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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)

**PLACING OF NEW SHARES
AND
CONNECTED TRANSACTION
AND
RESUMPTION OF TRADING**

Placing Agent



Further to the announcements of the Company dated 21 May 2008 and 17 June 2008 in relation to the very substantial acquisition and connected transaction of the Company and the Shougang Placing respectively, the Board announces that on 20 June 2008, the Company entered into the Second Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to act as agent for the Company on a fully underwritten basis during the Placing Period to procure placee(s) to purchase, or subscribe for 410,000,000 Placing Shares at the placing price of HK\$4.8 per Placing Share.

The 410,000,000 Placing Shares represent (i) approximately 16.81% of the existing issued share capital of the Company and (ii) approximately 8.99% of the issued share capital of the Company as enlarged by the issue and allotment of (a) the 410,000,000 Placing Shares; (b) the 450,000,000 Shougang Placing Shares and (c) the Consideration Shares upon Completion.

On 20 June 2008, China Merit (being a company wholly owned by Mr. Wong who is the controlling Shareholder, executive Director and Chairman of the Company) as one of placees has entered the Mr. Wong Placing Letter with the Placing Agent pursuant to which the Placing Agent agreed to place to Mr. Wong 100,000,000 Placing Shares, representing approximately 4.10% of the issued share capital of the Company and (ii) approximately 2.19% of the issued share capital of the Company as enlarged by the issue and allotment of (a) the 410,000,000 Placing Shares; (b) the 450,000,000 Shougang Placing Shares and (c) the Consideration Shares upon Completion, at a placing price of HK\$4.8 per Placing Share.

The purpose of entering into the Second Placing Agreement is to further raise gross amount of funding of HK\$1,968,000,000 to fulfill the payment obligations of the Group under the Agreement

and the Directors consider that the terms of the Second Placing Agreement are fair and reasonable and the Placing is in the best interest of the Company and the Shareholders as a whole. It is the plan of the Company to apply the net proceeds of the Second Placing of approximately HK\$1,922,000,000 to settle a portion of the cash consideration for the acquisition under the Agreement.

The Placing Shares will be issued under a special mandate to be approved at the EGM and the Mr. Wong Placing constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll.

Mr. Wong and his associates (the controlling Shareholder interested in 1,239,950,000 Shares, representing approximately 50.83% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the EGM. The Company will form an independent board committee to advise the Independent Shareholders on the terms of the Mr. Wong Placing and voting in respect of the Mr. Wong Placing. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Second Placing, the Mr. Wong Placing, the recommendation from the independent board committee, the advice of the independent financial adviser and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 20 June 2008 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2008.

THE SECOND PLACING AGREEMENT DATED 20 JUNE 2008

Issuer

Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange.

Placing Agent

BOCI Asia Limited, as the placing agent for the Company to procure placees for the Placing Shares on a fully underwritten basis.

Placees

Placees are any professional, institutional or individual investors whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Second Placing Agreement. It is expected that no placees (other than Mr. Wong) will become a substantial Shareholder upon completion of the Agreement, the Shougang Placing and the Second Placing.

On 20 June 2008, China Merit (being a company wholly owned by Mr. Wong who is the controlling Shareholder, executive Director and Chairman of the Company) as a placee has entered the Mr. Wong Placing Letter with the Placing Agent pursuant to which the Placing Agent agreed to place to Mr. Wong 100,000,000 Placing Shares, representing approximately 4.10% of the issued share capital of the Company and (ii) approximately 2.19% of the issued share capital of the Company as enlarged by the issue and allotment of (a) the 410,000,000 Placing Shares; (b) the 450,000,000 Shougang Placing Shares and (c) the Consideration Shares upon Completion, at a placing price of HK\$4.8 per Placing Share.

Independence of the Placing Agent and placees

The Placing Agent is, and the placees (other than Mr. Wong) and their respective ultimate beneficial owners are, third parties independent from the Company and its connected persons (as defined in the Listing Rules).

Number of Placing Shares

The 410,000,000 Placing Shares represent (i) approximately 16.8% of the existing issued share capital of the Company and (ii) approximately 8.99% of the issued share capital of the Company as enlarged by the issue and allotment of (a) the 410,000,000 Placing Shares; (b) the 450,000,000 Shougang Placing Shares and (c) the Consideration Shares upon Completion.

The Placing Shares will be issued under a special mandate to be approved in the EGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

Placing Price

HK\$4.8 per Placing Share.

The placing price of HK\$4.8 per Placing Share was arrived at after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 6.07% to the closing price of HK\$5.11 per Share as quoted on the Stock Exchange on 19 June 2008, being the last trading day prior to the publication of this announcement;
- (ii) a discount of approximately 2.12% to the average closing price of HK\$4.904 per Share as quoted on the Stock Exchange in the 5 trading days up to and including 19 June 2008;
- (iii) a discount of approximately 1.36% to the average closing price of HK\$4.866 per Share as quoted on the Stock Exchange in the 10 trading days up to and including 19 June 2008; and
- (iv) approximately 13.7 times over the audited consolidated net asset value per Share of approximately HK\$0.327 as at 31 December 2007.

The terms of the Shougang Placing and the Second Placing are agreed upon after arm's length negotiation between the parties involved and since the placees and timing of the two placings are different, the resulting price is different.

