



SHOUGANG FUSHAN RESOURCES GROUP LIMITED

Stock Code : 639

2019 Annual Results

26 March 2020





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Outstanding Performance in 2019



2019 Major Financial Metrics

EBITDA*

HK\$ 2.22 billion

YOY up 10%

Cash Flow from Operation

HK\$ 1.92 billion

YOY up 17%

Current Ratio

2.61x

2018: 2.58x

Earning per Share

HK 21.51 cents

YOY up 4%

Dividend per Ordinary Share

Final HK 8.7 cents

Annual total dividends of HK 17.2 cents
2019 payout ratio: 80%

Receivables Days

41 Days

2018: 57 days

Profit Attributable to Shareholders

HK\$ 1.14 billion

YOY up 4%

Excluding Jinjiazhuang upper coal seam assets one-off written-off and exchange rate impact, profit attributable to shareholders was HK\$ 1.25 billion, a YOY increase of 13%

Free cash and bill Receivables

HK\$ 5.8 billion

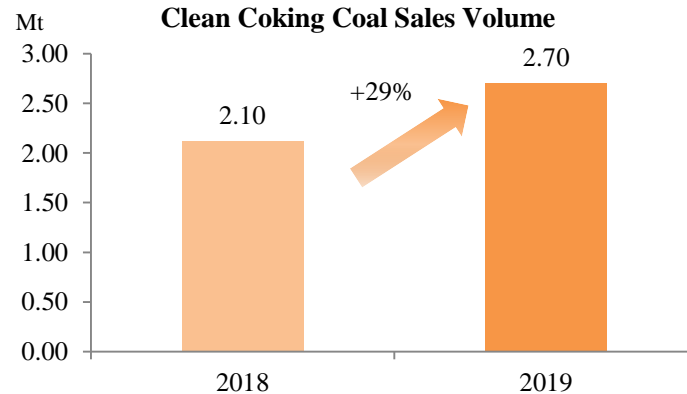
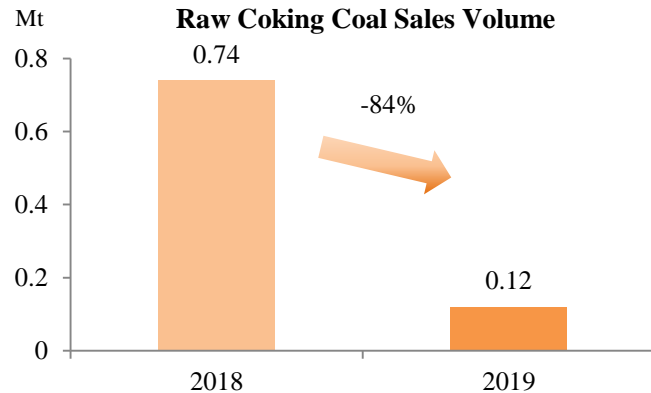
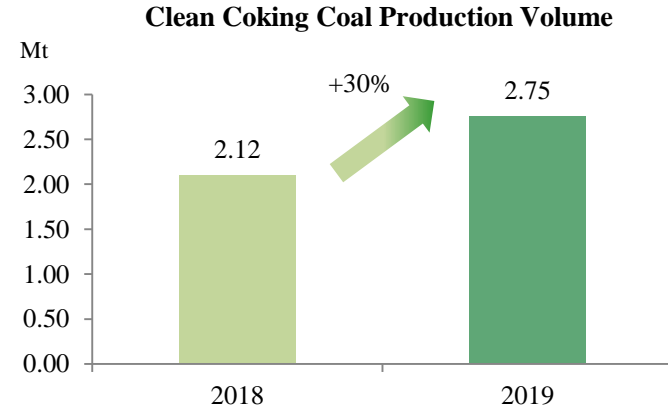
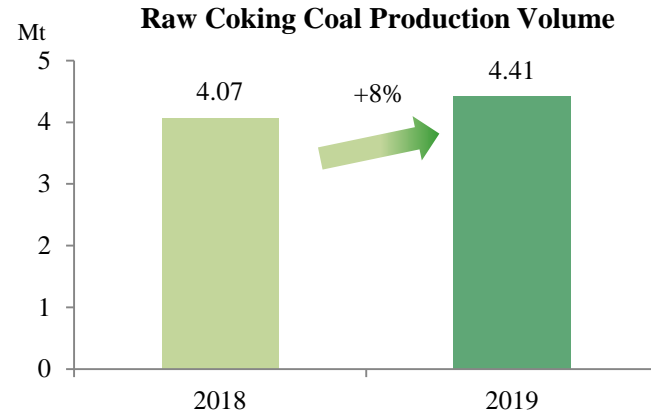
Gearing Ratio

