



**SHOUGANG CONCORD INTERNATIONAL
ENTERPRISES COMPANY LIMITED**

**For the six months ended 30 June 2017
Interim Results Presentation**

Stock: 697

- **Company Overview**

- **Financial Highlights**

- **About Shougang Resources**

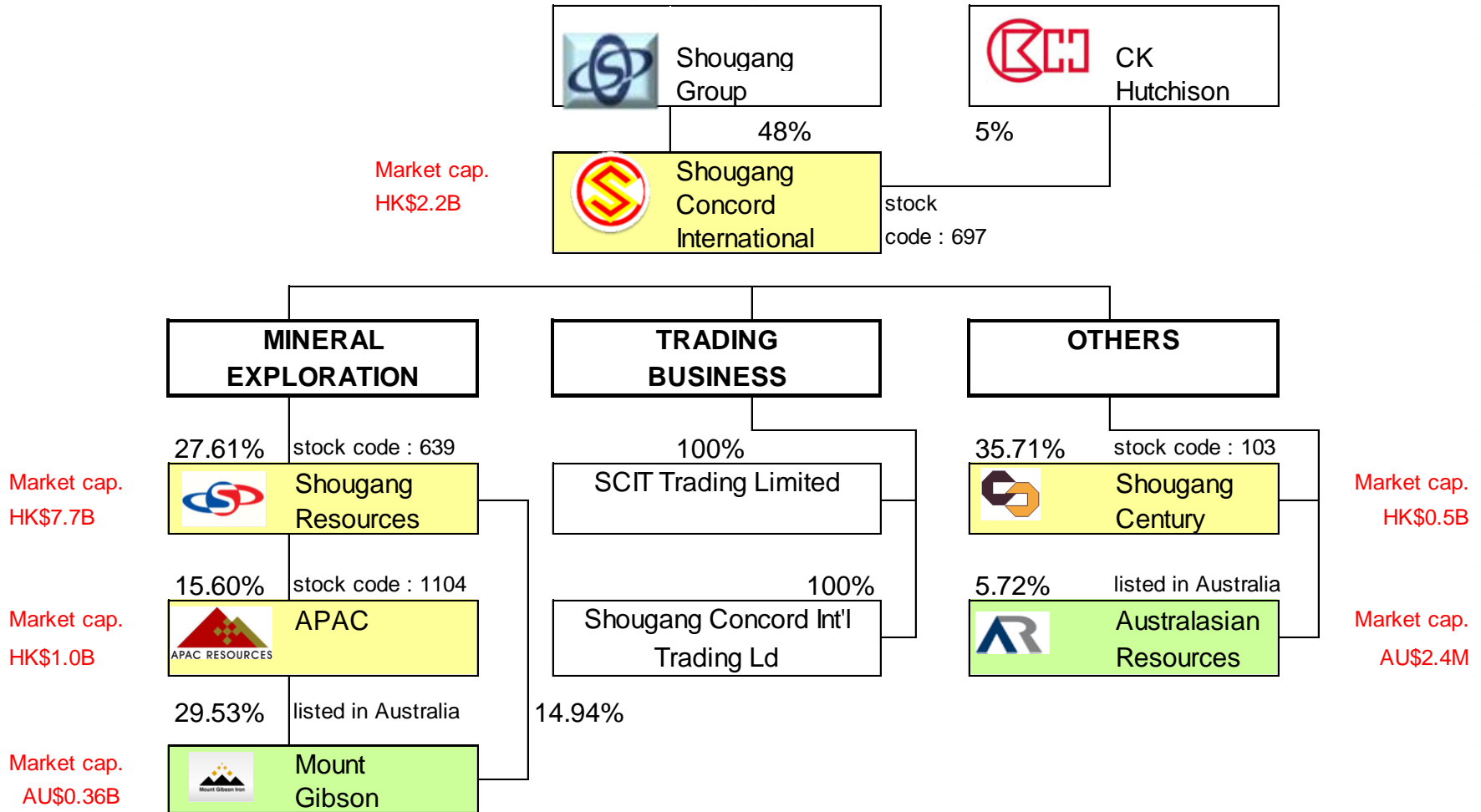
- **About Offtake Agreements**

Company overview

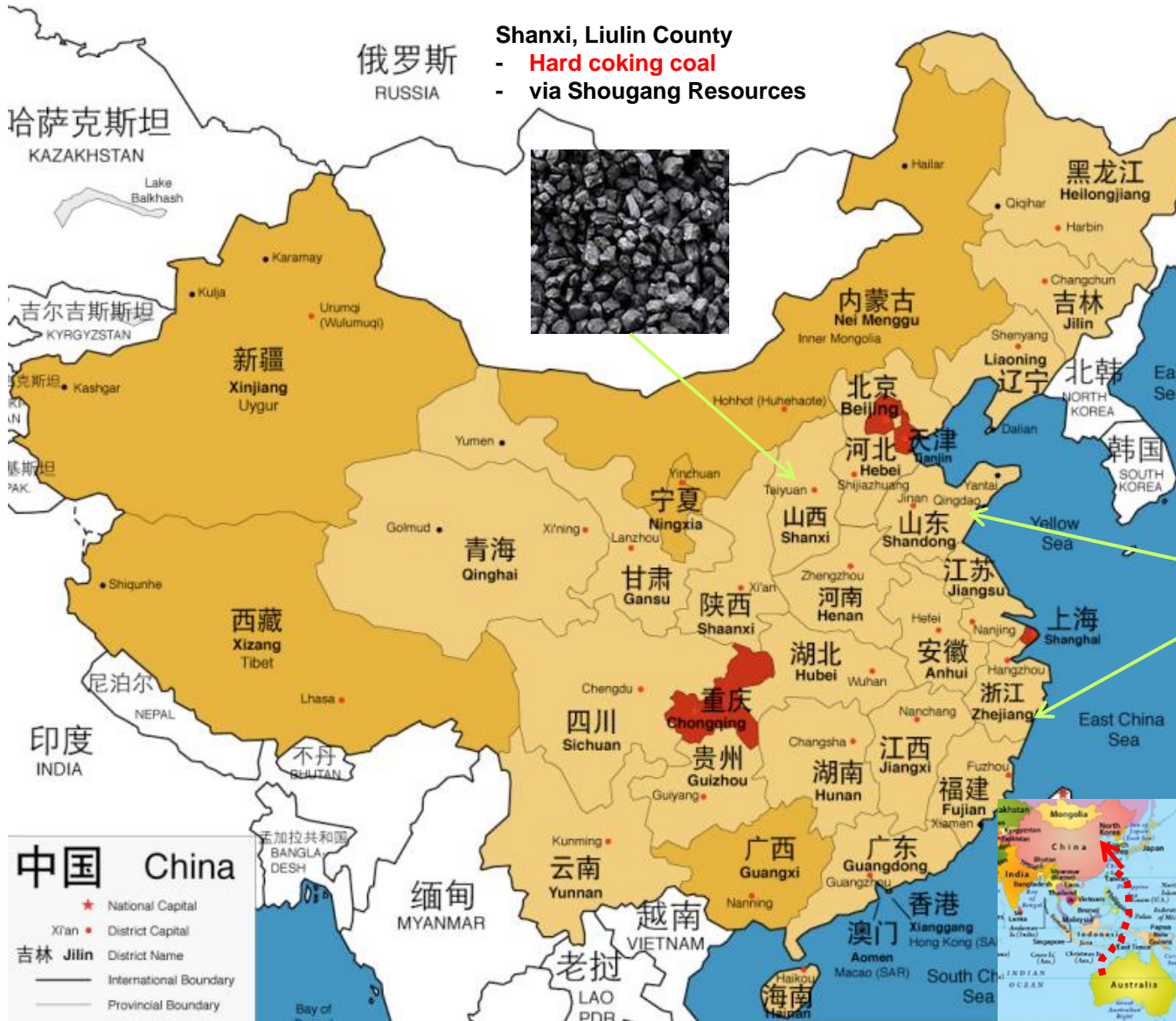
- **Listed in Hong Kong since 1992 through acquisition of Tung Wing Steel (Holdings) Ltd.**
- **Controlling shareholder is Shougang Group Co., Ltd, which is under the supervision of the Beijing State-Owned Assets Supervision and Administration Commission**
- **Strategic shareholder also includes CK Hutchison 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 30 June 2017

