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福山國際能源集團有限公司

**FUSHAN INTERNATIONAL ENERGY GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)*

**(Stock Code: 639)**

**REVISION OF CAPS FOR RELEVANT CONTINUING  
CONNECTED TRANSACTIONS,  
NEW CONTINUING CONNECTED TRANSACTIONS  
AND  
REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW  
SHARES**

**Financial adviser to the Company**



**博大資本國際有限公司**

Partners Capital International Limited

**Revision of caps for Relevant Continuing Connected Transactions**

Reference is made to the Supply Contract and the caps thereof which were approved by the then independent Shareholders at the 2008 SGM. The Directors expected the actual monetary value of the transactions carried out and to be carried out under the Supply Contract for the financial year ending 31 December 2008 and both of the two financial years ending 31 December 2010 has exceeded and will exceed the relevant caps respectively. As such, the Board announces that on 3 November 2008, the PRC Subsidiaries entered into the Revised Supply Contract with Mr. Xing and his associates.

As Mr. Xing is a substantial Shareholder, the transactions contemplated under the Revised Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Supply Contract exceeds 2.5% of the applicable percentage ratios, the Revised Supply Contract therefore is subject to the approval of the CCT Independent Shareholders at the SGM with vote to be taken on a poll.

Mr. Xing and his associates (the substantial Shareholder interested in 669,546,536 Shares, representing approximately 14.67% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the SGM. The Company will establish an independent board committee to advise the CCT Independent Shareholders on the revised annual caps under the Revised Supply Contract and voting in respect of the Revised Supply Contract. An independent financial adviser will be appointed to advise the independent board committee and the CCT Independent Shareholders in this regard.

**New Continuing Connected Transactions**

The Board also announces that on 3 November 2008, the PRC Subsidiaries entered into the Shi Supply Contract with Mr. Shi and his associates, pursuant to which Party E will continue to purchase raw coking coal from the PRC Subsidiaries.

As Mr. Shi has been appointed as a Director with effect from 1 November 2008, the transactions contemplated under the Shi Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Shi Supply Contract exceeds 2.5% of the applicable percentage ratios, the Shi Supply Contract therefore is subject to the approval of the Shareholders at the SGM with vote to be taken on a poll. An independent financial adviser will be appointed to advise the independent board committee and the Shareholders in the terms of the Shi Supply Contract. No Shareholders is required to abstain from voting at the SGM in relation to the Shi Supply Contract.

**Refreshment of General Mandate**

The Company also proposes to seek a refreshment of the General Mandate. Mr. Wong and his associates (the controlling Shareholder interested in 1,421,357,900 Shares, representing approximately 31.14% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting on the resolution for refreshment of General Mandate at the SGM pursuant to Rule 13.36(4). The Company will establish an independent board committee to advise the General Mandate Independent Shareholders on the terms of the refreshment of the General Mandate. An independent financial adviser will be appointed to advise the independent board committee and the General Mandate Independent Shareholders in this regard.

**General**

A circular containing, among other things, details of the Revised Supply Contract, the Shi Supply Contract, the refreshment of the General Mandate, the recommendations from the independent board committee, the advice of the independent financial adviser and a notice to convene the SGM, will be despatched to the Shareholders as soon as practicable.

**THE REVISED SUPPLY CONTRACT DATED 3 NOVEMBER 2008****Parties**

- Party A* : PRC Subsidiary A
- Party B* : PRC Subsidiary B
- Party C* : PRC Subsidiary C
- Party D* : Mr. Xing and his associates

Mr. Xing's associates are principally engaged in investment holding, exploitation of raw coking coal and production of cleaned coking coal. The PRC Subsidiaries are non-wholly owned subsidiaries of the Company and Mr. Xing is a substantial Shareholder and a connected person of the Company.

**Backgrounds**

Reference is made to the Supply Contract and the caps thereof which were approved by the then independent Shareholders at the 2008 SGM.

