

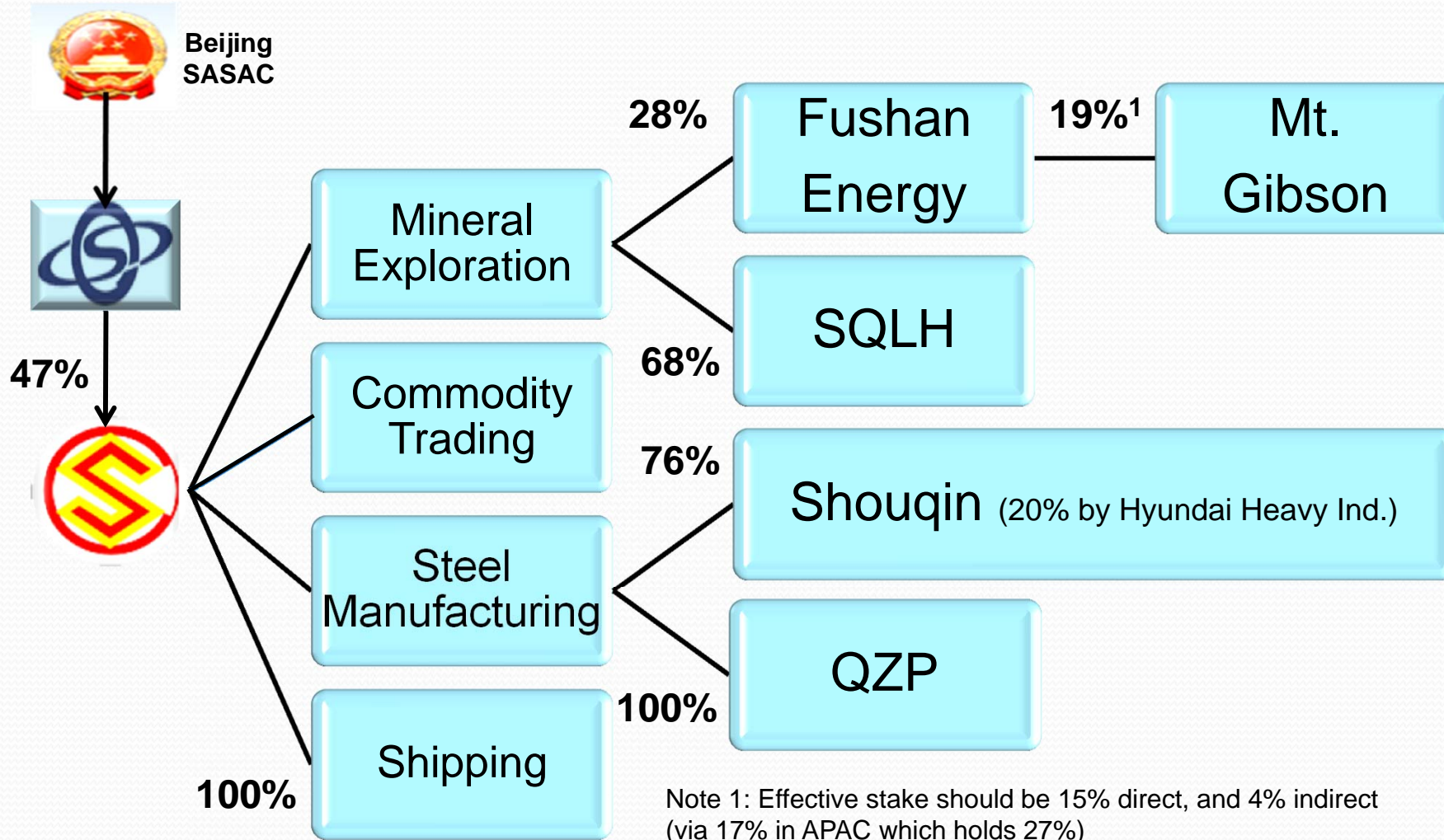
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES CO., LTD.

