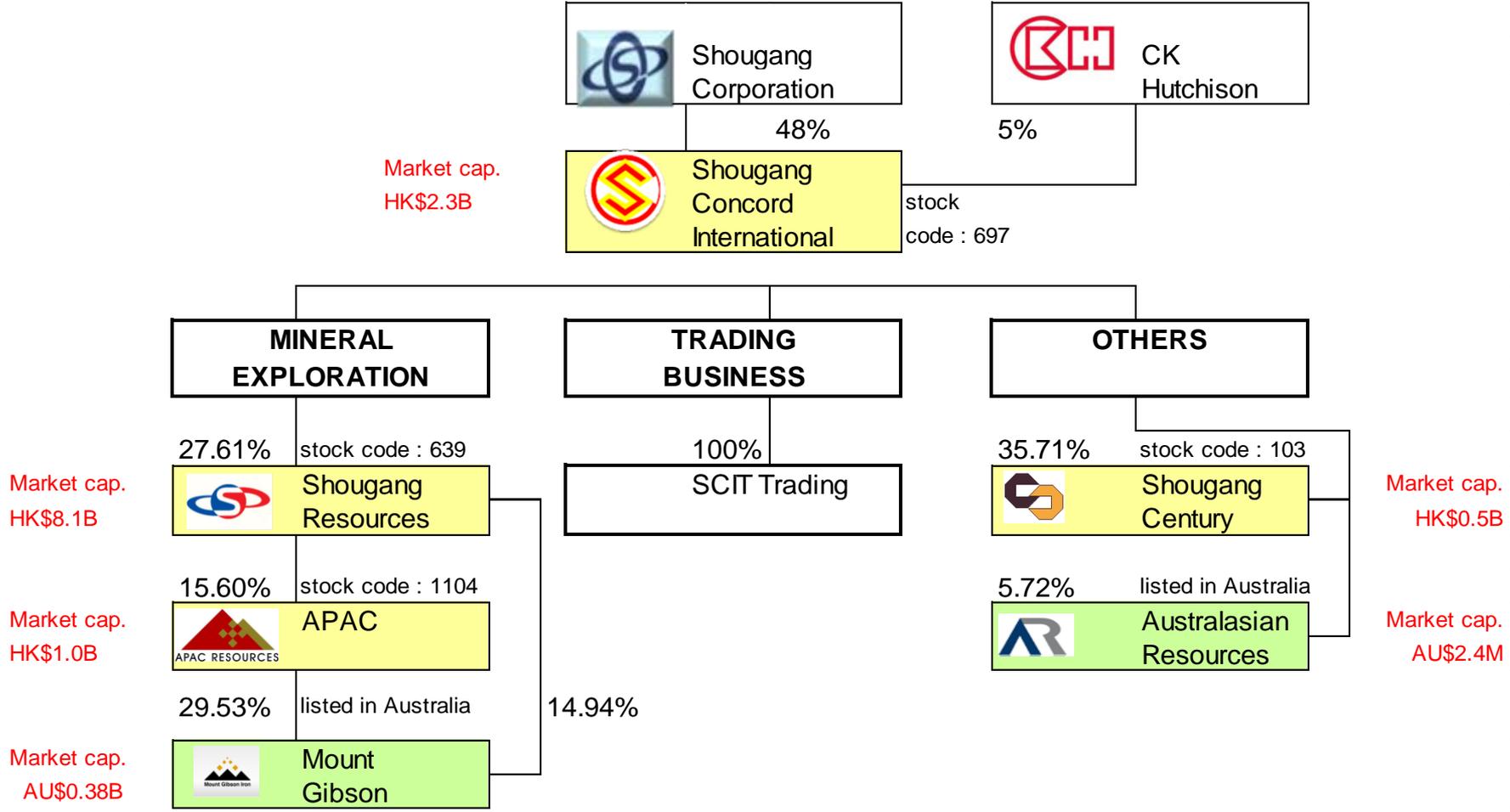
- **About Offtake Agreements**

Company overview

- **Listed in Hong Kong since 1992 through acquisition of Tung Wing Steel (Holdings) Ltd.**
- **Controlling shareholder is Shougang Corporation, which is under the supervision of the Beijing State-Owned Assets Supervision and Administration Commission**
- **Strategic shareholder also includes CK Hutchison Holdings Ltd.**
- **Disposal of Qinhuangdao Business completed on 30 December 2016. Ended the steel operations which had been running for over two decades.**
- **Current focus on trading of iron ore and held two listed associates, Shougang Fushan Resources Group Limited and Shougang Concord Century Holdings Limited.**