The PRC Subsidiary A is producing low sulphur raw coking coal with intended output of approximately 1.560 Mtpa, 1.551 Mtpa and 1.553 Mtpa for the three years ending 31 December 2010 and operates a coal preparation plant with a designed input and output capacity of 1.2Mtpa and 0.9Mtpa respectively and an electricity plant. The PRC Subsidiary A blends 60% of low sulphur raw coking coal and 40% of high sulphur raw coking coal to produce the cleaned coking coal for sale. The PRC Subsidiary B is producing low sulphur raw coking coal with intended output of approximately 1.479 Mtpa, 2.246 Mtpa and 2.156 Mtpa for the three years ending 31 December 2010 and is currently constructing coal preparation plant with a designed input and output capacity of 3.0 Mtpa and 2.1 Mtpa respectively and the plant is scheduled for completion in 1<sup>st</sup> quarter of 2009. The PRC Subsidiary C is producing high sulphur raw coking coal with intended output of approximately 1.706 Mtpa, 2.123 Mtpa and 2.185 Mtpa for the three years ending 31 December 2010 and is currently constructing coal preparation plant with a designed input and output capacity of 3.0 Mtpa and 2.1 Mtpa respectively and the plant is scheduled for completion in 3rd quarter of 2009.

Before completion of the Agreement, Party D's coal mines (including the mines owned by the PRC Subsidiaries) supply raw coking coal with the coal preparation plants of each other due to different timing and quality requirements. Since Party D has its own coal preparation plants, coke plants and coal mines other than the PRC Subsidiaries, the PRC Subsidiaries have entered into the Supply Contract with Party D in relation to the sale of raw coking coal to Party D. Since only PRC Subsidiary A has its own coal preparation plant and electricity plant, Party D also entered into the supply contracts with PRC Subsidiary A in relation to the sales of high sulphur raw coking coal to PRC Subsidiary A and the purchase of electricity from PRC Subsidiary A. The PRC Subsidiaries purchase accessories and small tools in a centralized order from Party D.

The Directors expected the actual monetary value of the transactions carried out and to be carried out under the Supply Contract for the financial year ending 31 December 2008 and both of the two financial years ending 31 December 2010 has exceeded and will exceed the relevant caps respectively. As such, the PRC Subsidiaries entered into the Revised Supply Contract with Mr. Xing and his associates.

**The caps as approved by the then independent Shareholders at 2008 SGM**

The following table sets out the caps for the quantity and in monetary terms (exclusive of VAT) of the raw coking coal under the Supply Contract as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008	2009	2010
Party D	PRC Subsidiary A	335,000 tones	157,000 tones	480,000 tones
		RMB220,863,000	RMB111,790,000	RMB369,119,000
Party D	PRC Subsidiary B	-	-	215,000 tones
		-	-	RMB165,335,000
Party D	PRC Subsidiary C	-	-	611,000 tones
		-	-	RMB469,858,000
PRC Subsidiary A	Party D	15,000 tones	-	-
		RMB13,009,000	-	-
PRC Subsidiary B	Party D	86,165 tones	-	-
		RMB74,727,000	-	-
PRC Subsidiary C	Party D	104,625 tones	-	-
		RMB68,978,000	-	-

The following table sets out the caps for on the quantity and the amounts of the electricity in monetary terms as approved by the then independent Shareholders at 2008 EGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008	2009	2010
PRC Subsidiary A	Party D	6,256,500meter	6,256,500meter	6,256,500merter
		RMB2,651,000	RMB2,863,000	RMB3,092,000

The caps on the amounts of accessories and small tools in monetary terms that the PRC Subsidiaries may purchase from Party D under the Supply Contract as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008	2009	2010
		(RMB)	(RMB)	(RMB)
Party D	PRC Subsidiary A	1,000,000	1,000,000	1,000,000
Party D	PRC Subsidiary B	1,000,000	1,000,000	1,000,000
Party D	PRC Subsidiary C	1,000,000	1,000,000	1,000,000
Total		3,000,000	3,000,000	3,000,000