0%

* EBITDA is defined as profit before income tax plus financial costs, changes in the fair value of derivative financial instruments, share of profit / (loss) of an associate, depreciation, amortization, written off of property, plants and equipment



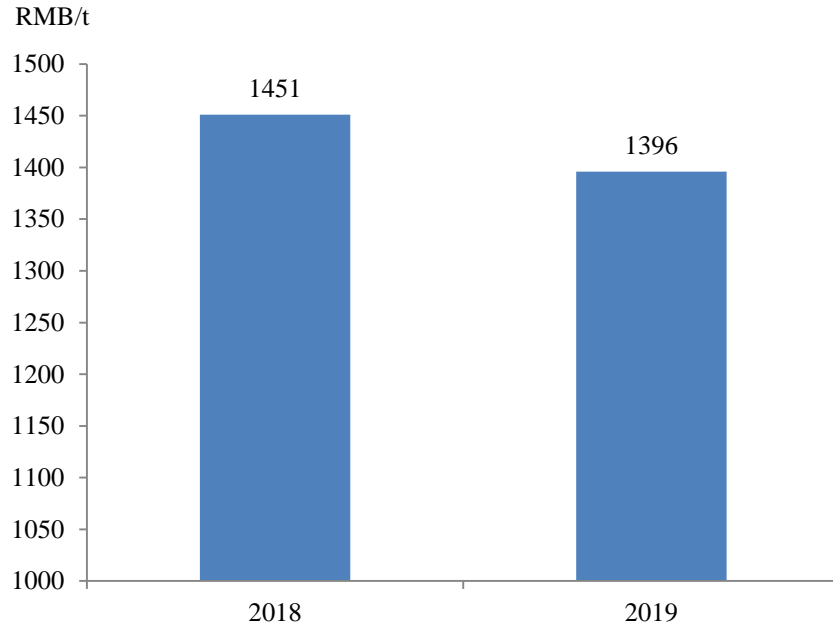
Production Increase and Drastic Increase in Sales Volume