Simplified corporate structure

As at 31 December 2016



Operation base



Shanxi, Liulin County
- **Hard coking coal**
- via Shougang Resources



Shandong & Zhejiang
- **Steel Cord**
- via Shougang Century



From Australia & other area to PRC
- **Trading of iron ore**



- **Company Overview**

- **Financial Highlights**

- **About Shougang Resources**

- **About Offtake Agreements**

Key Financials

	2016 HK\$'M	2015 HK\$'M	+ Favourable/ -Unfavourable Change
Turnover	1,036	416	149%
Gross profit margin	4.8%	15.1%	-10.3%
Loss attributable to shareholders			
Continuing operations	(476)	(1,445)	67%
Discontinued operations	(1,145)	(1,904)	40%
	(1,621)	(3,349)	52%
Loss per share (HK cents)			
Continuing operations	(5.32)	(16.14)	67%
Discontinued operations	(12.78)	(21.25)	40%
	(18.10)	(37.39)	52%
Gross assets	5,847	21,263	-73%
Net assets attributable to shareholders	4,705	1,336	252%
Net assets per share attributable to shareholders (HK\$)	0.53	0.15	253%
Total loans to total assets	10.6%	37.8%	-27.2%

Turnover

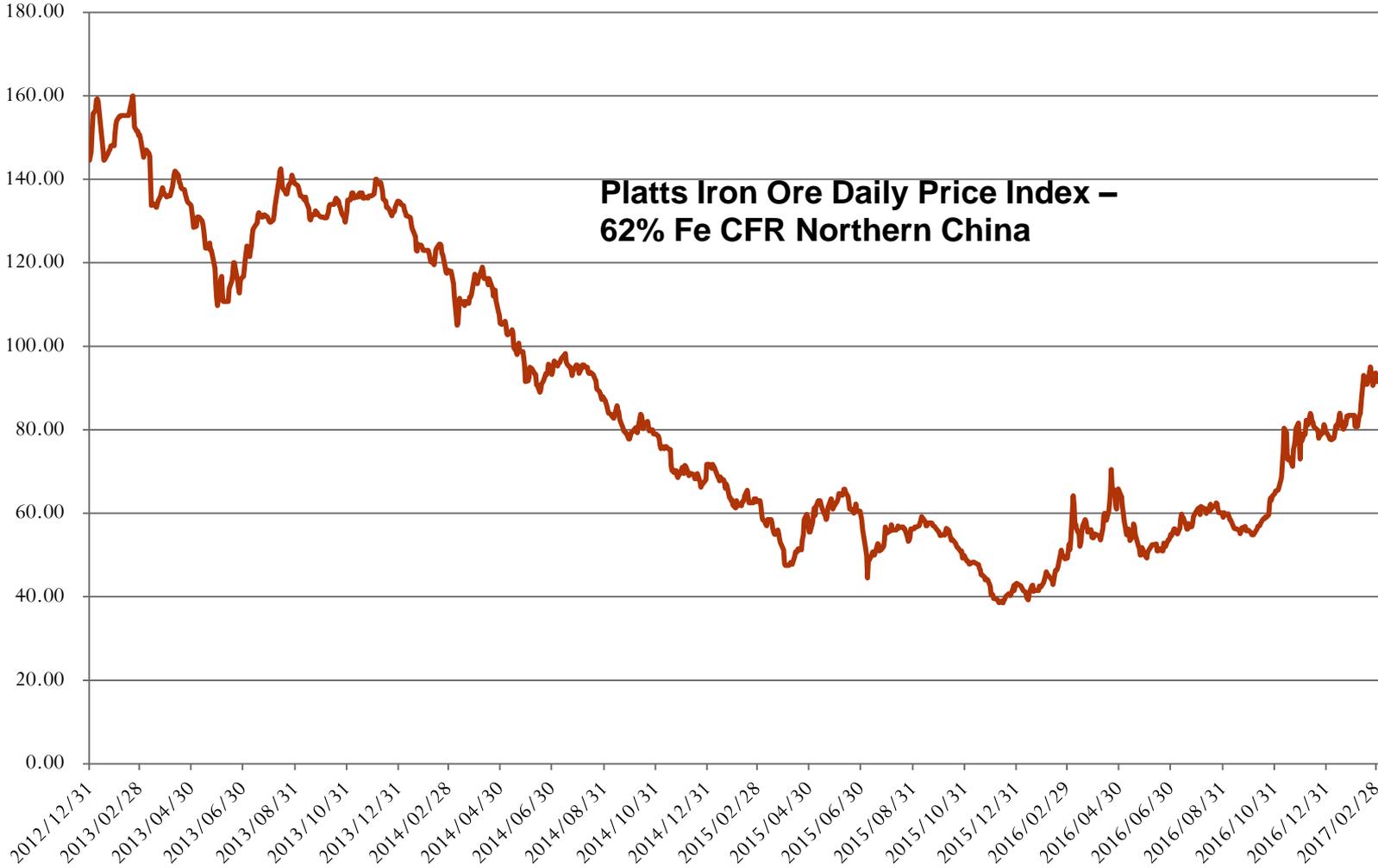
- Continuing Operations

	Turnover		Change
	2016 HK\$' M	2015 HK\$' M	
Trading business	1,032	412	150%
Others	4	4	0%
	<u>1,036</u>	<u>416</u>	<u>149%</u>

	2016	2015	Change
Mainly included trading of Iron ore:			
Sales volume ('000t)	2,405	1,238	94%
ASP (US\$/t)	54	40	35%

