



福山國際能源集團有限公司

FUSHAN INTERNATIONAL ENERGY GROUP LIMITED

2010 Annual Results Presentation

March 2011





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Agenda

2010FY Results Highlights

2010FY Financial Review

**Market and Business
Review**

Business Outlook



2010FY

Results Highlights





2010 FY Results Highlights

Operations experienced robust growth for FY 2010:

- Revenue up by 30% to HK\$5,543 million
- Net Profit up by 54% to HK\$2,215 million
- Profit attributable to Owners up by 60% to HK\$1,803 million
- Excluding non-cash share-base compensation expense¹, the Group's net profit would be HK\$2,502 million and profit attributable to Owners would be HK\$2,090 million
- EBITDA up by 28% to HK\$3,395 million
- Cash and bills receivables up by 160% to HK\$4,340 million
- Declared interim dividend HK5 cents; recommended final dividend of HK10 cents per share
- Produced 6.23Mt of raw coking coal and 1.6Mt of clean coking coal
- Improved efficiency and productivity by upgrading of long walls
- Maintained high safety standards with no major accidents recorded

Note : 1. Granted share options in August 2009 resulted in incurred a non-cash share-base compensation expense of HK\$287 million for 2010



2010 FY Financial Review

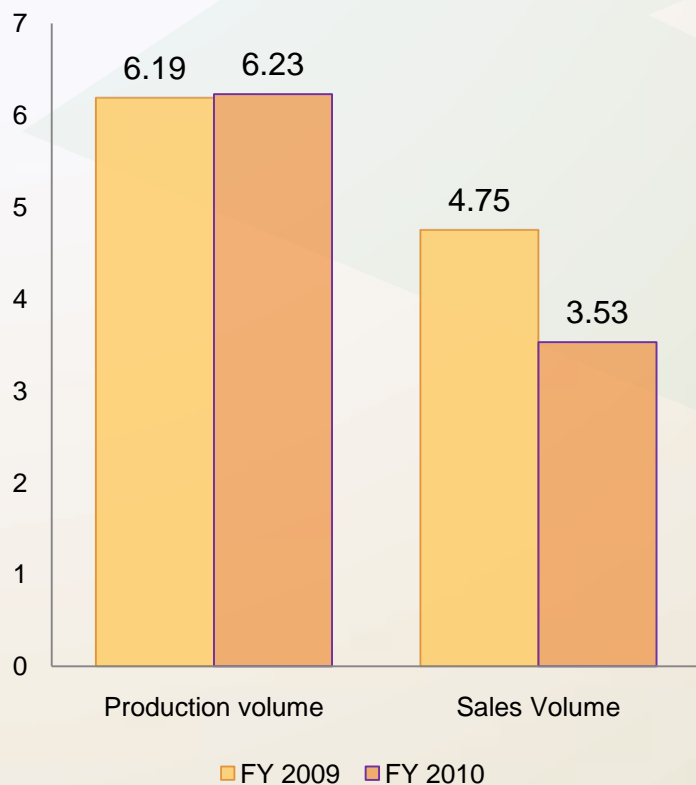




Operating Data

Production and Sales Volume of Raw Coking Coal

(million tonnes)



Production and Sales Volume of Clean Coking Coal

(million tonnes)