Six months ended 30 June 2012



Interim Results Presentation

Corporate Structure



Financial Highlights

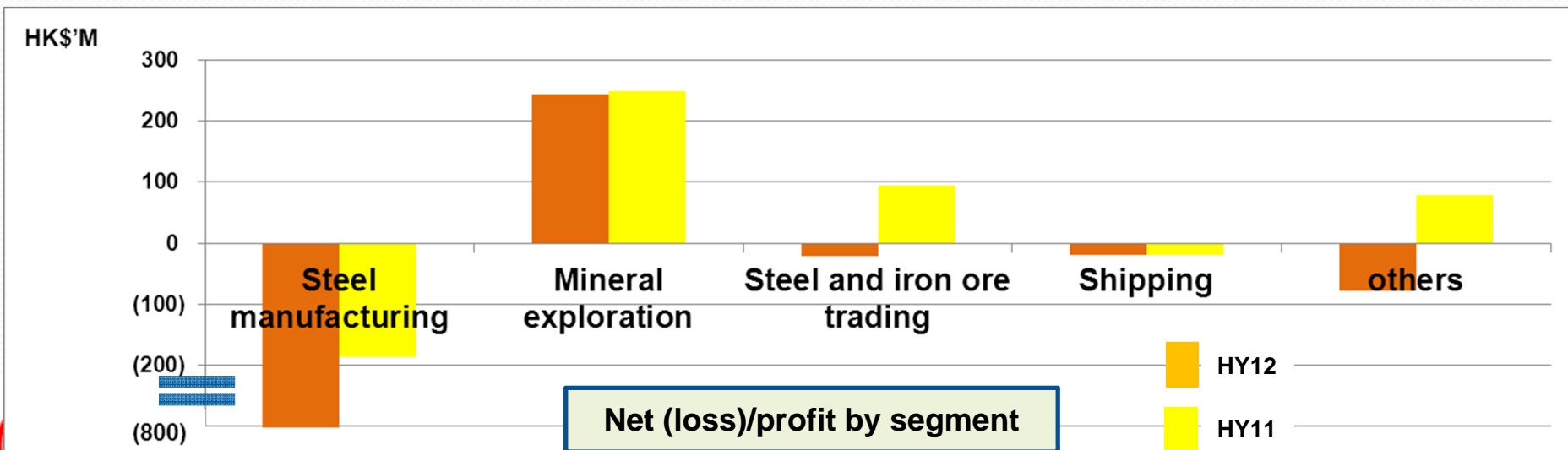
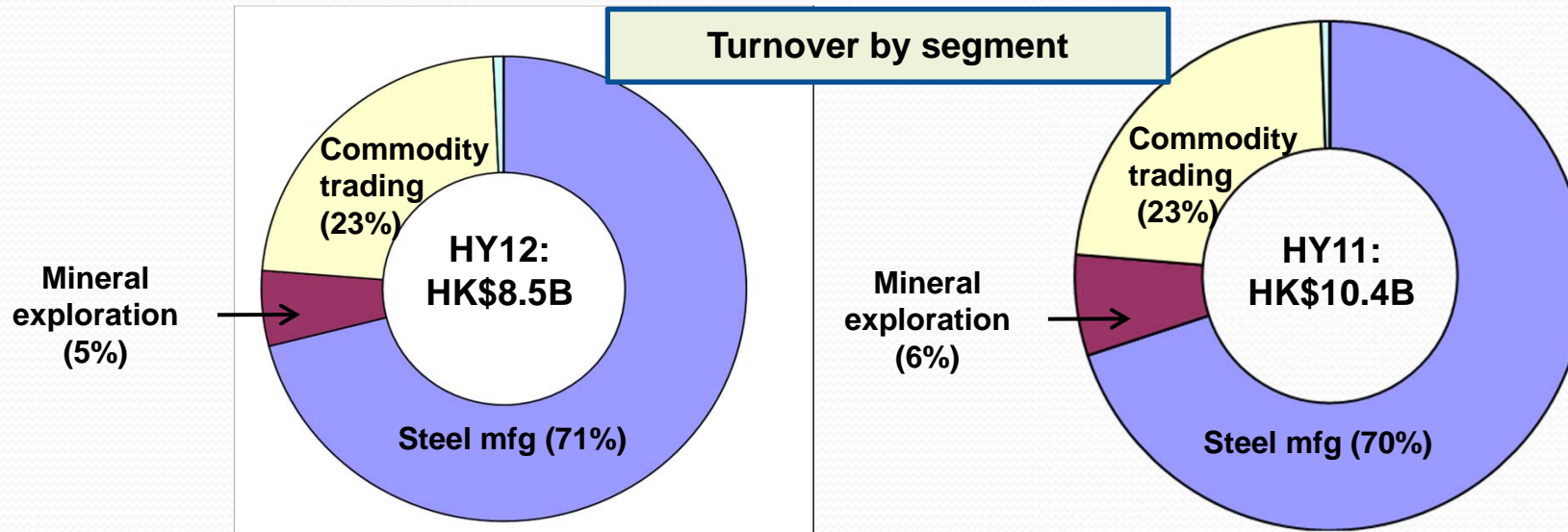
HK\$'M	1H12	1H11	Change
Turnover	8,524	10,445	-18%
Attributable (loss)/profit	(619)	214	N/A
<i>Including: Mineral exploration segment</i>	244	249	-2%
<i>Steel mfg segment</i>	(747)	(187)	N/A
EBITDA	165	958	-83%
Free Cash flow	217	432	-50%
Net debt to total capital	45.3%	44.0%	3%
Basic EPS (HK cents)	(6.90)	2.60	N/A
Net asset per share (HK\$)	1.05	1.19	-12%