### Exceeded caps

As at 20 October 2008, the monetary value (exclusive of VAT) of certain transactions occurred between the parties in respect of the monetary value (exclusive of VAT) of the raw coking coal under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 EGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008	Actual amount for the period from 25 July 2008 to 20 October 2008
Party D	PRC Subsidiary A	145,932 tones	2,906 tones
		RMB96,211,553	RMB1,504,491
Party D	PRC Subsidiary B	-	-
		-	-
Party D	PRC Subsidiary C	-	-
		-	-
PRC Subsidiary A	Party D	6,534 tones	23,093 tones
		RMB5,666,934	RMB19,414,847
PRC Subsidiary B	Party D	37,535 tones	172,211 tones
		RMB32,552,310	RMB184,661,894
PRC Subsidiary C	Party D	45,576 tones	180,981 tones
		RMB30,483,567	RMB141,707,448

As at 20 October 2008, the monetary value of the transactions occurred between the parties in respect of the monetary value of the electricity under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008	Actual amount for the period from 25 July 2008 to 20 October 2008
PRC Subsidiary A	Party D	2,725,434 meter	2,550,000 meter
		RMB1,147,556	RMB1,202,888

As at 20 October 2008, the monetary value of the transactions occurred between the parties in respect of the monetary value of the accessories and small tools under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 EGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008	Actual amount for the period from 25 July 2008 to 20 October 2008
		(RMB)	(RMB)
Party D	PRC Subsidiary A	435,616	573,375
Party D	PRC Subsidiary B	435,616	700,816
Party D	PRC Subsidiary C	435,616	813,788

At the time of the preparation of the management accounts of the PRC Subsidiaries for the period from 25 July 2008 to 30 September 2008, it was brought to the attention of the Company that the monetary value of the transactions occurred between the parties in respect of the Supply Contract exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM.

The Company therefore took immediate actions to remedy the situation, including suspension of the transactions occurred between the parties in respect of the Supply Contract for the financial year ending 31 December 2008, reviewing and revising the monetary value of the transactions in respect of the Supply Contract for the remaining period ended 31 December 2008 and the two financial years ending 31 December 2010 in light of the significant increase in 2008, taking immediate actions to comply with the relevant reporting, announcement and Shareholders' approval requirements in respect of the Revised Supply Contract and to inform the Shareholders and the investing public that the monetary values under the Supply Contract for the year ending 31 December 2008 have exceeded the relevant caps. In addition, the Company has reemphasized to all its financial personnel the importance of close and regular monitoring of the monetary values of the continuing connected transactions incurred to ensure that the relevant maximum annual monetary values as approved by the Shareholders are strictly adhered to, and to allow sufficient time for seeking Shareholders' approval should any revision in the revised caps become necessary in the future. Moreover, the Company has also committed additional resources at the management level for ongoing review of actual transaction amounts incurred in order to proactively identify any potential issues on a timely basis going forward.

Upon completion of the review process, it was noted that the exceeds were mainly due to the unforeseen significant increase in the demand from Party D since completion of the Agreement. The PRC Subsidiaries therefore entered into the Revised Supply Contract to revise the relevant caps for the three years ending 31 December 2010.