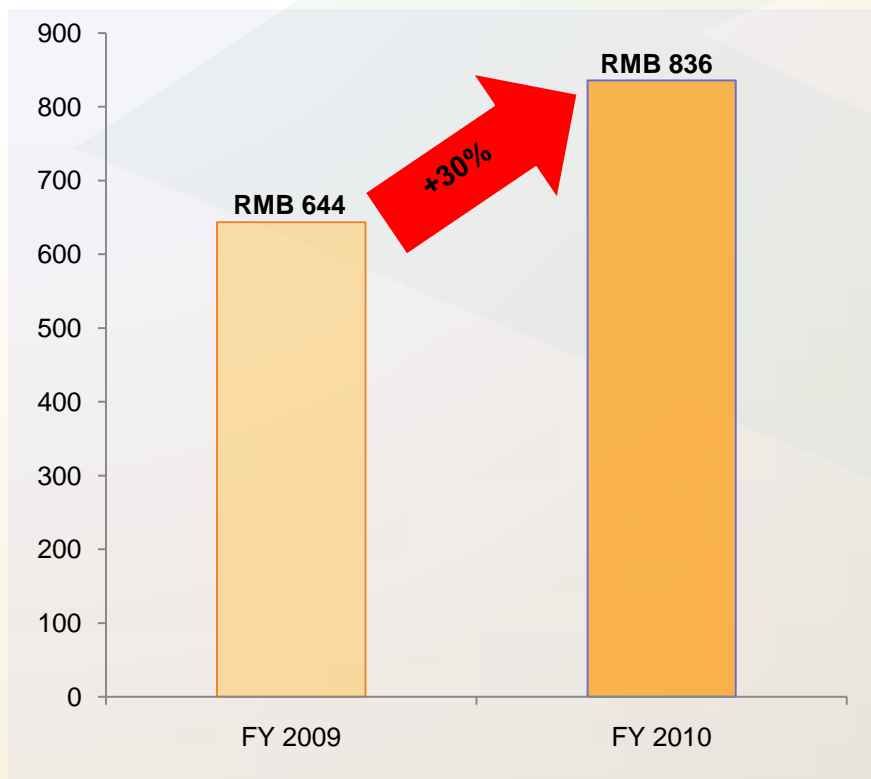




Operating Data

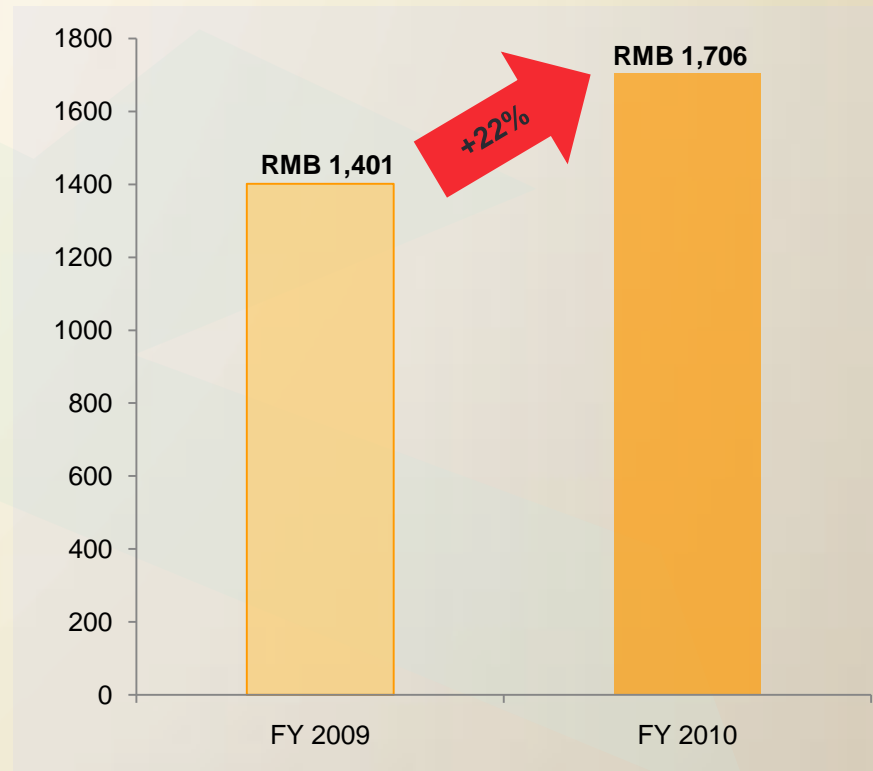
Average Selling Price of Raw Coking Coal

(million tonnes)



Average Selling Price of Clean Coking Coal

(million tonnes)