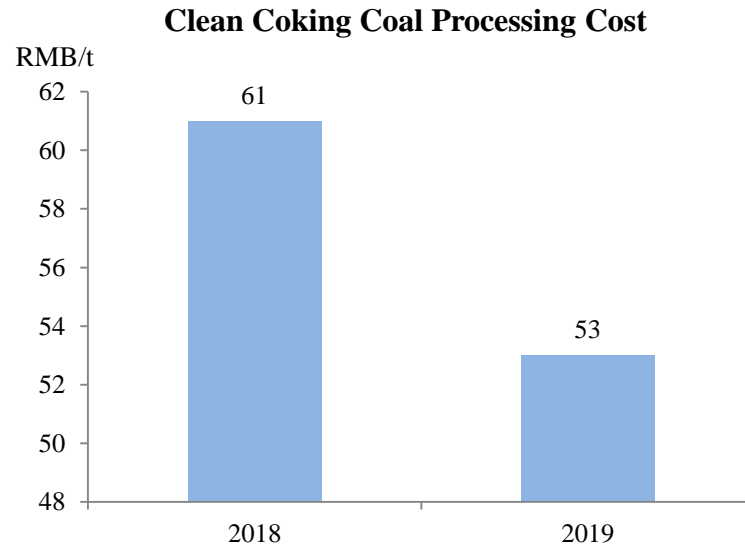
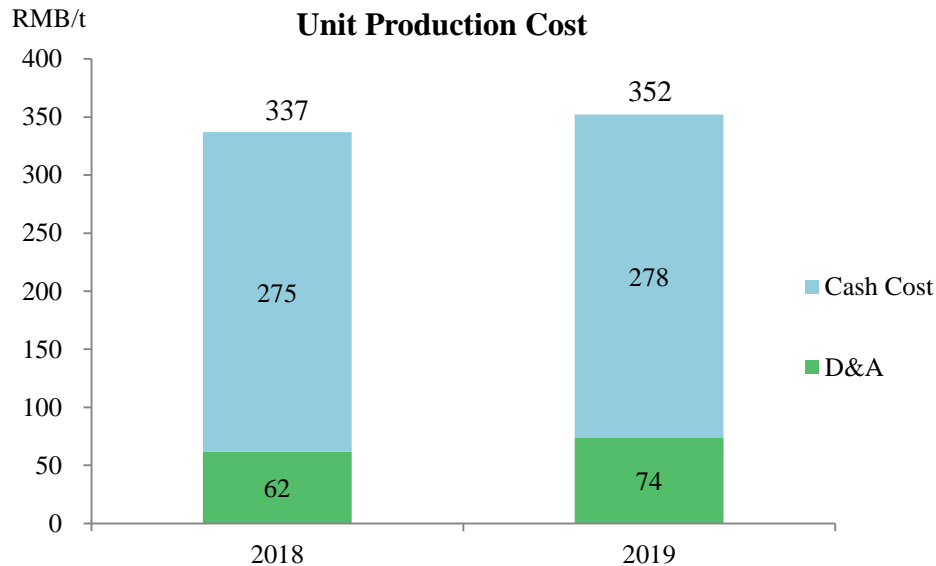
Clean Coking Coal Price In-line with Market

Clean Coking Coal Integrated Price (incl. VAT)



- In 2019, coking coal market had a up trend and followed by a decline. Due to the impact of supply and demand dynamics, the decline was more severe in the second half of 2019. The benchmark #4 clean coking coal (FOR) average price dropped by 3% on YOY
- The average realized selling price of the Group's coking coal in 2019 (incl. VAT) dropped by 3.8% YOY to RMB 1,396 / ton, which was basically in line with the market price

