



*Press release*

*(For immediate release)*

## **Shougang Resources Announces 2012 Annual Results Business slowed down slightly**

### **Financial and operational highlights :**

- Revenue down by 21% year-on-year to HK\$5.651 billion
- EBITDA down by 21% year-on-year to HK\$3.504 billion
- Net profit decreased by 19% year-on-year to HK\$2.150 billion
- Net profit attributable to owners of the Company decreased by 20% year-on-year to HK\$1.800 billion
- Production volume of raw and clean coking coal were approximately 6.10 million tonnes and approximately 2.48 million tonnes respectively

(27 March 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 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 2012 (the “Year under Review”).

Net profit and Net profit attributable to owners of the Company were decreased by 19% and 20% to HK\$2.150 billion and HK\$1.800 billion respectively. Basic earnings per share was HK33.80 cents. Generally, 2012 annual results was decreased mainly due to the drop in coking coal selling prices. During the Year under Review, the Group’s average realised selling prices (inclusive of VAT) of raw and clean coking coal were RMB838/tonne and RMB1,423/tonne respectively, representing a year-on-year decrease of 18% and 21% respectively. As a result, our gross margin was dropped to 63%. The board of directors recommended a 2012 final dividend of HK10 cents per share. Taking into account an interim dividend of HK5 cents per share, total dividend for 2012 will be HK15 cents per share.

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 6.10 million tonnes of raw coking coal and approximately 2.48 million tonnes of clean coking coal were produced, compared to the same period in 2011’s 6.36 million tonnes and 2.31 million tonnes, year-on-year decrease by 4% and increase by 7% respectively.

It is the long-term strategy of the Group to develop our clean coking coal business, therefore 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. Each of our three mines has their individual preparation plant, and the annual total input processing capacity is over 6 million tonnes.

Looking ahead, the Company says, "In 2012, although we have faced a slowdown in the growth of China's economy, and GDP growth was only 7.8%, China was still the largest steel producer in the world by producing 716 million tonnes, a year-on-year growth by 4.8%. We still recorded net profit of HK\$2.150 billion in 2012. Coking coal prices have been stabilizing since November 2012 after the significant drop in the third quarter of 2012. As Chinese government will stimulate fixed asset investments especially in infrastructure projects, the steel sector and our coking coal business will be benefit eventually in the future. The Group will continue to maximize our production capacity and achieve economies of scale, at the same time actively look for suitable acquisitions both domestically and abroad to expand our resource reserve, production capacity and market share in order to maximize the return for our shareholders."

----- *END* -----

### **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, Baogang Group and Ben Xi Steel Company. Shougang Group is the largest shareholder of Shougang Resources.

### **Investor Enquiries:**

E-mail: [ir@shougang-resources.com.hk](mailto:ir@shougang-resources.com.hk)