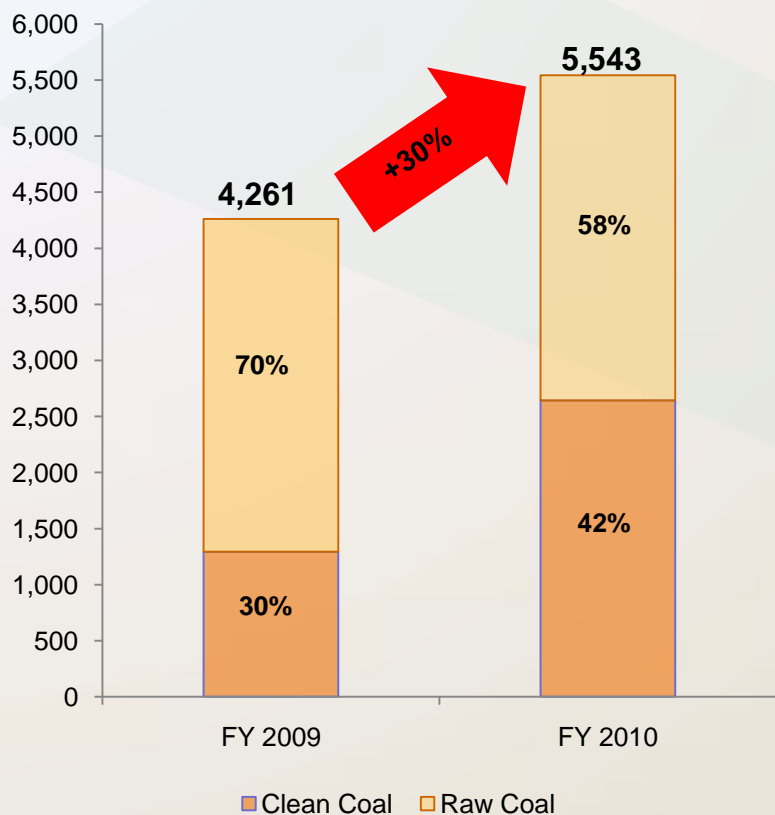
In Q4 2010, started to sell #9 semi soft clean coal



Effective Operations leads to a Huge Profit

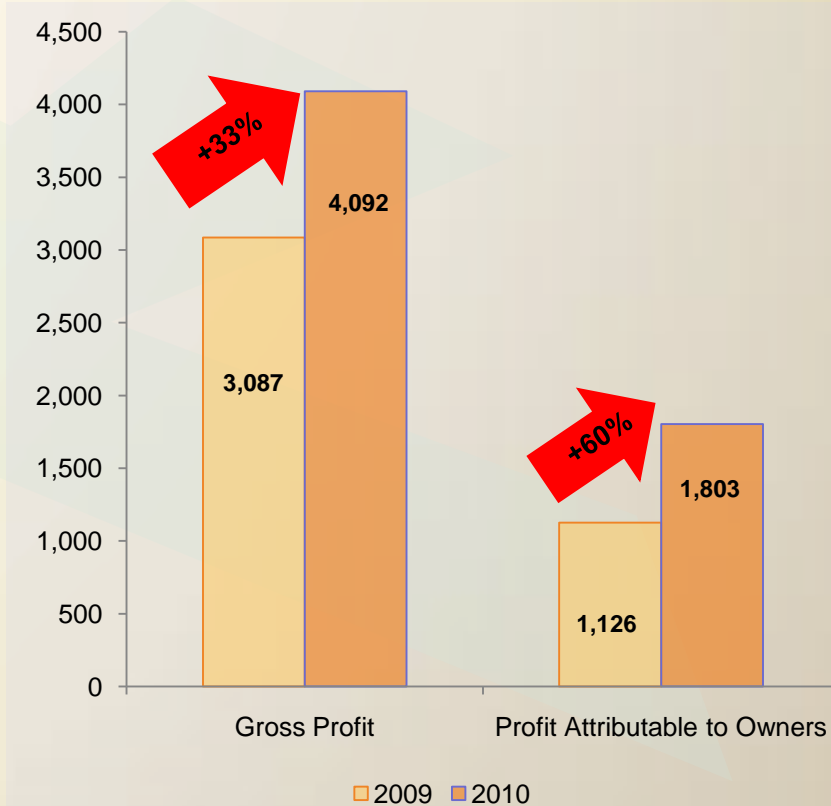
Revenue

(HK\$ million)



Gross Profit/ Profit Attributable to Owners

(HK\$ million)

