



Press Release
(For immediate release)

Fushan Energy announces FY2010 interim results **Clean coking coal business achieves robust growth**

Financial highlights:

- Revenue increased by 28% year-on-year to HK\$2.659 billion.
- EBITDA increased by 12% year-on-year to HK\$1.586 billion.
- Net profit after tax increased by 15% year-on-year to HK\$1.060 billion.
- Net profit attributable to owners of the Company increased by 9% year-on-year to HK\$0.837 billion.

(26 August 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 unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2010 (the “Review Period”).

During the Review Period, the Group’s revenue increased by 28% year-on-year to HK\$2.659 billion. EBITDA increased by 12% to HK\$1.586 billion. Net profit after tax and net profit attributable to owners of the Company increased by 15% and 9% year-on-year respectively to HK\$1.060 billion and HK\$0.837 billion. Basic earnings per share were HK15.56 cents. The board of directors recommended the payment of an interim dividend of HK5 cents per share.

The Company incurred a non-cash share-based compensation expense of HK\$147 million in the first half due to the granting of share options in August last year. If the above non-cash item was excluded, the Group’s net profit after tax and net profit attributable to owners of the Company would have been HK\$1.207 billion and HK\$0.984 billion, respectively, representing an increase of 31% and 28% over the corresponding period last year.

Mr. Chen Zhouping, Vice-chairman and Managing Director of Fushan Energy, commented, “The property and auto sectors in China slowed down in the first half, leading to a correction in the steel industry since the second quarter. Meanwhile, China suffered from structure shortages of coking coal, in particular hard coking coal, and the shortage problems were further aggravated when some major coal production provinces such as Henan and Shanxi began to consolidate their local coal mines.



Domestic coking coal prices fluctuated upwards as international prices rose early this year. During the period under review, with the strong support from our parent Shougang Group, we further strengthened the development of clean coking coal operations and this was evidenced by an increase in our gross profit. At the same time, we felt very proud of maintaining an excellent record in production safety.”

During the Review Period the Group’s three quality coking coal mines in Liulin County, Shanxi Province operated smoothly. A total of approximately 2.96 million tonnes of raw coking coal were produced in the first half, a decrease of 9% over the corresponding period last year. Average selling price of raw coking coal was RMB 803 (including VAT) per tonne, an increase of 34% over the same period last year. The reduction in raw coking production was due to the change of long wall at the Group’s two mines in order to raise the production efficiency and to provide a better working environment for our miners. Operations of all mines had resumed and we expect production to run normally in the second half.

Meanwhile, the Group’s clean coking coal production increased 51% to 680,000 tonnes in the first half as it strengthened efforts in developing clean coking coal business and enhanced strategic cooperation with major steel manufacturers in China. Average selling price of clean coking coal increased to RMB 1,707 (including VAT) per tonne, an increase of 30% over the same period last year. In order to further expand clean coking coal operations, the Group is building new coal processing plants near Zhaiyadi Mine and Jinshan Mine. The one near Zhaiyadi Mine is expected to commence operation at the end of this year. The Group’s total annual processing capacity will increase to 6.3 million tonnes from the existing level of 4.2 million tonnes. The new processing plant near Jinshan Mine will be completed next year, further increase the Group’s total annual processing capacity to 11 million tonnes.

During the Review Period, the Group maintained a sound financial position. As at 30 June 2010, it held cash and cash equivalents of HK\$2.110 billion; its gearing ratio at 7%; and the Group’s net assets reached HK\$17.758 billion.

Looking ahead, Mr. Wang Pingsheng, Chairman of Fushan Energy, said, “The coking coal industry will face various challenges in the second half of 2010. The domestic property, automobile sectors as well as steel exports will still be facing uncertainties, the coking coal sector will inevitably be affected because coking coal is a major raw material for steel making. Nevertheless, the coking coal price is expected to remain stable due to the problems of structural shortages. Limited domestic new supply and



some major production areas will continue to consolidate their local coal mines. We will continue to work hard to expand coking coal operations in a prudent manner and make efforts in maintaining our excellent production safety record. At the same time, we will cautiously look for suitable acquisition opportunities in order to enlarge our production volume and market share through greater economies of scale and synergies, thus to maximize returns for our 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 and Baogang Group. Shougang Group is the largest shareholder of Fushan Energy.

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