Iron ore price

USD per tonne

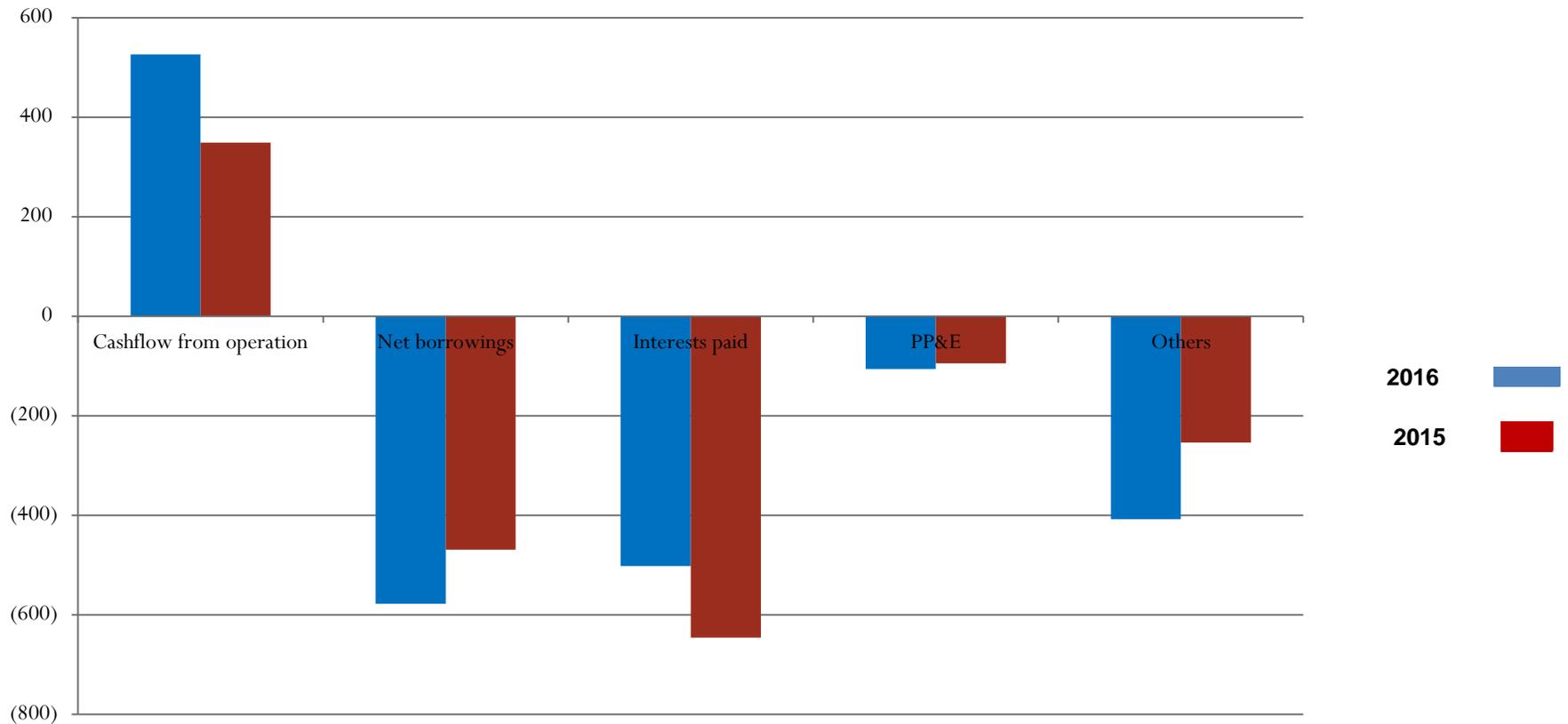


Contribution

	2016 HK\$'M	2015 HK\$'M	+ Favourable/ - Unfavourable Change
Continuing Operations:			
Trading Business	35	48	-27%
Fair value change on Mt. Gibson Offtake contracts	(131)	(220)	40%
Impairment loss on investment in Shougang Resources	(257)	(952)	73%
Exchange difference	(16)	4	-500%
Others	(116)	(51)	-127%
	<u>(485)</u>	<u>(1,171)</u>	59%
Share of results of Associates:			
Share of results of Shougang Resources	5	(139)	104%
Share of results of Shougang Century	4	(135)	103%
	<u>9</u>	<u>(274)</u>	103%
Loss from Continuing Operations	<u>(476)</u>	<u>(1,445)</u>	67%
Loss from Discontinued Operations	<u>(1,145)</u>	<u>(1,904)</u>	40%
Loss attributable to shareholders	<u>(1,621)</u>	<u>(3,349)</u>	52%

Cash flow profile

HK\$'M



Cash/Bank balances & Loans

	Group Total	Other than Qinhuangdao business	Qinhuangdao business	Group Total
	31-Dec-16 HK\$'M	31-Dec-15 HK\$'M	31-Dec-15 HK\$'M	31-Dec-15 HK\$'M
Cash and bank balances	561	620	1,009	1,629
Loans from banks*	617	905	5,705	6,610
Loans from parent co.	-	-	1,431	1,431
Total loans	617	905	7,136	8,041
Total assets	5,847	6,406	14,857	21,263
Total loans to total assets	10.6%	14.1%	48.0%	37.8%

* Excluding financing from discounted bills

- **Company Overview**

- **Financial Highlights**

- **About Shougang Resources**

- **About Offtake Agreements**

Shougang Resources



27.61% equity stake



HK:639

SHOUGANG FUSHAN RESOURCES GROUP LTD.

- ◆ Production of Premium Hard Coking Coal in Shanxi
- ◆ Financially hedged to our coal needs
- ◆ Committed to distribute $\geq 40\%$ of earnings as dividends

Coal mines operated by Shougang Resources



Key data of Shougang Resources

	2016 HK\$'M	2015 HK\$'M	Change
Turnover	1,810	1,997	-9.4%
Raw Coking Coal (tonnes)	483,000	281,000	71.9%
Price RMB/t (exclude VAT)	340	280	21.4%
Clean Coking Coal (tonnes)	2,115,000	2,606,000	-18.8%
Price RMB/t (exclude VAT)	657	594	10.6%
GP %	33.5%	24.5%	9.0%