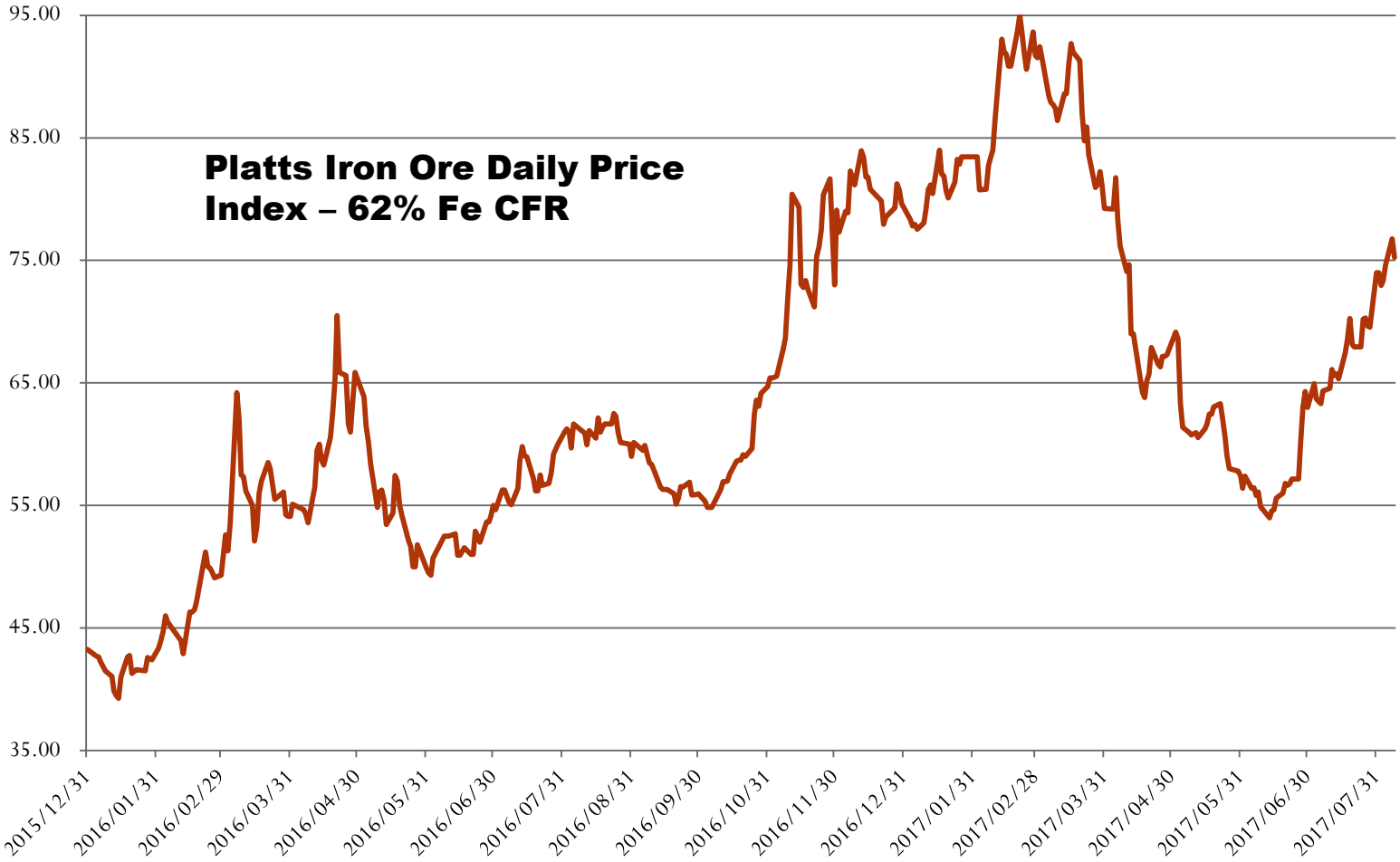


Operation base



Iron ore price

USD per tonne



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Financial highlights

	1H 2017 HK\$'M	1H 2016 HK\$'M	+ Favourable/ -Unfavourable Change
Turnover	1,306	478	173%
Gross profit margin	0.9%	7.4%	-6.5%
Profit (loss) attributable to shareholders			
Continuing operations	142	(385)	137%
Discontinued operations	-	(541)	100%
	142	(926)	115%
Earnings (loss) per share (HK cents)			
Continuing operations	1.58	(4.30)	137%
Discontinued operations	-	(6.04)	100%
	1.58	(10.34)	115%
Gross assets	5,826	19,421	-70%
