



**Press Release**  
**(For immediate release)**

## **Fushan Energy announces FY2009 annual results** **Business achieves robust growth**

Financial and business highlights:

- Revenue soared by 136% year-on-year to HK\$4.470 billion.
- EBITDA soared by 120% year-on-year to HK\$2.609 billion.
- Net profit after tax increased by 104% year-on-year to HK\$1.442 billion.
- Net profit attributable to owners of the Company advanced by 98% year-on-year to HK\$1.126 billion.
- Production volumes of raw coking coal and clean coal were approximately 6.2 million tonnes and approximately 1.0 million tonnes, respectively.

(15 April 2010, Hong Kong) Fushan International Energy Group Limited (“Fushan Energy” or the “Company”; Stock Code: 639.HK), one of the largest hard coking coal producers in the PRC, today announced audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2009 (the “Review Period”).

During the Review Period, the Group’s revenue soared by 136% over 2008 to HK\$4.470 billion. EBITDA increased by 120% to HK\$2.609 billion. Net profit after tax and net profit attributable to owners of the Company advanced by 104% and 98%, respectively to HK\$1.442 billion and HK\$1.126 billion. Basic earnings per share were HK23.53 cents as compared to HK16.86 cents for 2008. The board of directors recommended a final dividend of HK11 cents per share. Taking into account an interim dividend of HK10 cents per share, total dividend to be paid out for 2009 will be HK21 cents per share.

The Company incurred a non-cash share-based compensation expense of HK\$110 million for the Review Period due to the granting of share options. In addition, it recorded a one-off non-cash net transaction loss of HK\$221 million arising from acquisition of available-for-sale financial assets in 2009. When the above non-cash items are excluded, the Group’s net profit after tax and net profit attributable to owners of the Company would be HK\$1.773 billion and HK\$1.457 billion, respectively, representing a substantial increase of 151% and 157% over 2008. As at 31 December 2009, it had cash and cash equivalents of HK\$2.104 billion, an increase of 177% from a year ago. The gearing ratio was 5% at 31 December 2009 as compared to 13% at the end of last year.



Mr. Cao Zhong, Vice-chairman and Managing Director of Fushan Energy, commented, "In the face of severe challenges, the Chinese government introduced a series of stimulus packages to accelerate infrastructure development and to revive domestic demand. These measures provided a favourable environment for the coking coal sector. Meanwhile, domestic supply of coking coal remained tight because the number of small coal mines in Shanxi Province, a major coal production base in China, fell sharply after the local government stepped up efforts to consolidate coal mine enterprises in the province. With great support from our largest shareholder Shougang Group and the dedication of all our staff members, we seized market opportunities by enhancing our production capacity and efficiency while ensuring production safety. We also actively pursued acquisition targets in order to lay a solid foundation for sustainable growth."

The Group's three premier coking coal mines in Liulin County, Shanxi Province ran smoothly in the Review Period. They also achieved an outstanding production safety record. A total of approximately 6.2 million tonnes of raw coking coal and approximately 1.0 million tonnes of clean coal were produced during the year. In the last five months of 2008 after the Group had acquired the three mines, a total of approximately 2.5 million tonnes of raw coking coal and approximately 0.3 million tonnes of clean coal were produced.

Meanwhile, the Group has strengthened efforts in developing its clean coal business since 2009 so as to forge long-term strategic cooperation with major steel manufacturers in China and to develop stable sales channels through optimization of customer mix. The new coal preparation plant in Jinjiazhuang commenced operation in the third quarter of last year, with an annual processing capacity of 3 million tonnes. When the other two new coal preparation plants come into operation in the later part of this year or early next year, the Group's total annual processing capacity will rise to 11 million tonnes and all three existing mines in Liulin County will have their own coal preparation plant.

In addition, the Group acquired a partial equity interest in Mount Gibson, the fourth largest iron ore producer in Australia. Mount Gibson currently produces 7 million tonnes of iron ore per annum and will ramp up its production to 10 million tonnes per annum by 2011. The transaction allows it to extend its operations from coking coal to iron ore. In order to increase its coal reserves, the Group is currently in negotiations to acquire 12 coking coal mines in Shanxi Province, which are close to its existing three



coking coal mines. The addition of these coking coal mines would increase the Group's annual production capacity by no less than 6 million tonnes.

To carry out our social responsibility, Fushan Energy dedicates itself to giving back to society while achieving persistent business growth. In 2009, the Group and other coal enterprises in Liulin County committed themselves to contribute for the construction of modern schools which cover a total land area of 1,000 mu, with an aim to nurture the future workforce of Liulin County. During the Review Period, the Group made a charitable donation of about HK\$125 million to the Liulin Provincial Government for the construction of a number of schools and provision of educational facilities. The Group will also make a charitable donation of about HK\$125 million for this project in each of the coming two financial years up to 2012.

The Company's shares have been included in the Hang Seng Composite Index and the MSCI Emerging Markets Index since 2009. They have also been included in the Xinhua FTSE HK Index since March 2010. These achievements reflected that its operations and management were widely acclaimed by international investors.

Looking ahead, Mr. Cao Zhong said, "The outlook for the coking coal sector in 2010 is still promising. There will be ardent demand for steel on the back of a revival in the global economy, which will boost demand for coking coal. At the same time, a number of major coal producing provinces in China including Henan and Shanxi are carrying out measures to consolidate local coal mines. As a result, the domestic coking sector will face acute supply problems in the foreseeable future. We will continue to step up efforts to enhance our production capacity, efficiency and safety. Meanwhile, we will actively pursue acquisition opportunities in a prudent manner in order to enlarge our share and influences in the market. At the same time, we will strengthen our clean coal operation and will deepen and broaden our cooperation with Shougang Group and other major domestic steel manufacturers with an aim to creating greater value for shareholders."

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### **About Fushan International Energy Group Limited**

Fushan International Energy 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 premier coking coal mines in Shanxi Province, i.e., Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine. Their total annual production capacity is 6.3 million tonnes. The Group has established long-term relationships with various major steel manufacturers in Mainland China, including Shougang Group, Hebei Iron & Steel Group, Baogang Group and Taiyuan Iron and Steel Company. Shougang Group is the largest shareholder of Fushan Energy.

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