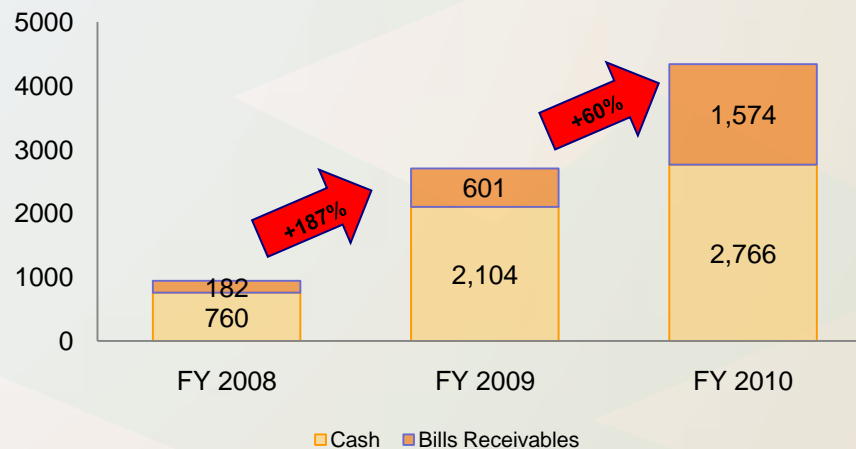




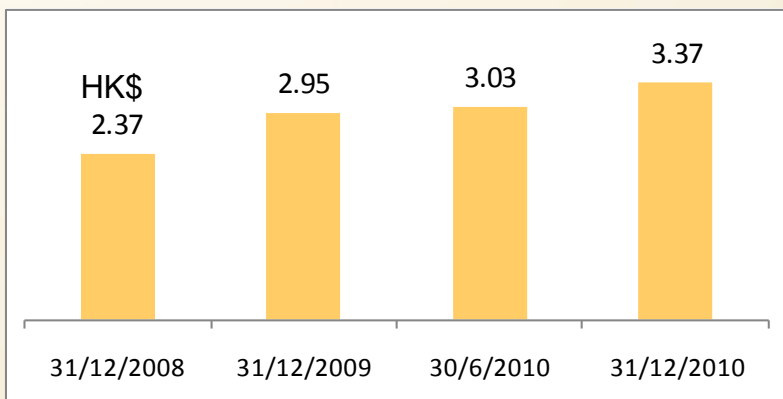
Strong Financial Position

Cash and Bills Receivables

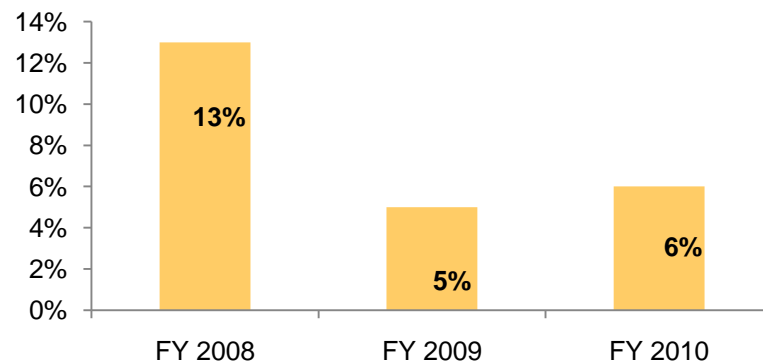
(HK\$ million)



Net Asset Value Per Share



Gearing Ratio (total borrowings/ total equity)





