



首鋼福山資源集團有限公司
SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(formerly known as
福山國際能源集團有限公司
Fushan International Energy Group Limited)
(Stock Code : 639)

Shougang Resources announces 2011 interim results
Sustainable business and profit growth

Financial and business highlights:

- Revenue substantial increased by 53% year-on-year to HK\$3.9 billion
- EBITDA substantial increased by 48% year-on-year to HK\$2.5 billion
- Net profit soared by 29% year-on-year to HK\$1.4 billion
- Net profit attributable to owners of the Company substantial increased by 35% year-on-year to HK\$1.1 billion
- Production volume of raw and clean coking coal were approximately 3.56 million tonnes and approximately 1.18 million tonnes, respectively
- Declared interim dividend of HK6 cents per share

(26 Aug 2011, 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 unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2011 (the “Review Period”).

During the Review Period, the Group’s revenue increased from last period’s HK\$ 2.5 billion to HK\$3.9 billion, representing a year-on-year increase of 53% and EBITDA increased by 48% to HK\$2.5 billion. The Group’s average selling price of raw and clean coking coal increased by 26% and 6% respectively. Gross profit margin reached 75%. Net profit and net profit attributable to owners of the Company (the “Owners”) increased by 29% and 35% respectively to HK\$1.4 billion and HK\$1.1 billion. In the first half of 2011 basic earnings per share were HK21.02 cents as compared to HK15.56 cents for the same period in 2010. The remarkable 2011 interim results were resulted from the increase in production volume of raw coking coal by 20% and the surge of selling price.

The board of directors has declared 2011 interim dividend of HK6 cents per share.

The Company incurred a non-cash share-based compensation expense of HK\$139 million for the Review Period due to the granting of share options in August 2009. If this non-cash item was excluded, the Group’s net profit and net profit attributable to Owners of the Company would be HK\$1.5 billion and HK\$1.3 billion respectively. As at 30 June 2011, the Group had free cash and bills receivables of HK\$5.3 billion and the Group’s gearing ratio was 5%.

The Company's three premium operating coking coal mines in Liulin County, Shanxi Province ran smoothly in the first half of 2011. Management had done an outstanding job to maintain a good safety record continually. In terms of production, a total of approximately 3.56 million tonnes of raw coking coal and approximately 1.18 million tonnes of clean coking coal were produced during the Review Period compared with last period's approximately 2.96 million tonnes and approximately 0.68 million tonnes, representing a year-on-year increase of 20% and 74% respectively.

Meanwhile, the Group's long term strategy is to expand its clean coal business and strengthen efforts to expand by establishing long-term strategic cooperation with major steel manufacturers in the PRC and developing stable sales channels through optimization of customer mix. All three operating mines in Liulin County currently have their own coal preparation plants. The new coal preparation plant in Zhaiyadi Coal Mine, with an annual processing capacity of 2.1 million tonnes, commenced operation in the fourth quarter of 2010 and the Group's total annual input processing capacity reached 6 million tonnes.

The Company changed its name to Shougang Fushan Resources Group Limited in May 2011. The purpose of the name change is more appropriately to reflect the business nature of the Group and the shareholding structure of the Company as well as the continual support from Shougang Group.

Looking ahead, Mr. Michael Chen, Vice-chairman and Managing Director of Shougang Resources said, "China's economy was growing at a fast pace in the first half of 2011 and produced 350 million tonnes of steel which is equivalent to 50% of the world's production. It is expected that the strong steel demand will continue to drive up the need for coking coal. On the other hand, government's continual effort to enforce implementation on carbon emission saving program had allowed the steel mills to build large scale blast furnaces. These large blast furnaces require premium hard coking as a major ingredient and will continue to drive up the strong demand for premium coking coal. As a premium coking coal provider, Shougang Resources will be able to benefit from this situation. In addition, we continue to upgrade our productivity as well as safety measures and at the same time we are eagerly looking for acquisition opportunities both domestically and abroad to increase our reserves, capacity and market share to maximize the return for our shareholders."

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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 premium operating coking coal mines in Liulin County, 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 manufacturers in the Mainland, including Shougang Group, Hebei Iron & Steel Group and Inner Mongolia Baotou Steel. Shougang Group is the single largest shareholder of the Company.

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