- Group results were impacted by weaker steel market and trading results, helped by upstream
- Capital discipline throughout with positive FCF

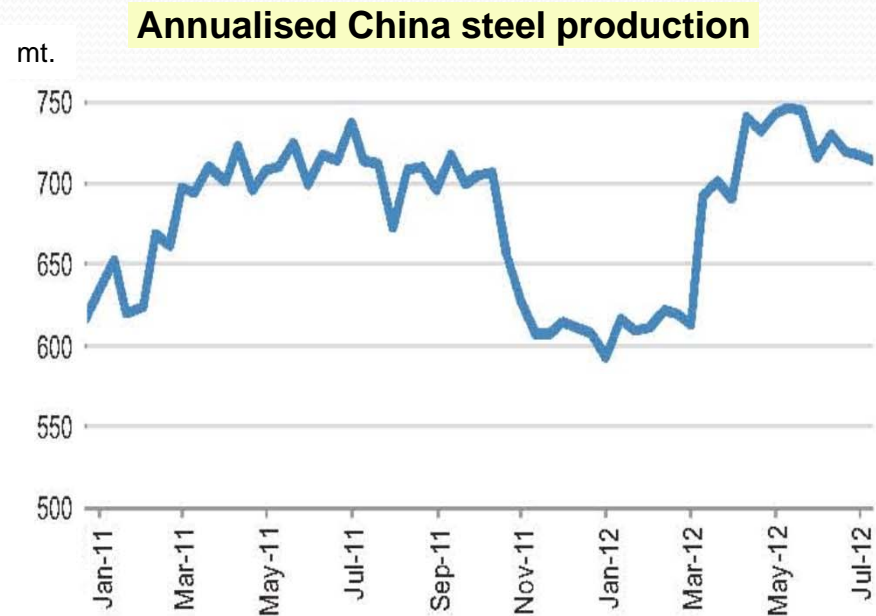
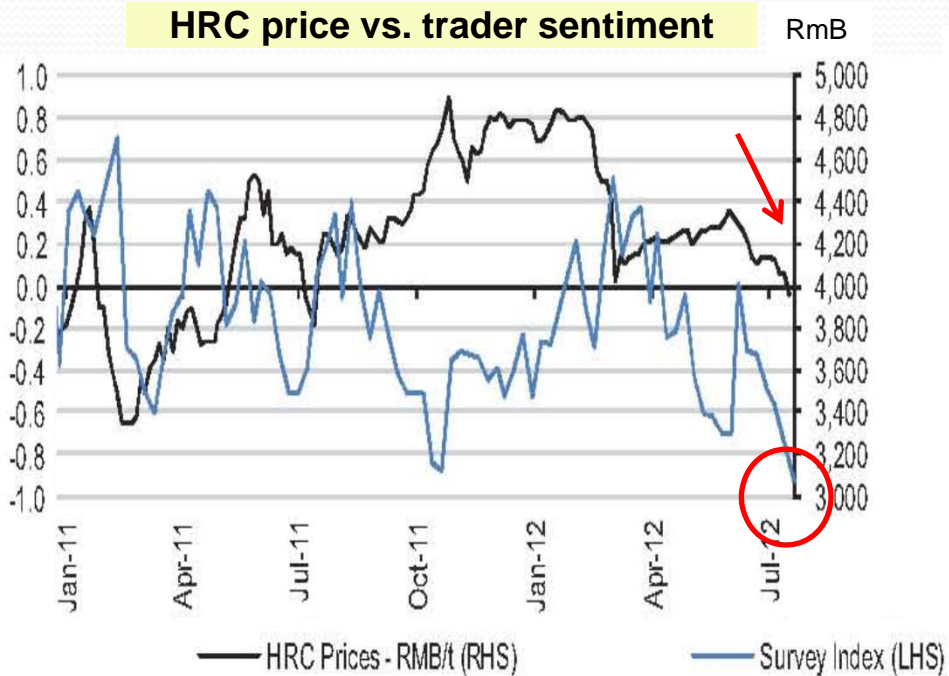


*FCF= Cash from operating activities-capex

Financial Highlights



What happened to steel market?