Market and Business Review

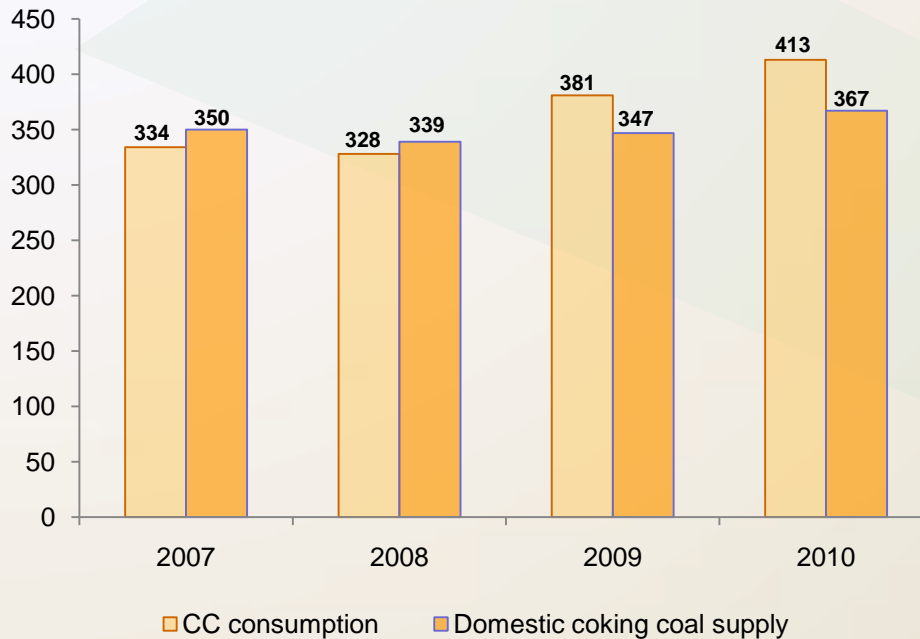




Market Review

China Coking Coal Production and Consumption

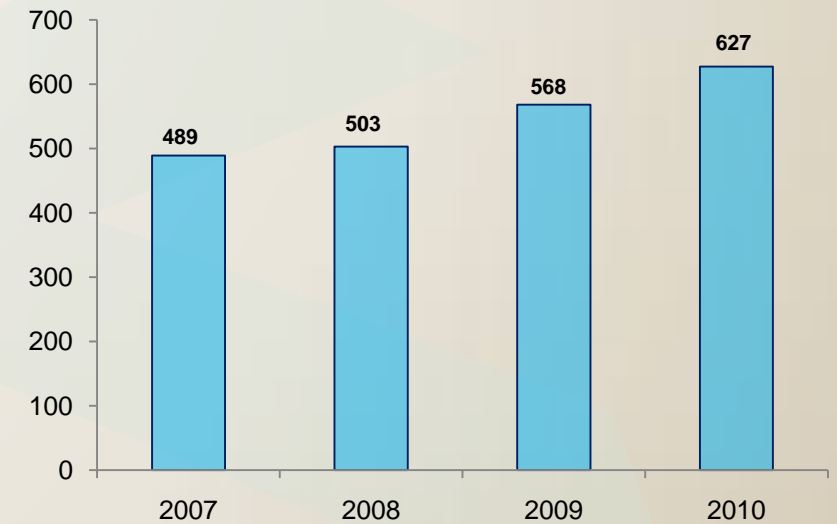
(million tonnes)



Source: NBS, CLSA Asia Pacific Markets

China Crude Steel Production

(million tonnes)

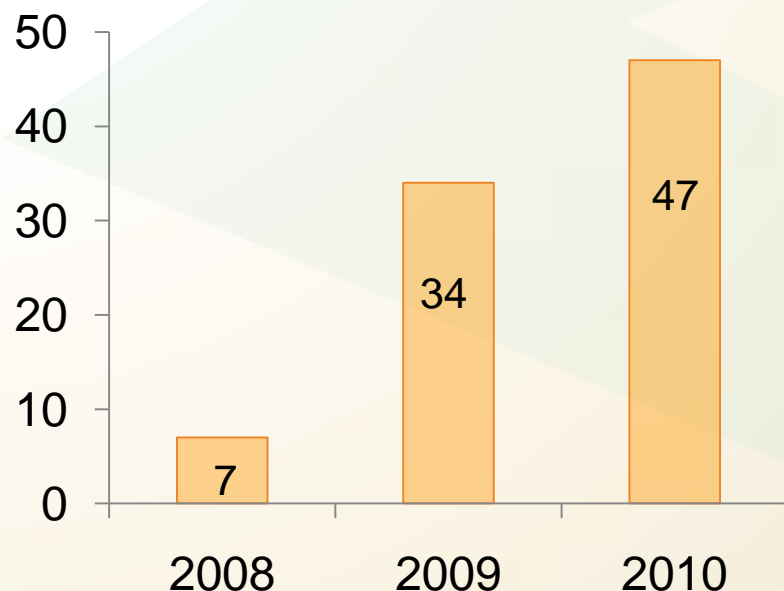


Source: NBS, CLSA Asia Pacific Markets



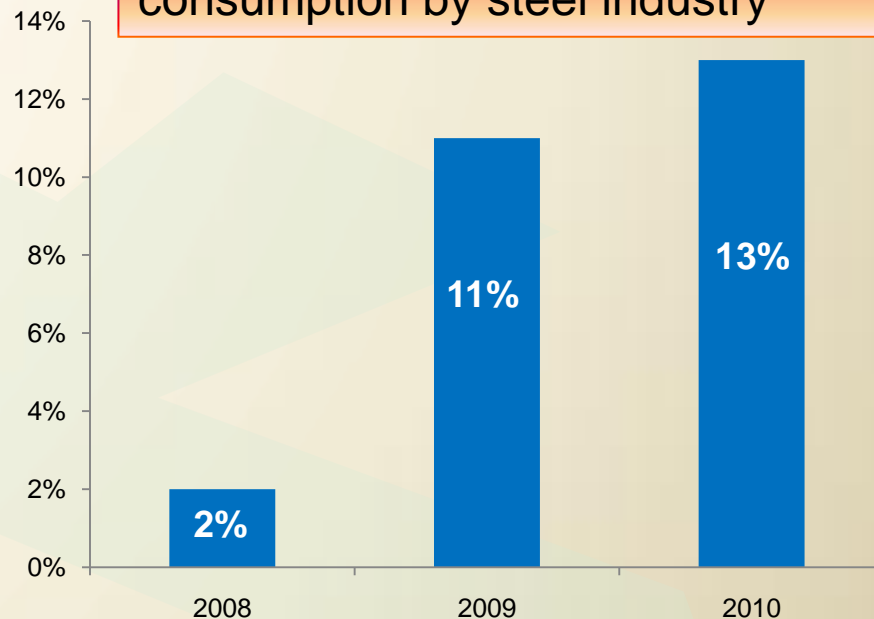
Market Review

Coking Coal imported to China
(in mn)




