



Press Release
(For immediate release)

Shougang Resources announces FY2011 annual results **Business continues to grow rapidly**

Financial and business highlights:

- Revenue up by 29% year-on-year to HK\$7.139 billion.
- EBITDA soared by 31% year-on-year to HK\$4.443 billion.
- Net profit increased by 20% year-on-year to HK\$2.650 billion.
- Net profit attributable to owners of the Company increased by 25% year-on-year to HK\$2.256 billion.
- Production volume of raw and clean coking coal were approximately 6.36 million tonnes and approximately 2.31 million tonnes, respectively.

(22 Mar 2012, 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 is pleased to announce audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2011 (the “Review Year”).

During the Review Year, the Group’s revenue soared by 29% over 2010 to HK\$7.139 billion. EBITDA increased by 31% to HK\$4.443 billion. In the Review Year, the Group’s average selling prices for raw and clean coking coal were RMB 1,021 and RMB 1,812 respectively. Our gross margin reached 70%. Net profit after tax and net profit attributable to owners of the Company advanced by 20% and 25% respectively to HK\$2.650 billion and HK\$2.256 billion. Basic earnings per share were HK41.93 cents as compared to HK33.52 cents for 2010. The board of directors recommended a final dividend of HK13 cents per share. Taking into account an interim dividend of HK6 cents per share, total dividend for 2011 will be HK19 cents per share.

The Company incurred a non-cash share-based compensation expense of HK\$177 million for the Review Year due to the granting of share options in 2009. If the non-cash item is excluded, the Group’s net profit after tax and net profit attributable to owners of the Company would be HK\$2.827 billion and HK\$2.433 billion respectively. The Company had cash resources of HK\$6.742 billion and the gearing ratio was only 4% at 31 December 2011.

The Group’s three premium coking coal mines in Liulin County, Shanxi Province ran

smoothly in the Review Year. Management had done an outstanding job continuously to maintain good safety record. In terms of production, a total of approximately 6.36 million tonnes of raw coking coal and approximately 2.31 million tonnes of clean coking coal respectively were produced during the year, representing a year-on-year increase of 2% and 43% respectively.

Meanwhile, the Group has strengthened effort in developing its clean coal business by establishing long-term strategic cooperation with major steel manufacturers in China and developing stable sales channels through optimization of customer mix. All our three existing coking coal mines in Liulin County have their own coal preparation plants. The latest coal preparation plant in Zhaiyadi commenced operation in the fourth quarter of last year. The Group's total annual processing capacity stands at 6 million tonnes.

The Company officially changed the name to "Shougang Fushan Resources Group Limited" in May 2011 to reflect the shareholder background and to distinguish our business nature, furthermore to demonstrate Shougang Group's continuous support to the Group.

Looking ahead, Mr. Li ShaoFeng, Chairman of Shougang Resources said, "In the first half of 2011, Chinese economy had maintained rapid growth where China's steel production reached 680 million tons, equivalent to half of the world's total output. Strong demand for steel will continue to drive the demand for coking coal consumption. Government is going to deliver the energy saving policy as a result steel mills have to build larger blast furnaces, these large-scale blast furnaces require high-quality coking coal as the main raw material, so the demand for high quality coking coal will continue to remain strong. Because there is a limited supply of premium hard coking coal, therefore the price of this premium coking coal will remain resilient. The Group as a producer of premium hard coking coal will take advantage of this situation and benefit in the long run. The Company will continue to improve productivity and production efficiency, strictly enforce safety management in our operations, at the same time actively looking for suitable acquisitions both domestically and overseas, to expand our resources, capacity and market share in order to create greater shareholder value to our shareholders.."

- End -

About Shougang Fushan Resources Group Limited

Shougang Fushan Resources Group Limited is one of the largest 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 sale of raw and clean coking coal. It boasts three premier coking coal mines in Shanxi Province, i.e., Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine. Their total annual production capacity is 6.3 million tonnes. The Group has established long-term relationships with various major steel manufacturers in Mainland China, including Shougang Group, Hebei Iron & Steel Group, Baogang Group and Ben Xi Steel Company. Shougang Group is the largest shareholder of Shougang Resources.

Contact

Email: ir@shougang-resources.com.hk