Survey Index: Positive-price to increase; Negative: price to fall
 Source: CISA, JP Morgan

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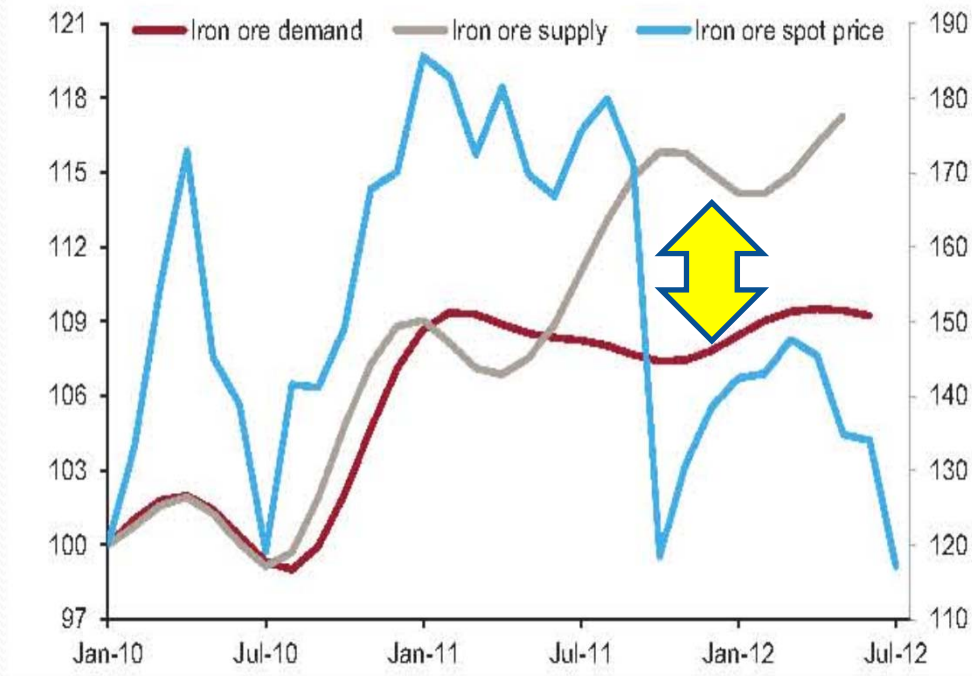
- Prices have become excessively volatile with trader sentiment hitting 18-month low
- Excessive production on a weak market



Where does iron ore prices go ?

Iron ore supply demand/price

Index (lhs); US\$/t – TSI 62% Fe, CFR China (rhs)



Source: Credit Suisse

- Iron ore supply/ demand gap widens and pushes price down
- Also poor sentiment in steel
- Iron ore price remains volatile but could be range-bound in 1-2 years
- Lower iron ore price is good for steel industry but may lose cost push



Initiatives on steel manufacturing

Cost saving

- Non-vital capex freeze (HY12: \$70M; FY11: \$170M; FY10: \$1.3B)
- Operating indicators improvements (including coke usage, yield rates, energy consumption)
- Economic steel manufacturing initiatives to reduce production cost (4% improvement in HY12)
- Maintenance outages in slack seasons

Product

- Improve and focus product mix to petrochemical pipeline plates
- Hydro-electrical plates cooperation with Thyssenkrupp