Net assets attributable to shareholders	4,960	479	935%
Net assets per share			
attributable to shareholders (HK\$)	0.55	0.05	1000%
Gearing ratio*	7.0%	N/A	N/A

* Gearing ratio is defined as bank loans less cash and bank balances divided by shareholders' funds.

Turnover

- Continuing Operations

	Turnover				
	1H 2017		1H 2016		Change
	HK\$' M		HK\$' M		
Trading business	1,304	100%	476	100%	174%
Others	2	0%	2	0%	0%
	<u>1,306</u>	<u>100%</u>	<u>478</u>	<u>100%</u>	<u>173%</u>

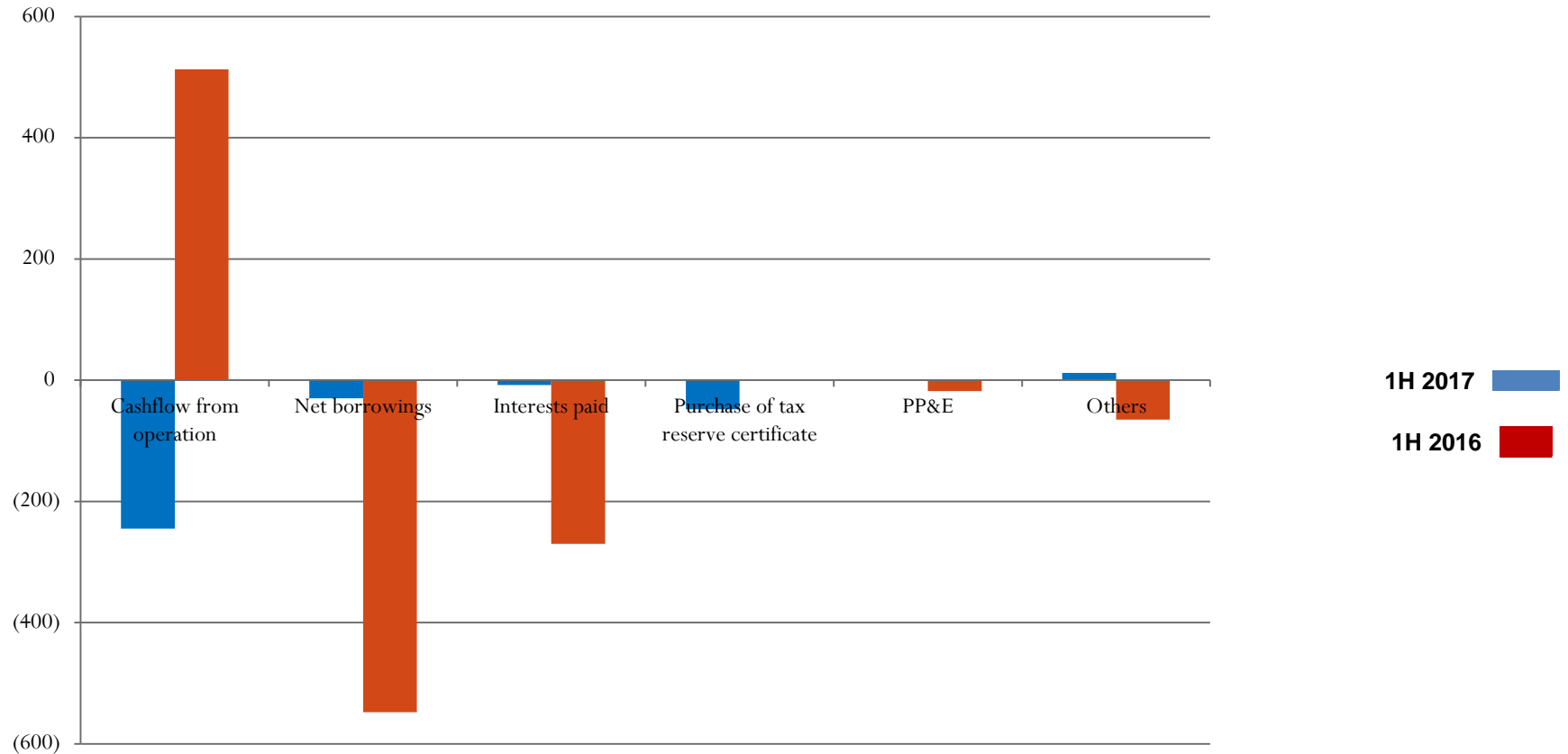
	1H 2017	1H 2016	Change
Mainly included trading of Iron ore:			
Sales volume ('000t)	2,525	1,392	81%
ASP (US\$/t)	66	49	35%