Profit/(loss) attributable to shareholders before impairment loss	234	(58)	503.4%
Impairment loss (net of reversal of deferred tax and M.I.)	(122)	(358)	65.9%
Profit/(loss) attributable to shareholders	112	(416)	126.9%
Dividend per share (HK cents)			
Interim	-	1.0	N/A
Final	3.0	5.0	-40.0%
Special	15.0	15.0	-
	18.0	21.0	-14.3%

	12/2016 HK\$'M	12/2015 HK\$'M	Change
Cash & Bank balance	3,901	5,118	-23.8%
Loan balance	-	-	N/A
Gross Assets	19,104	20,728	-7.8%
Net assets	14,519	15,791	-8.1%
NAV per share (HK\$)	2.74	2.98	-8.1%
Gearing*	0.0%	0.0%	

* Gearing ratio is defined as total borrowings divided by total equity.

- **Company Overview**
- **Financial Highlights**
- **About Shougang Resources**
- **About Offtake Agreements**

Offtake agreements



Lifelong Offtake at below
Platts price



MOUNT GIBSON IRON LIMITED (MGX.AU)

- ◆ Supplier for trading business
- ◆ Production: lifelong offtake contract with us since Jul '09 for production in 2 mines namely, Talling Peak and Koolan Island
- ◆ Following the completion of mining activities in the mine of Talling Peak, currently, only the mine of Koolan Island could supply iron ore to the Group under the offtake agreements.
- ◆ However, a slump in Koolan Island occurred in late 2014, which further led to the flooding of the mine subsequently. Affected by this event, all non-essential activities on the Koolan Island have been suspended at the moment.

Forward looking statements

This presentation contains “Forward-looking statements” that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding Shougang Concord International Enterprises Co., Ltd.’s future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, estimates and projections of the directors and management of the Company about the business, the industry and the markets in which the Company operates in. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors.



**SHOUGANG CONCORD
INTERNATIONAL
ENTERPRISES COMPANY LIMITED**

THANK YOU!

Visit us at www.shougang-intl.com.hk for news and updates