Mineral Exploration: Fushan



27% equity stake

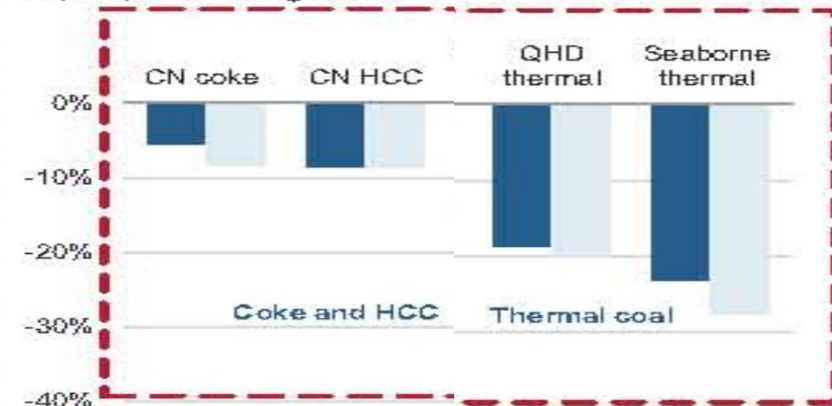


HK:639

SHOUGANG FUSHAN RESOURCES GROUP LTD.

- Production: Premium HCC >6mmt. p.a. in Shanxi
- Financially hedged to our coal needs
- Resilient comparing to iron ore and thermal coal
- Committed to distribute $\geq 40\%$ of earnings as dividends

Spot price changes - %

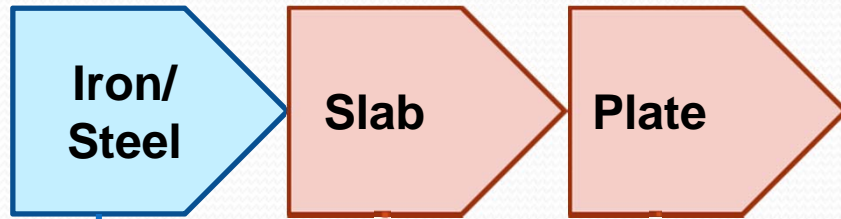


Source: SX Coal (to end July 2012)

■ YTD ■ vs mid-2011



Steel Manufacturing



Shouqin 首秦

Vertically integrated steel mill; Capacity: 3.6mtpa in slabs* and 1.8mtpa in plates (4.3m width max.)



QZP 秦板

Re-roller
0.8mtpa in plates
(3m width max.)

Pipeline steel plates (X65, X70, X80 and above)



- No. 2 in China (in production)
- 12% p.a. demand growth in oil/gas pipes (12th 5Y Plan)

Wind power base plates

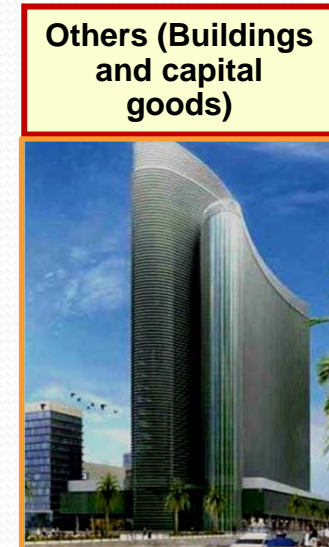
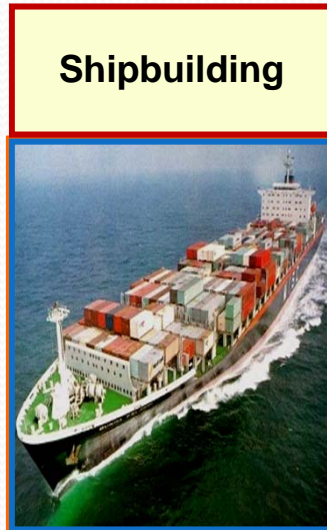


- Replacement of European special thick plates (220mm), for export



*Shouqin owns 3 slab casters with total capacity of 3.6mmt., while the raw steel capacity (limited by size of blast furnace) is only 2.6mmt. Therefore, fully utilized casters means approx. 2.6mmt. in slabs currently.

