



Press release

(For immediate release)

Shougang Resources Announces 2012 Interim Results Business slowed down slightly

Financial and operational highlights :

- Revenue down by 14% year-on-year to HK\$3.339 billion.
- EBITDA down by 16% year-on-year to HK\$2.072 billion.
- Net profit decreased by 9% year-on-year to HK\$1.251 billion.
- Net profit attributable to owners of the Company decreased by 11% year-on-year to HK\$1.006 billion.
- Production volume of raw coking coal and clean coking coal were approximately 3.04 million tonnes and approximately 1.23 million tonnes respectively.

(28 Aug 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 announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the 6 months ended 30th June ,2012 (the “Period under Review”).

During the Period under Review, the Company’s average realized selling price (inclusive of VAT) of raw coking coal and clean coking coal were RMB 1,064 /tonne and RMB 1,687 /tonne respectively. Our gross margin was 69%. Net profit after tax and Net profit attributable to owners of the Company decreased by 9% and 11% to HK\$ 1.251 billion and HK\$ 1.006 billion. Basic earnings per share was HK 18.79 cents versus HK 21.02cents of the same period in 2011. The Board of Directors declared a 2012 interim dividend of HK 5 cents per share.

The Group’s three premium operating coking coal mines in Liulin County, Shanxi Province ran smoothly in the Period under Review. In terms of production, a total of approximately 3.04 million tonnes of raw coking coal and approximately 1.23 million tonnes of clean coking coal were produced, compared to the same period in 2011’s 3.56 million tonnes and 1.18 million tonnes, year-on-year decrease by 15% and increase by 4% respectively.

It is the long-term strategy of the Group to put more emphasis on developing 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 possessed their individual preparation plant, and the annual total input processing capacity was over 6 million tonnes.

Looking ahead, the Company says, "In the first half of 2012, although we have seen a slowdown in the growth of China's economy, and GDP growth was only 7.8%, China still remained to be the largest steel producer in the world by producing 357 million tonnes, a year-on-year growth by 1.8%. The Chinese government issued "12th Five-Year Plan for the Coal Industry" and "Interim Provision for Development and Utilization of Special and Scarce Coal Type" to implement cautious development on the special and scarce coal types. As coking coal is classified as scarce coal type, the reduction in the production quantity of these special and scarce coal types will enhance the valuation of coking coal. The Company as a premium coking coal producer will benefit as a result. The Company will continue to dedicate to maximize our production capacity and efficiency, to strengthen safety management, at the same time eagerly search for suitable acquisitions both domestically and abroad to expand our resources, production capacity and market share to create maximum investment returns for our shareholders."

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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.

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