### Revised Caps

The annual caps on the quantity and in monetary terms (exclusive of VAT) of the raw coking coal that may be purchased under the Revised Supply Contract are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to 31 December 2008	For the financial year ending 31 December	
			2009	2010
Party D	PRC Subsidiary A	39,360 tones RMB47,300,000	144,000 tones RMB172,800,000	144,000 tones RMB186,700,000
Party D	PRC Subsidiary B	- -	360,000 tones RMB432,000,000	360,000 tones RMB466,600,000
Party D	PRC Subsidiary C	- -	270,000 tones RMB383,400,000	540,000 tones RMB828,200,000
Total in monetary terms (exclusive of VAT)		RMB47,300,000	RMB988,200,000	RMB1,481,500,000
PRC Subsidiary A	Party D	138,000 tones RMB196,000,000	465,300 tones RMB660,800,000	465,900 tones RMB714,500,000
PRC Subsidiary B	Party D	99,300 tones RMB141,000,000	673,800 tones RMB956,800,000	646,800 tones RMB992,000,000
PRC Subsidiary C	Party D	90,000 tones RMB108,000,000	636,900 tones RMB764,300,000	655,500 tones RMB849,600,000
Total in monetary terms (exclusive of VAT)		RMB445,000,000	RMB2,381,900,000	RMB2,556,100,000

The annual caps on the quantity and in monetary terms of the electricity that may be purchased under the Revised Supply Contract are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to 31 December 2008	For the financial year ending 31 December	
			2009	2010
PRC Subsidiary A	Party D	2,200,000 meter	11,000,000 meter	11,000,000 meter
		RMB1,100,000	RMB6,100,000	RMB6,850,000

The annual caps on the quantity and in monetary terms of accessories and small tools that may be purchased under the Revised Supply Contract are as follows:

Supplier	Purchaser	Form the effective date of the Revised Supply Contract to 31 December 2008	For the financial year ending 31 December	
			2009	2010
		(RMB)	(RMB)	(RMB)
Party D	PRC Subsidiary A	2,400,000	10,300,000	11,100,000
Party D	PRC Subsidiary B	2,300,000	12,000,000	12,800,000
Party D	PRC Subsidiary C	2,400,000	11,300,000	13,400,000
Total		7,100,000	33,600,000	37,300,000

The Board has taken into account the unforeseen significant increase in the demand from Party D and in order to provide more flexibility for both Party D and the PRC Subsidiaries for trading of the raw coking coal with each other, (1) the revised annual caps on the quantity of the raw coking coal for sale of raw coking from Party D to the PRC Subsidiaries represent approximately 30% of the respective total intended purchase of raw coking coal of the PRC Subsidiaries and (2) the revised annual caps on the quantity of the raw coking coal for sale of raw coking from the PRC Subsidiaries to Party D represent approximately 30% of the respective total intended output of raw coking coal of the PRC Subsidiaries.

In 2010, each of the coal preparation plants of the PRC Subsidiaries will be in full operation. It is expected that the PRC Subsidiaries will purchase more raw coking coal from Party D in 2010 when the coal preparation plants of the PRC Subsidiaries fully utilize the raw coking coal of their own mines.

The ranges of market selling prices (exclusive of VAT) of the low sulphur and high sulphur coking coal in the past 6 months are from RMB820 to RMB1,420 and from RMB600 to RMB1,200 per tone respectively, so the monetary value of the revised cap is calculated based on the highest market selling prices of RMB1,420 for the low sulphur coking coal and of RMB1,200 for the high sulphur coking coal.

As it is expected that the PRC Subsidiaries will purchase more accessories and small tools from Party D which has a centralized sourcing department for accessories and small tools, the annual caps of accessories and small tools under the Revised Supply Contract is obtained to provide more flexibility for the PRC Subsidiaries and the annual caps of accessories and small tools under the Revised Supply Contract will increase substantially as compared with that as approved by the then independent Shareholders at 2008 SGM.

The quantity and specification of each of the raw coking coal, accessories and small tools to be supplied by the supplier to the purchaser will be subject to individual orders placed by the purchaser from time to time. The unit price of the raw coking coal, accessories and small tools payable by the purchaser to supplier will be no less favourable than the unit price offered to the purchaser by independent suppliers for the same type of raw coking coal, accessories and small tools. Such unit price benchmarks shall be determined with consideration to the existing unit price of raw coking coal, accessories and small tools offered to the Group by independent suppliers, the expected year-on-year increase in the unit price of raw coking coal, accessories and small tools and the quantity of raw coking coal, accessories and small tools to be supplied under the Revised Supply Contract. Amounts payable by the purchaser to the supplier shall be settled in cash within 30 days upon receipt of the purchase.