Planned Heavy Plate Output



Industry Breakdown on Our Heavy Plate Output

FY11	30%	15%	45%	10%
FY12E	25%	25%	40%	10%



Commodity Trading: Mt Gibson ore



Lifelong Offtake at below
Platts price

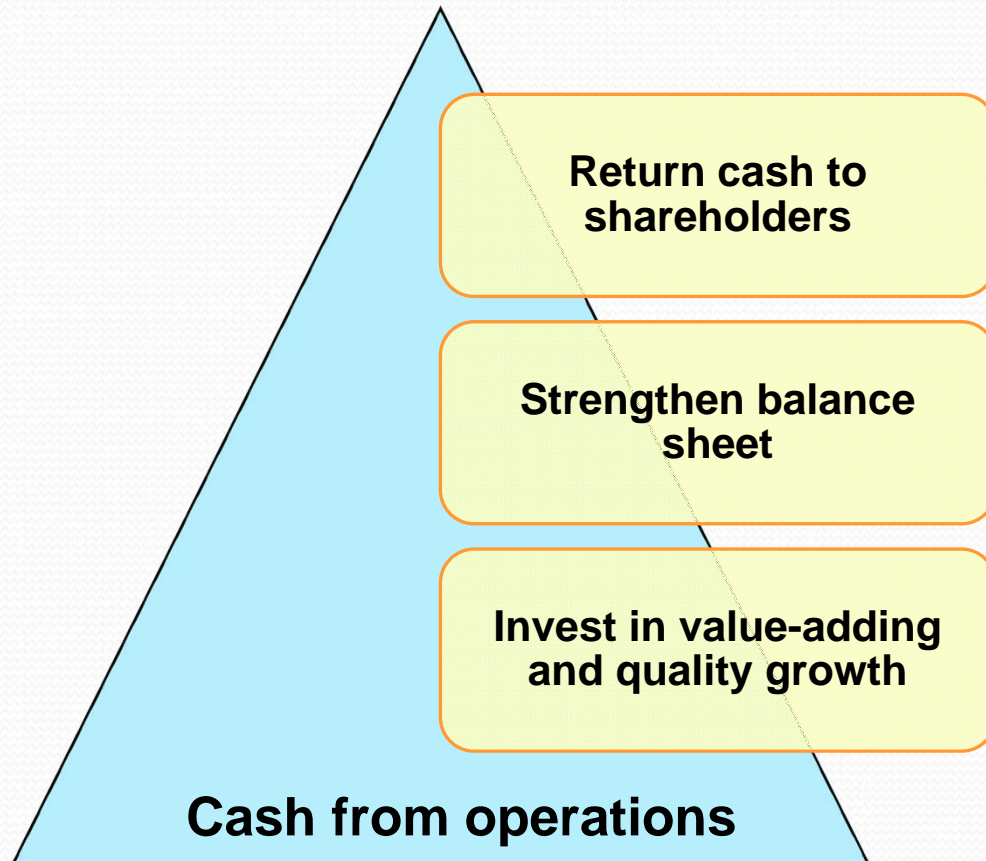


MOUNT GIBSON IRON LIMITED (MGX.AU)

- Supplier for trading business
- Production: 10 mmt. capacity p.a., under lifelong offtake with us since Jul '09 for 80% production, about 4 mmt. in FY12E, covering 70% of Tallering Peak and 100% of Koolan Is.
- Pricing based on Platts (1-month lagging) with concessions
- 1.4 mmt. sold in HY12



Management Targets



- Prioritize capital on value-adding and quality growth
- Freeze non-vital capex to below HK\$250m. (RmB200m.) p.a.
- Target leverage to normalize to 50%
- Resume long term dividend payout at 30-40% of earnings



Conclusion

- Extremely difficult operating environment which may mark the worst earnings cycle in the industry
- Overcapacity and excessive production are still key issues, demand growth also slows currently
- Upstream contribution continues to help
- Consider opportunities to expand upstream and re-allocate capital to value-adding growth although we predict volatile road ahead