Improve Production Efficiency Production Cost Control



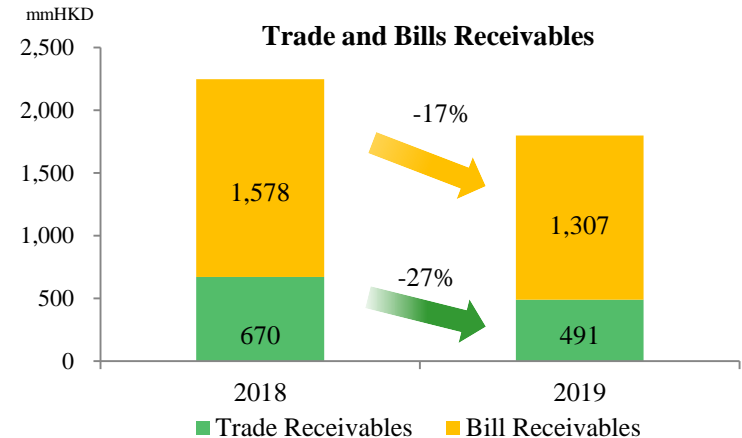
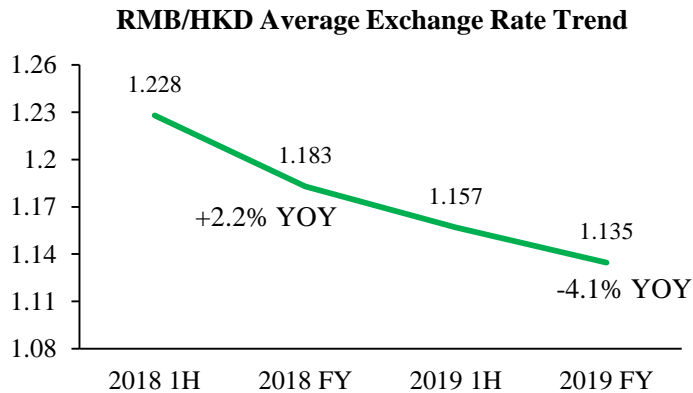
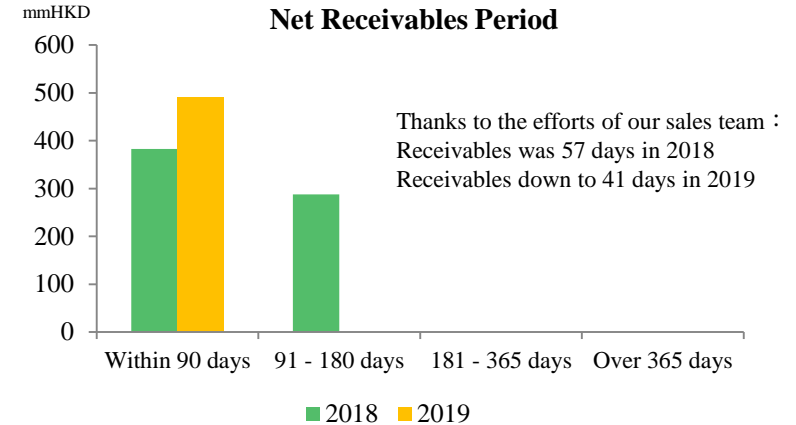
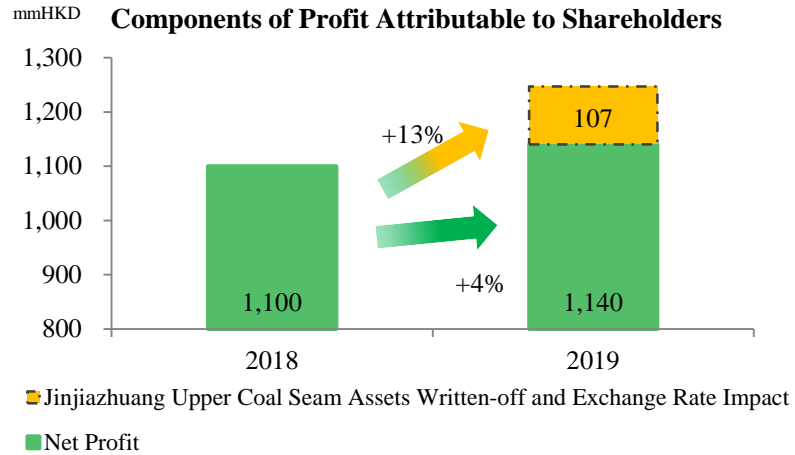
Unit production cost in 2019 was up 4% YOY. Due to our vigorous cost control measures, the unit production cash cost only rose slightly by 1%

- In 2019, factors such as Jinjiazhuang Mine resumed to production, tightening of environmental standard (eg. switching from coal to electricity for heating purpose, etc.), social security premium adjustment, one-off year-end bonus etc. led to the increase in cost

Our Group significantly increased the raw coking coal processing volume and improved the processing flow. As a result, we greatly increased the clean coal output and hence processing expense dramatically reduced by 13% YOY