#### **Terms**

The term of the Revised Supply Contract will commence from the effective date of the Revised Supply Contract (which is expected to be the date of the SGM) and terminate on 31 December 2010.

#### **Conditions of the Revised Supply Contract**

The Revised Supply Contract is conditional on the Company's compliance with relevant Listing Rules requirements (including, but not limited to, obtaining approval by the CCT Independent Shareholders at the SGM).

### **THE SHI SUPPLY CONTRACT DATED 3 NOVEMBER 2008**

#### **Parties**

- Party A* : PRC Subsidiary A
- Party B* : PRC Subsidiary B
- Party C* : PRC Subsidiary C
- Party E* : Mr. Shi and his associates

Mr. Shi's associates are principally engaged in property development, investment holdings, producing and trading of clean and raw coal and they also own coal preparation plants. Mr. Shi has been appointed as a Director with effect from 1 November 2008 and is a connected person of the Company.

**Backgrounds**

The PRC Subsidiaries has supplied raw coking coal to Party E since 2006. As Mr. Shi has been appointed as a Director with effect from 1 November 2008 and is a connected person of the Company, the Shi Supply Contract has been entered into in order to comply with the Listing Rules, pursuant to which Party E will continue to purchase coking coal from the PRC Subsidiaries.

**Terms**

The term of the Shi Supply Contract will commence from the effective date of the Shi Supply Contract (which is expected to be the date of the SGM) and terminate on 31 December 2010.

The following table sets out the actual amount of the raw coking coal for year ended 31 December 2007 and the caps for the quantity and in monetary terms (exclusive of VAT) of the raw coking coal that may be purchased under the Shi Supply Contract are as follows:

Supplier	Purchaser	Actual amount for the financial year ended 31 December 2007	Actual amount for the nine months ended 30 September 2008	Proposed caps from the effective date of the Shi Supply Contract to 31 December 2008	Proposed caps for the financial year ending 31 December	
					2009	2010
PRC Subsidiary A	Party E	232 tones	15,014 tones	15,333 tones	77,550 tones	77,650 tones
		RMB174,000	RMB9,198,000	RMB21,800,000	RMB110,200,000	RMB119,100,000
PRC Subsidiary B	Party E	-	4,235 tones	11,033 tones	112,300 tones	107,800 tones
		-	RMB2,661,000	RMB15,700,000	RMB159,500,000	RMB165,400,000
PRC Subsidiary C	Party E	35,762 tones	4,724 tones	10,000 tones	106,150 tones	109,250 tones
		RMB9,483,000	RMB1,505,000	RMB12,000,000	RMB127,400,000	RMB141,600,000
Total in monetary terms (exclusive of VAT)		RMB9,657,000	RMB14,021,000	RMB49,500,000	RMB397,100,000	RMB426,100,000

The annual caps on the quantity of the coking coal for sale of raw coking from the PRC Subsidiaries to Party E represent approximately 5% of the respective total intended output of raw coking coal of the PRC Subsidiaries.

The ranges of market selling prices (exclusive of VAT) of the low sulphur and high sulphur coking coal in the past 6 months are from RMB820 to RMB1,420 and from RMB600 to RMB1,200 per tone respectively, so the monetary value of the revised cap is calculated based on the highest market selling prices of RMB1,420 for the low sulphur coking coal and of RMB1,200 for the high sulphur coking coal.

The quantity and specification of the raw coking coal to be supplied by the supplier to the purchaser will be subject to individual orders placed by the purchaser from time to time. The unit price of the raw coking coal payable by the purchaser to supplier will be no less favourable than the unit price offered to the independent purchaser by the supplier for the same type of raw coking coal. Such unit price benchmarks shall be determined with consideration to the existing unit price of raw coking coal offered to the Group by independent suppliers, the expected year-on-year increase in the unit price of raw coking coal and the quantity of raw coking coal to be supplied under the Shi Supply Contract. Amounts payable by the purchaser to the supplier shall be settled in cash within 30 days upon receipt of the purchase.