Net Debt and Leverage Profile

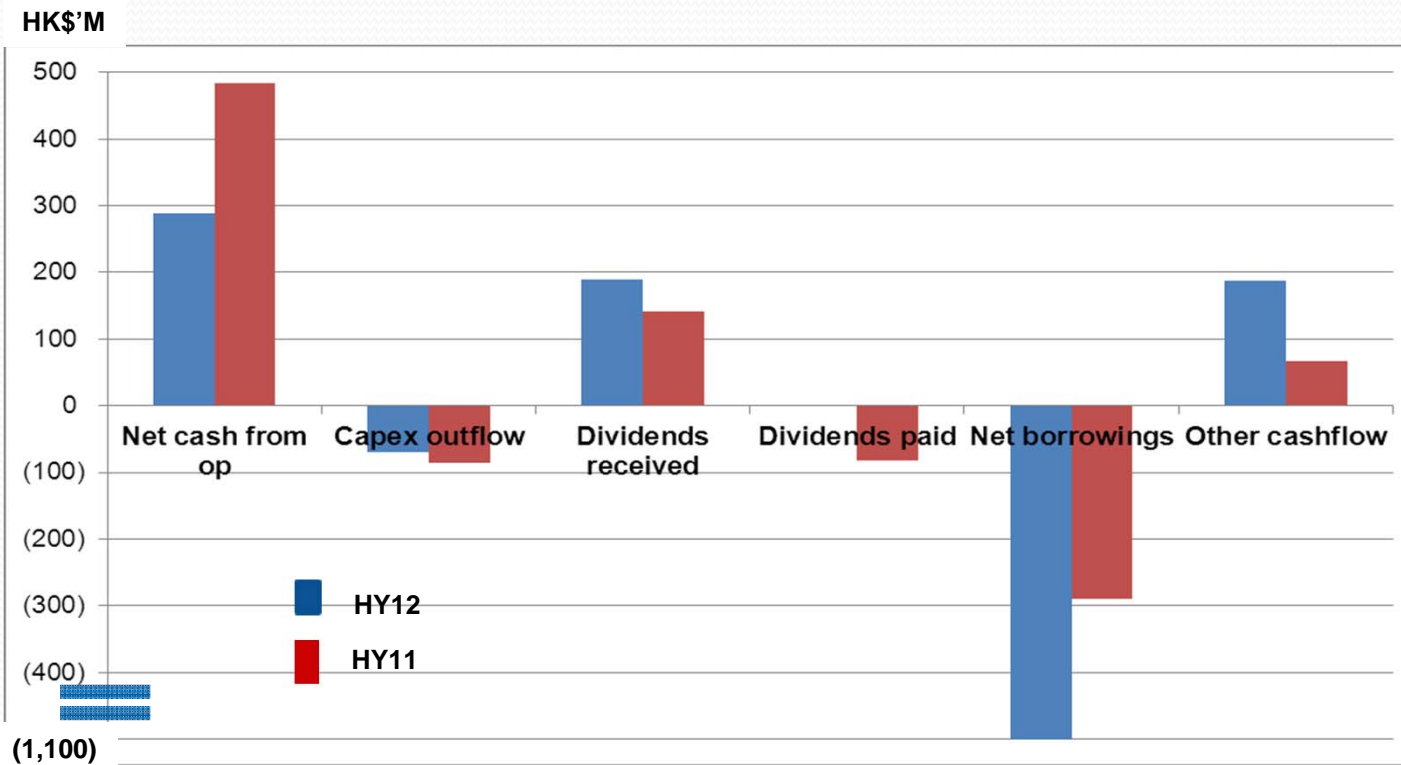
HK\$'M	30-Jun-12	31-Dec-11	30-Jun-11
Total debt *			
- from banks	10,688	12,188	10,582
- from parent and related co	1,223	1,010	985
sub-total	<u>11,911</u>	<u>13,198</u>	<u>11,567</u>
Cash and bank	2,133	2,940	2,217
Net debt	9,778	10,258	9,350
Net debt to total capital	46%	44%	44%
Net debt to total assets	32%	31%	31%

- Net debt has dropped in June 12 since a club loan was repaid in Feb 2012
- Leverage profile remains stable in a poor operating environment with support from parent co



Note: *excluding financing from discounted bills

Cash Flow Profile



- Net borrowings* has reduced with substantial repayments made
- Drop in PP&E and dividend outflow correspond to lower cash from operations



Note: *excluding financing from discounted bills

Consolidated Balance Sheet

HK\$'M (As at 30 June)	2012	2011	Change
NON-CURRENT ASSETS	21,064	20,453	3%
<i>Including: Associates</i>	7,505	6,889	9%
<i>Including: Fixed assets, net</i>	12,395	12,644	-2%
CURRENT ASSETS	9,940	10,041	-1%
<i>Including: Bank and cash</i>	2,133	2,217	-4%
LIABILITIES	20,907	19,699	6%
<i>Including: Bank borrowings</i>	10,306	10,582	-3%
SHAREHOLDERS' EQUITY	9,358	9,698	-4%
Non controlling interest	<u>740</u>	<u>1,097</u>	-33%



Mineral Exploration

HK\$'M	1H12	1H11	Change
Turnover*			
SQLH	991	1,100	-10%
Represented by:			
Sales vol. ('000t.)	690	680	1%
ASP (HK\$)	1,372	1,585	-13%
Attributable (loss)/profit to group *			
SQLH	(36)	(16)	N/A
Share of Fushan results	262	265	-1%
Gain on deemed acq.	18	-	
	<u>244</u>	<u>249</u>	-2%



SHOUGANG FUSHAN



Note: All figures are shown before elimination of intercompany sales except *attributable to the group which is shown after elimination