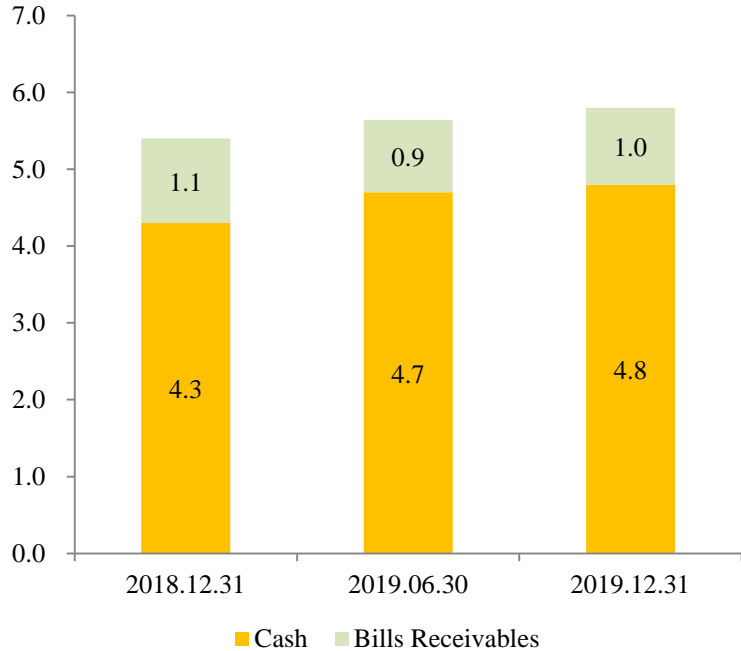
Further Improvement in Receivables



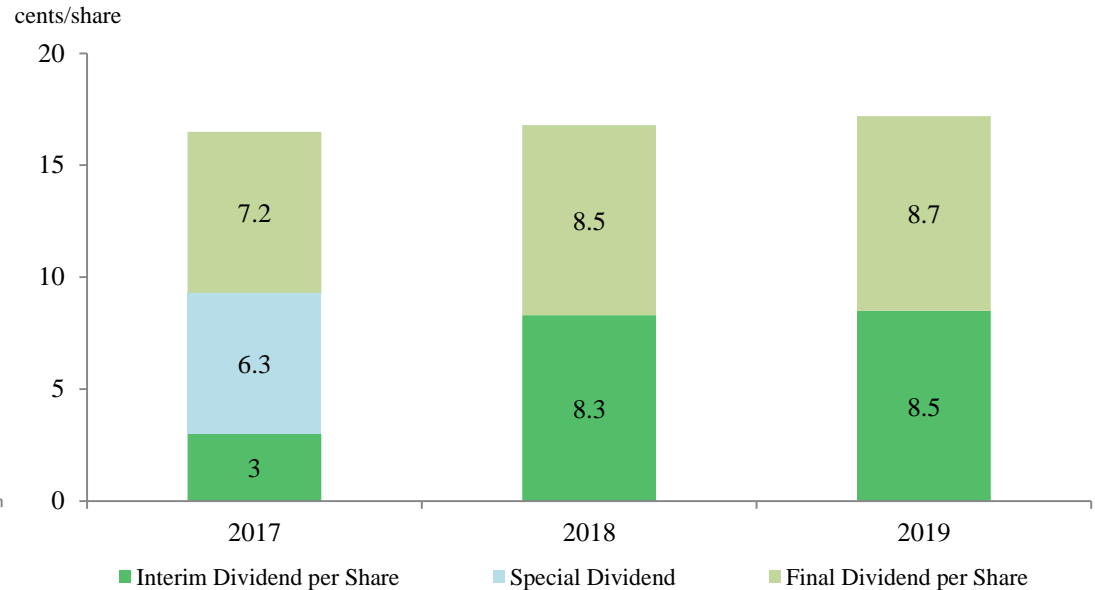


Strong Cash Position Generous Dividends Payout

Free cash and Bills Receivables

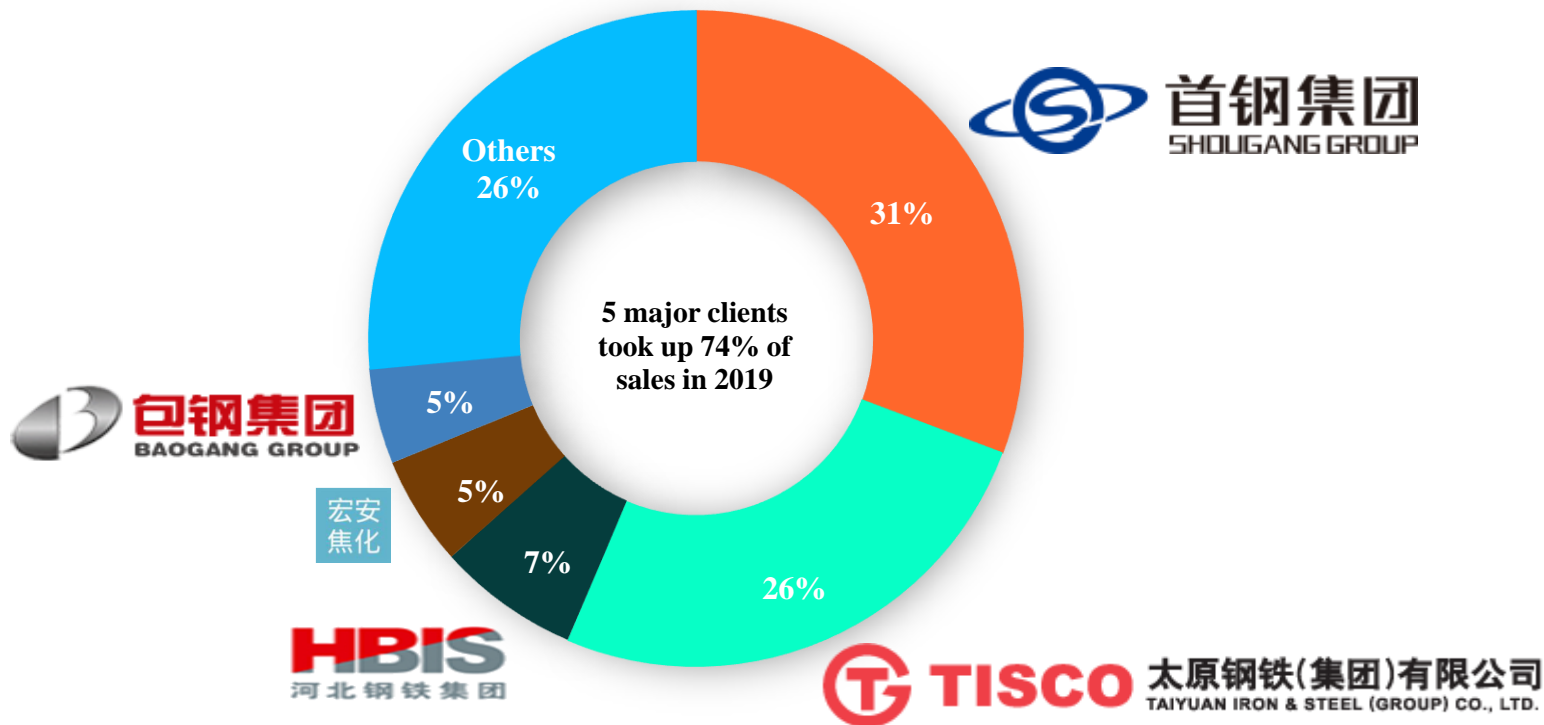


Annual Dividends in Recent Three Years





Stable Major Clients





Environment and Operations Sustainability



Coal dust management: Concealed operation



Logistics automation: Remote control of three mines conveyor belts



Energy utilization: Gas for power generation and heating



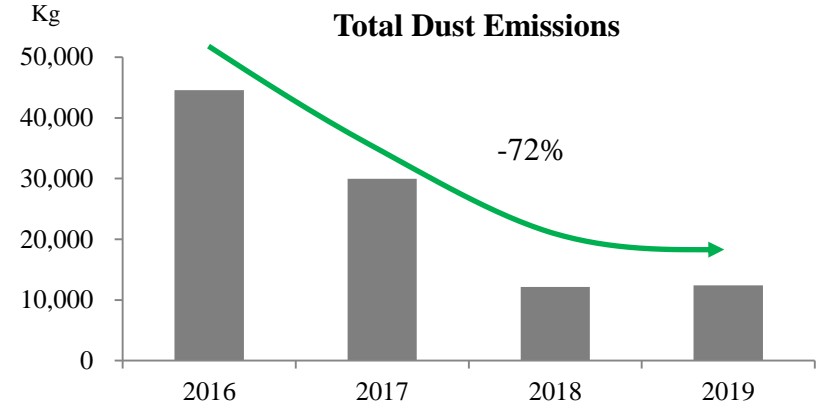