Source: SX Coal

Coking coal import as % of
consumption by steel industry



Source: SX Coal

- China became a significant net importer of coking coal:
 - 2009 import 34mn
 - 2010 import 47mn ( 37%)



Market Review

China Coking Coal Supply/ Demand (Clean coal basis)

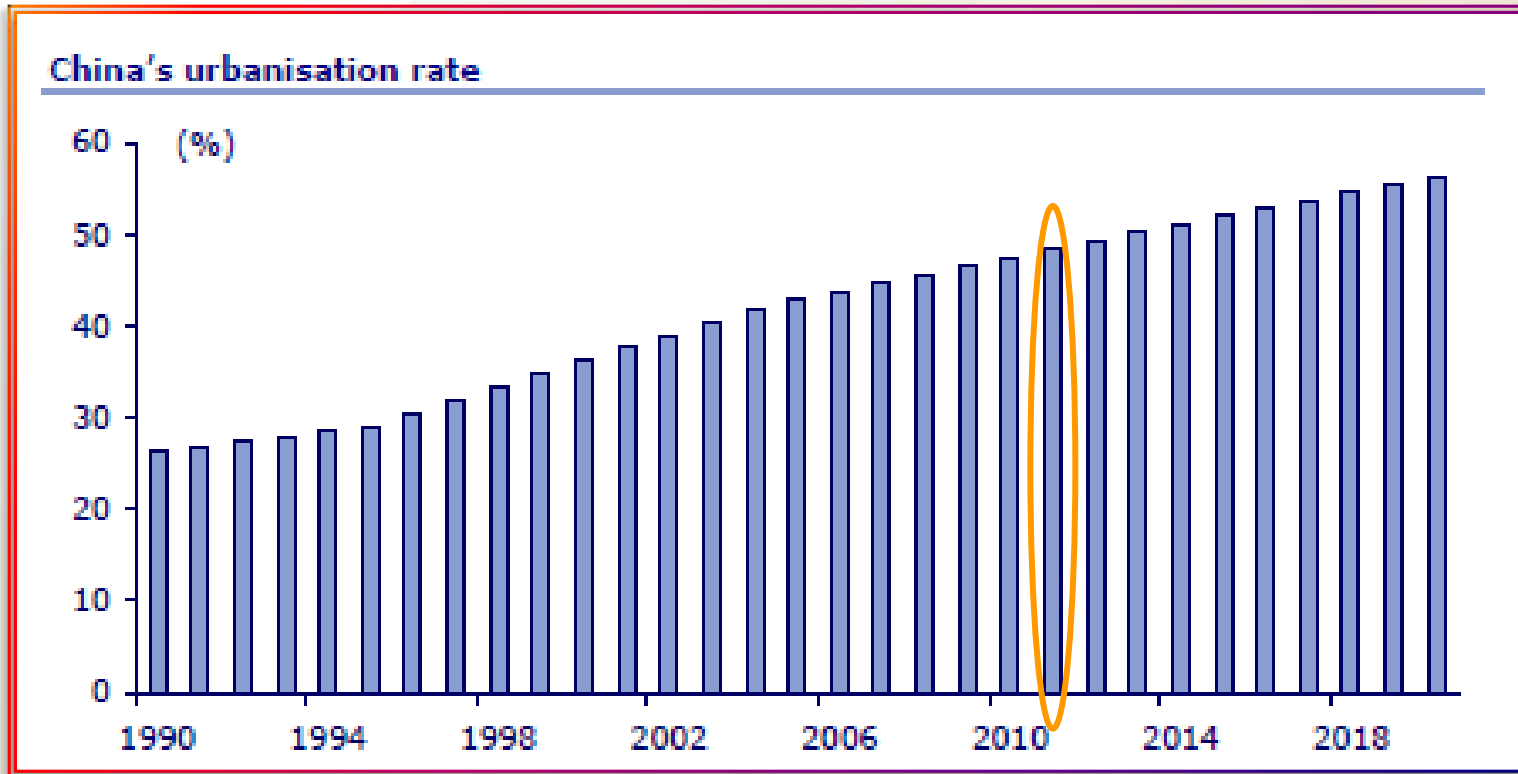
	ton mn	2007	2008	2009	2010	2011E	2012 E
Crude Steel Production		490	500	568	626	671	725
yoy		16%	2%	13%	10%	8%	8%
Total Coking Coal Consumption in Steel Industry		306	294	319	341	364	389
yoy		11%	-4%	8%	7%	7%	7%
Major Coking Coal Mine Output		237	240	251	276	301	322
yoy		23%	1%	5%	10%	9%	7%
Estimated Small Coking Coal Mine Output		86	67	35	18	5	-
yoy		-16%	-22%	-48%	-30%	-35%	-35%
Total Coking Mine Output for Steel-making		323	307	286	294	306	322
yoy		10%	-5%	-7%	4%	3%	5%
Domestic Coking Coal Surplus (Deficit)		17	13	-33	-47	-58	-68
Coking Coal Net Import		4	3	34	47	58	68
Import		6	7	35	47	59	69
Export		3	3	1	0	1	1