Steel Manufacturing



SHOUQIN HK\$'M	1H12	1H11	Change
Turnover (note)	5,861	6,789	-14%
<i>Dep. & Amortization</i>	375	373	1%
<i>Financial cost</i>	291	208	40%
<i>Stock impairment</i>	154	1	N/A
Gross (loss)/profit	(406)	192	N/A
<i>GP%</i>	-6.9%	2.8%	
Net Loss*	(838)	(175)	379%
EBITDA	(172)	406	N/A
Attributable to the Group	(660)	(146)	N/A
QZP			
Turnover	1,566	2,137	-27%
<i>Dep & Amortization</i>	23	23	0%
<i>Financial cost</i>	31	24	29%
<i>Stock impairment</i>	15	-	N/A
Gross (loss)/profit	(3)	74	-104%
<i>GP%</i>	-0.2%	3.5%	
Net Loss	(86)	(41)	110%
EBITDA	(36)	(6)	N/A

In '000 mt.	Slabs		Heavy Plates	
For the six months ended 30 June	2012	2011	2012	2011
(i) Production				
Shouqin	1,306	1,280	857	855
Qinhuangdao Plate Mill	---	---	292	334
Total	1,306	1,280	1,149	1,189
Change		2%		-3%
(ii) Sales				
Shouqin#	319	326	850	849
Qinhuangdao Plate Mill	---	---	258	319
Total	319	326	1,108	1,168
Change		-2%		-5%

Difference between production and sales of slabs is mainly represented by those consumed by Shouqin internally to produce heavy plates; slab sales are mainly made towards Qinhuangdao Plate Mill and are eliminated on consolidation

Note: All figures are shown before elimination of intercompany sales except *attributable to the group which is shown after elimination



Commodity Trading

	1H12	1H11	Change
Mt. Gibson ore			
Volume ('000t)	1,399	1,254	12%
ASP (HK\$/t)	1,035	1,360	-24%
(Loss)/profit (HK\$/t)	(6)	75	N/A
Turnover (HK\$M.)			
Mt Gibson ore	1,443	1,710	-16%
Others	529	747	-29%
	<u>1,972</u>	<u>2,457</u>	
Net (loss)/profit (HK\$M.)	(1)	94	-101%



- Volatile iron ore market results in losses due to 1 month lag pricing and concessions made
- Volume up but market downward pressure persists in the short term

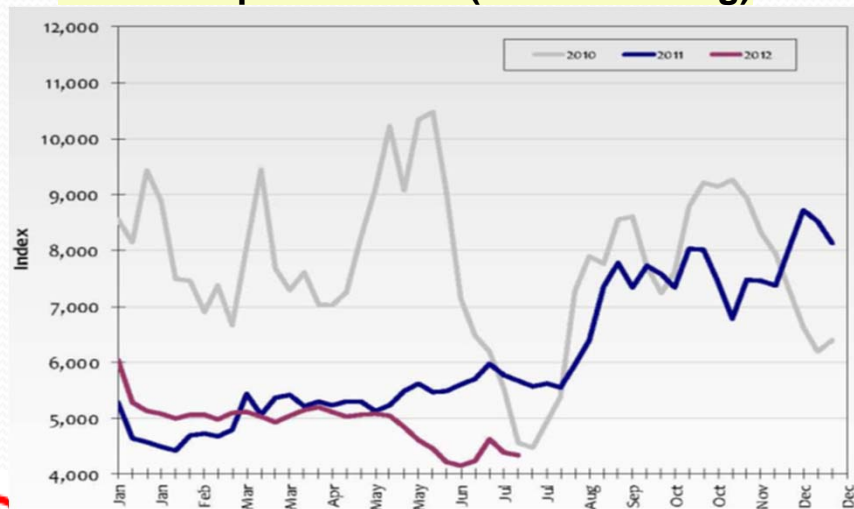


Shipping

HK\$'M	1H12	1H11	Change
Turnover	58	66	-12%
Gross loss	(49)	(17)	N/A
Net loss	(19)	(20)	-5%

- Master sale-and-leaseback agreements will expire in Sep 2012 when charter business shall discontinue

Pacific Capesize index (2000-2012 Aug)



Source: SSY Consultancy

- Generally weak rates market with overcapacity and poor export demand



SHOUGANG CONCORD INTERNATIONAL ENTERPRISES CO., LTD.

Six months ended 30 June 2012



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