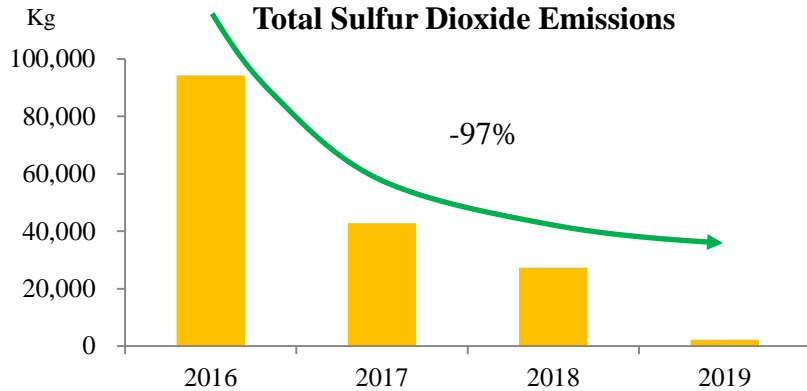
Waste dump management: Reclamation and greening, restoring the nature



Sewage treatment: Operated by professional team

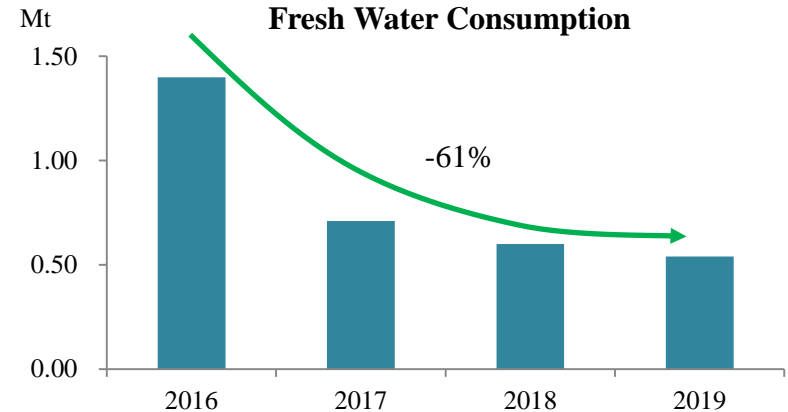


Significant Environmental Governance Results



The Group values environmental governance and has been committed to environmental protection for many years, through:

- Using gas for power generation and heating for better energy utilization
- Concealed coal sheds to reduce dust emissions
- Switching from coal to electricity and/or gas for heating to reduce carbon emissions
- Reuse of sewage to reduce water consumption





Business Outlook

Explore Internal Potential

- Increase production and strive to cost control



Maintain Business Sustainability

- Maintain the advantages of Advanced Enterprises
- Working towards Smart Mining, improving production efficiency and personnel safety
- Formulate climate risks mitigation strategy



Leverage Our Strong Cash Position

- Timely adjust our operation strategies during the changing macroeconomic environment this year and identify potential investment opportunities