#### **Conditions of the Shi Supply Contract**

The Shi Supply Contract is conditional on the Company's compliance with relevant Listing Rules requirements (including, but not limited to, obtaining approval by the Shareholders at the SGM).

#### **REASONS FOR THE TRANSACTIONS**

The Company is an investment holding company and the Group is principally engaged in the production and sales of coking coal products and side products.

As mentioned in the announcement of the Company dated 4 June 2008 and the circular of the Company dated 25 June 2008 in relation to, inter alia, the continuing connected transactions, the purpose of entering into the Supply Contract is to ensure a smooth transition of ownership from the seller to the buyer in relation to the Agreement and to minimize any disruptions to the operations of the PRC Subsidiaries resulting from such transfer of ownership. By entering into the Revised Supply Contract, the PRC Subsidiaries can continue to benefit from a lower transaction cost for the supply of raw coking coal as each of the PRC Subsidiaries and Mr. Xing's coal mines are within Liulin Area of Shanxi Province and to secure the supply of raw coking coal to the PRC Subsidiaries.

The terms of the Revised Supply Contract and the Shi Supply Contract have been agreed upon after arm's length negotiations among the relevant parties. The Directors believe that the transactions contemplated under the Revised Supply Contract and the Shi Supply Contract are on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors consider that the continuing connected transactions under the Revised Supply Contract and the Shi Supply Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors will provide their recommendations to the Shareholders regarding the merits of the continuing connected transactions upon receiving the advice from the independent financial adviser.

As Mr. Xing is a substantial Shareholder, the transactions contemplated under the Revised Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Supply Contract exceeds 2.5% of the applicable percentage ratios, the Revised Supply Contract therefore is subject to the approval of the CCT Independent Shareholders at the SGM with vote to be taken on a poll. Mr. Xing and his associates (the substantial Shareholder interested in 669,546,536 Shares, representing approximately 14.67% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the SGM. The Company will establish an independent board committee to advise the CCT Independent Shareholders on the revised annual caps under the Revised Supply Contract and voting in respect of the Revised Supply Contract. An independent financial adviser will be appointed to advise the independent board committee and the CCT Independent Shareholders in this regard.

As Mr. Shi has been appointed as a Director with effect from 1 November 2008 and is connected person of the Company, the Shi Supply Contract has been entered into in order to comply with the Listing Rules, pursuant to which Party E will continue to purchase raw coking coal from the PRC Subsidiaries. The transactions contemplated under the Shi Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Shi Supply Contract exceeds 2.5% of the applicable percentage ratios, the Shi Supply Contract therefore is subject to the approval of the Shareholders at the SGM with vote to be taken on a poll. An independent financial adviser will be appointed to advise the independent board committee and the Shareholders on the terms of the Shi Supply Contract. No Shareholders is required to abstain from voting at the SGM in relation to the Shi Supply Contract.

## **REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES**

The Directors were authorized to allot and issue up to 487,911,070 Shares pursuant to the General Mandate, of which 450,000,000 Shares have been issued under the placing as details set out in the announcement of the Company dated 17 June 2008. Following completion of the said placing on 25 July 2008, the General Mandate has almost fully utilized and only a further of 37,911,070 Shares (representing 0.83% of the existing issued share capital of the Company) can be issued under the General Mandate.

The Company proposes to seek a refreshment of the General Mandate. The refreshment of the General Mandate can enhance the flexibility of the Company to manage its business and to raise additional capital for any future investment or as working capital of the Group.