Source: BofA Merrill Lynch Global Research



Market Review

Urbanization and domestic consumption the key for continued growth in China

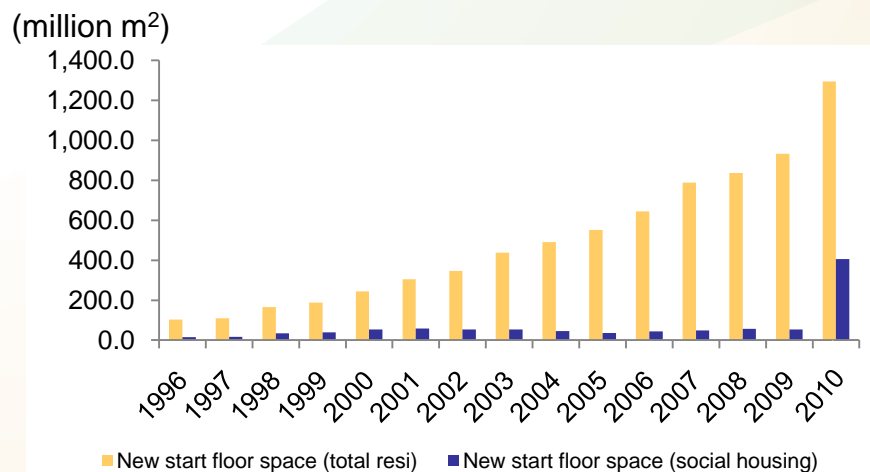


- Urbanization will continue to take place in China
- In 2010, China's urbanization rate is around 47%
- China's urbanization rate is expected to be 51% by 2015
- Between 2011- 2015, 50- 75mn population will be urbanized



Market Review

Property Construction by Floor Area in China



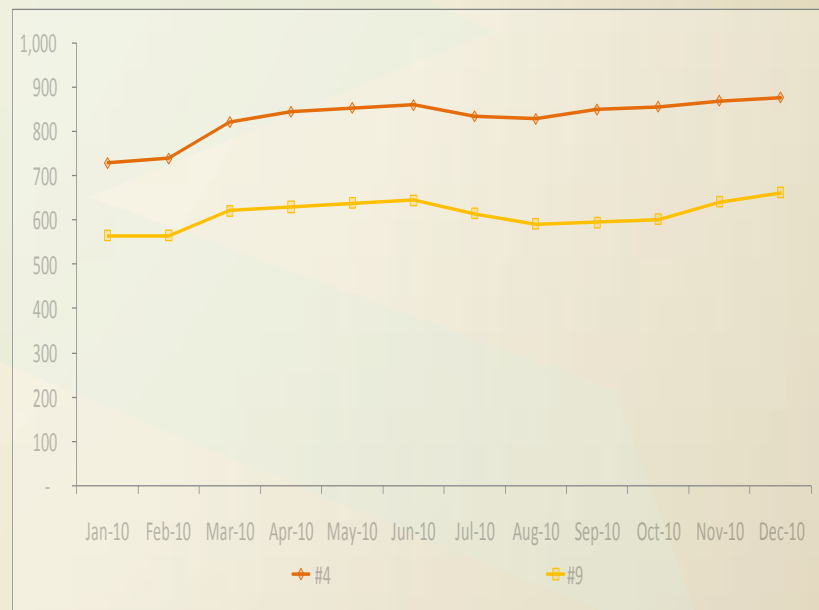
Source: National Bureau of Statistics of China