Create More Returns to Shareholders



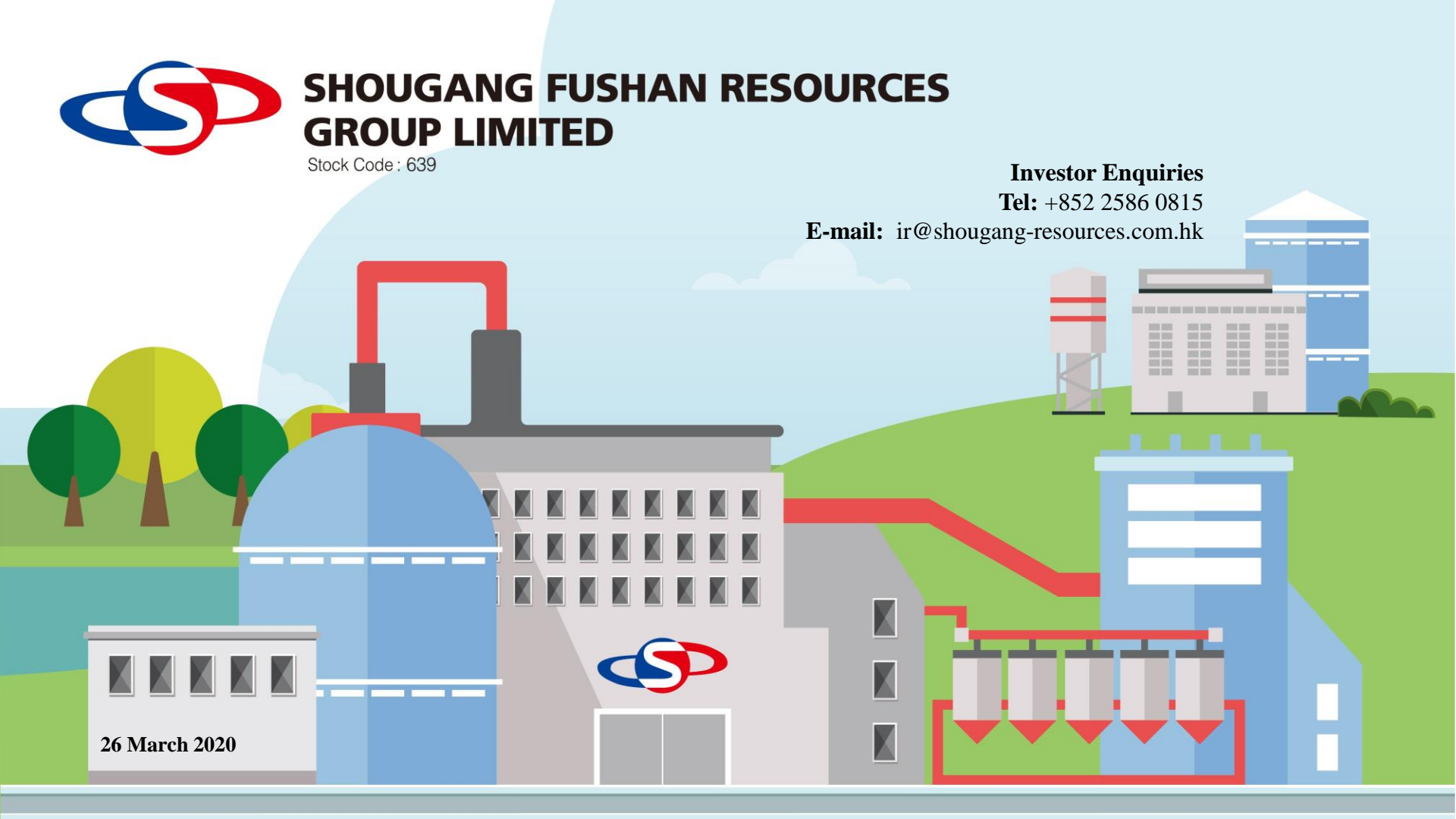
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Investor Enquiries

Tel: +852 2586 0815

E-mail: ir@shougang-resources.com.hk



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