Contribution

	1H 2017 HK\$'M	1H 2016 HK\$'M	+ Favourable/ - Unfavourable Change
Continuing Operations:			
Trading Business	12	29	-59%
Fair value change on Mt. Gibson Offtake contracts	(24)	(11)	-118%
Impairment loss on investment in Shougang Resources	-	(257)	100%
Exchange difference	(5)	(8)	38%
Others	(20)	(24)	17%
	<u>(37)</u>	<u>(271)</u>	86%
Share of results of Associates:			
Share of results of Shougang Resources	170	(97)	275%
Share of results of Shougang Century	9	(17)	153%
	<u>179</u>	<u>(114)</u>	257%
Profit (loss) from Continuing Operations	<u>142</u>	<u>(385)</u>	137%
Loss from Discontinued Operations	<u>-</u>	<u>(541)</u>	100%
Profit (loss) attributable to shareholders	<u>142</u>	<u>(926)</u>	115%

Cash flow profile

HK\$'M



Cash/Bank balances & Loans

	30-Jun-17 HK\$'M	31-Dec-16 HK\$'M
Cash and bank balances	241	561
Bank loans		
Term loans	418	617
Short term trading loans	170	-
Total bank loans	<u>588</u>	<u>617</u>
Shareholders' funds	4,960	4,705
Gearing ratio	7.0%	1.2%

* *Gearing ratio is defined as bank loans less cash and bank balances divided by shareholders' funds.*

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Shougang Resources



27.61% equity stake



HK:639

SHOUGANG FUSHAN RESOURCES GROUP LTD.

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

Coal mines operated by Shougang Resources



Key data of Shougang Resources

	1H 2017 HK\$'M	1H 2016 HK\$'M	Change
Turnover	1,918	678	182.9%
Raw Coking Coal (tonnes)	732,000	268,000	173.1%
Price RMB/t (exclude VAT)	601	239	151.5%
Clean Coking Coal (tonnes)	997,000	1,023,000	-2.5%
Price RMB/t (exclude VAT)	1,254	497	152.3%
GP %	60.3%	18.8%	41.5%
Profit (loss) attributable to shareholders before impairment loss	662	(2)	N/A
Impairment loss (net of reversal of deferred tax and M.I.)	-	(305)	100.0%
Profit (loss) attributable to shareholders	662	(307)	315.6%
Dividend per share (HK cents)			
Interim	3.0	-	N/A
Special	-	15.0	-100.0%
	3.0	15.0	-80.0%

	6/2017 HK\$'M	12/2016 HK\$'M	Change
Cash & Bank balance	4,366	3,901	11.9%
Loan balance	-	-	N/A
Gross Assets	20,786	19,104	8.8%
Net assets attributable to shareholders	15,222	14,519	4.8%
NAV per share (HK\$)	2.87	2.74	4.7%
Gearing*	0.0%	0.0%	

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

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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, Tallering Peak and Koolan Island
- ◆ Following the completion of mining activities in the mine of Tallering 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. In April 2017, Mt. Gibson announced the restoration plan for Koolan Island Mine based on its results of feasibility study and technical assessments on Koolan Island. It is expected the mine will restart the sales of iron ore in early 2019.

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.



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THANK YOU!

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