Further investment on high speed rail

- During 12th 5 year plan Central Government plans to invest RMB 3.5 trillion in building high speed railway infrastructure
- By 2015 to have 45,000km of high speed rail
- MoR's goal is to have high speed rail covering cities with population over 500,000
- MoR's long term target is to separate passenger from cargo transportation by building more high speed rail for passenger
- This will free up more routes just for cargo transportation

Selling price of #4 and #9 coking coal in Shanxi

RMB (ex VAT)/ton





Business Review – Coal Mines in Liulin

Zhaiyadi Preparation Plant

- Commenced trial operation in Q4 2010
- Annual input processing capacity of 2.1 million tons
- Uses dense medium technology for raw coal processing (Dense medium technology is currently the most effective means of sorting coal and has a higher sorting accuracy than other processing methods. Besides, it is highly adaptable to handling different volumes of raw coal with diverse qualities.)





Business Review – Coal Mines in Liulin

Jinjiazhuang Preparation Plant

- Commenced operation in June 2009
- Annual input processing capacity of 3 million tons
- Equipped with advanced monitoring system
- Also uses state-of-the-art dense medium technology for coal processing





Business Review – Coal Mines in Liulin

Fushan recorded no material safety incidents throughout 2010

Continued efforts on improving coal mines

- In 1st half 2010, upgraded longwall to increase efficiencies and productivity

Production safety improvement plan

- Conducting regular on-the-job safety training to workers
- Safety certificate awarded by the China National Coal Association (CNCA) every year
- Large-scale pumps and advanced alert systems to tackle water leakage accidents
- Powerful ventilation and degassing systems
- Significant investments for enhancing safety measures
- Use of safety vehicle with anti- explosive protection function

Environmental protection works

- Investing to build a “green” environment for our employees
- Utilize wastewater recycling system for coal processing
- Gas collected for power generation





Business Review

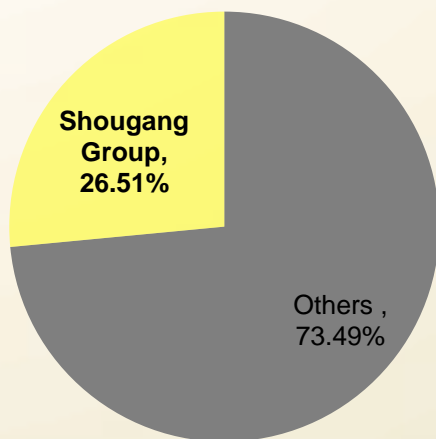
Good relationship with key steelmakers



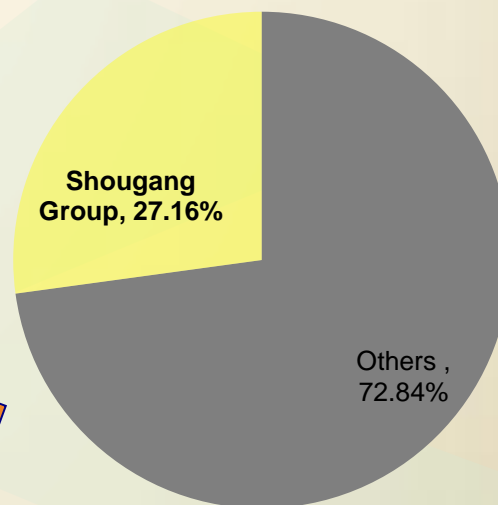
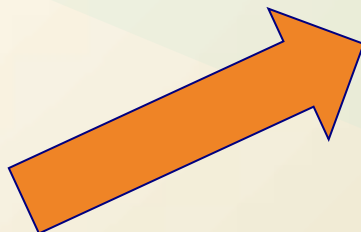


Strong Support from Shougang Group

Shougang Group owns 1,461 million shares of Fushan Energy (equity interest of 27.16%)



As of 31 December 2009



As of 31 December 2010



Business Outlook





Business Outlook

Expanding coking coal business with a focus in Shanxi Province

Continue to provide a green and safe working environment for staff

Continue to shift our product mix to clean coking coal sales

Continue to strengthen and expand our customer base with key domestic steelmakers

Seeking acquisition opportunities domestic and abroad to enlarge reserves, production capacity and market share



Thank you!



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