Mr. Wong and his associates (the controlling Shareholder interested in 1,421,357,900 Shares, representing approximately 31.14% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting on the resolution for the refreshment of the General Mandate at the SGM pursuant to Rule 13.36(4). The Company will establish an independent board committee to advise the General Mandate Independent Shareholders on the terms of the refreshment of the General Mandate. An independent financial adviser will be appointed to advise the independent board committee and the General Mandate Independent Shareholders in this regard.

## **GENERAL**

A circular containing, among other things, details of the Revised Supply Contract, the Shi Supply Contract, the refreshment of General Mandate, the recommendations from the independent board committee, the advice of the independent financial adviser and a notice to convene the SGM, will be dispatched to the Shareholders as soon as practicable.

**DEFINITIONS**

“2008 SGM”	the special general meeting of the Company held on 18 July 2008 for approving, inter alia, the Supply Contract (and the relevant annual caps thereof)
“Agreement”	the conditional sale and purchase agreement dated 9 May 2008 among the Company, Jade Green Investments Limited as buyer, Mr. Wong, Fortune Dragon Group Limited as seller, and Mr. Xing, pursuant to which Jade Green Investments Limited agreed to acquire from Fortune Dragon Group Limited the sale shares and the sale loans, details of which please refer to the announcement of the Company dated 21 May 2008
“associates”	has the meaning ascribed to in the Listing Rules
“Board”	the board of Directors
“CCT Independent Shareholders”	Shareholders other than Mr. Xing and his associates
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to issue new Shares granted by the Shareholders at the annual general meeting of the Company held on 13 June 2008
“General Mandate Independent Shareholders”	Shareholders other than Mr. Wong and his associates
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shi”	Mr. Shi Jianping, a non-executive Director
“Mr. Wong”	Mr. Wong Lik Ping, the controlling Shareholder, executive Director and Chairman of the Company

“Mr. Xing”	Mr. Xing Libin, a substantial Shareholder
“Party D”	Mr. Xing and his associates
“Party E”	Mr. Shi and his associates
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“PRC Subsidiaries”	PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C
“PRC Subsidiary A”	Shanxi Liulin Xingwu Coalmine Company Limited (山西柳林興無煤礦有限責任公司), a company incorporated in the PRC with limited liability
“PRC Subsidiary B”	Shanxi Liulin Jinjiazhuang Coal Company Limited (山西柳林金家莊煤業有限公司), a company incorporated in the PRC with limited liability
“PRC Subsidiary C”	Shanxi Liulin Zhaiyadi Coal Company Limited (山西柳林寨崖底煤業有限公司), a company incorporated in the PRC with limited liability
“Revised Supply Contract”	the revised supply contract entered into among PRC Subsidiaries and Party D dated 3 November 2008, pursuant to which PRC Subsidiaries will purchase raw coking coal, accessories and small tools from Party D and Party D will purchase raw coking coal and electricity from PRC Subsidiaries
“SGM”	the special general meeting of the Company to be convened for approving the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shi Supply Contract”	the supply contract entered into among PRC Subsidiaries and Party E dated 3 November 2008, pursuant to which Party E will purchase raw coking coal from PRC Subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Contract”	the supply contract entered into among PRC Subsidiaries and Party D dated 2 June 2008, pursuant to which PRC Subsidiaries will purchase raw coking coal, accessories and small tools from Party D and Party D will purchase raw coking coal and electricity from PRC Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Mtpa”	Million tones per annum
“RMB”	Renminbi, the lawful currency of the PRC
“VAT”	Value added tax
“%”	per cent.

By order of the Board  
**SO KWOK HOO**  
*Executive Director*

Hong Kong, 4 November 2008

*As at date of this announcement, the Board comprises Mr. Wong Lik Ping, Mr. So Kwok Hoo, Mr. Xue Kang, Mr. Huang Bin and Mr. Liu Qingshan as executive Directors ; Mr. Li King Luk and Mr. Shi Jianping as non-executive Directors; and Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam as independent non-executive Directors.*