The net price per Placing Share (based on the amount of net proceeds from the Placing) is approximately HK\$4.69, calculated after deducting the commission and expenses in relation to the Placing.

Placing Period

The period commencing upon the execution of the Second Placing Agreement and terminating on the day which is not more than five Business Days from the date of execution of the Second Placing Agreement (or such other time and date as the Company and the Placing Agent may agree in writing).

Ranking of the Placing Shares

The Company will issue and allot the Placing Shares free from all liens, charges, security interests, encumbrances and adverse claims and the Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue at the date of allotment of the Placing Shares, and in particular will rank in full for all dividends and other distributions declared, made or paid in respect thereof.

Conditions of the Second Placing Agreement

The Second Placing is conditional upon:

- (1) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the Placing Shares;
- (2) the Company obtaining all necessary consents and approvals (if any) from the relevant authorities and bodies in respect of the transactions contemplated under the Second Placing Agreement (including but not limited to any approvals from the Shareholders in respect of any issue of the Placing Shares to connected persons), if applicable; and
- (3) the approval of the Shareholders at the EGM having been obtained in respect of the allotment and issue of the Placing Shares pursuant to the Second Placing in accordance with the Listing Rules.

If the condition sets out above are not fulfilled on or before 30 September 2008 (or such later date as may be agreed by the Company and the Placing Agent), the Second Placing Agreement will terminate, upon which the parties shall not have any claim against the other in relation to the Second Placing Agreement and any antecedent breach of any obligation under the Second Placing Agreement.

Completion

Second Placing Completion will take place on the Closing Date.

Termination

- (1) Notwithstanding anything contained in the Second Placing Agreement, if at any time on or before the Second Placing Completion on the Closing Date:
 - (1.1) there develops, occurs or comes into force:
 - (i) any new law or regulation or any prospective change in existing laws or regulations which in the opinion of the Placing Agent has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, net assets or business prospects of the Group as a whole; or
 - (ii) any change (whether or not permanent) in local, national or international economic, financial, political or military conditions, securities market conditions or currency exchange rates or exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by Hong Kong or elsewhere of a national emergency or other calamity or crisis, the effect of which in the opinion of the Placing Agent is or would be materially adverse to the success of the Second Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or

- (iii) the declaration of a banking moratorium by authorities of Hong Kong or any relevant jurisdiction, or any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange; or
- (iv) any suspension of dealings in the Shares for any period whatsoever for more than five (5) trading days.
- (1.2) any breach of any of the representations, warranties and undertakings by the Company set out in the Second Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect or there has been a breach of, or failure to perform, any other provision of the Second Placing Agreement on the part of the Company; or
- (1.3) any change or any development involving a prospective change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group as a whole which in the opinion of the Placing Agent is so material and adverse as to make it impractical or inadvisable to proceed with the Second Placing; or
- (1.4) the Agreement is not completed in any respect.

Then and in any such case, the Placing Agent may terminate the Second Placing Agreement without liability to the Company by giving notice in writing to and the Company.

- (2) Without prejudice to any other provisions of the Second Placing Agreement and notwithstanding anything contained in the Second Placing Agreement, the Placing Agent shall have the right (but not obligation) exercisable at any time by notice in writing to the Company to terminate this Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the terms of the Second Placing Completion.

In the event that the Second Placing Agreement is terminated in accordance with clause (1) or (2) or otherwise, all obligations of each of the parties under the Second Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Second Placing Agreement except for: any antecedent breach of any obligation under the Second Placing Agreement; and liabilities under the Second Placing Agreement.

SHAREHOLDING STRUCTURES BEFORE AND AFTER THE PLACING

The respective shareholding structures of the Company immediately before and after the Shougang Placing Completion and Second Placing Completion and Completion are set out below:

Name of Shareholders	Existing Shareholding		Shareholding upon Completion (assuming that Mr. Xing will take up 56.92% of the Consideration Shares which is in proportion to his effective interest in the Seller) and Shougang Placing Completion and Second Placing Completion (Note 2)	
	Number of Shares	%	Number of Shares	%
Mr. Wong (Note 1)	1,239,950,000	50.83	1,434,450,000	31.46
Mr. Xing	-	-	717,185,700	15.73
Other Owners	-	-	448,314,300	9.83
Public shareholders:				
- Fine Power	-	-	450,000,000	9.87
- placees (other than Mr. Wong)	-	-	310,000,000	6.80
- other public Shareholders	1,199,605,352	49.17	1,199,605,352	26.31
Total	2,439,555,352	100.00	4,559,555,352	100.00

Notes:

1. Mr. Wong holds 90,750,000 Shares and China Merit owns 1,149,200,000 Shares. Mr. Wong would receive 94,500,000 Consideration Shares represented 7.5% of total Consideration Shares. The Placing Agent agreed to place to China Merit 100,000,000 Placing Shares.
2. As the Agreement, the Shougang Placing Letter and the Second Placing Agreement will be completed simultaneously, the Consideration Shares, the Shougang Placing Shares and the Second Placing Shares will be issued and allotted simultaneously.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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.

Further to the announcements of the Company dated 21 May 2008 and 17 June 2008 in relation to the very substantial acquisition and connected transaction of the Company and the Shougang Placing respectively, the purpose of entering into the Second Placing Agreement is to further raise gross amount of funding of HK\$1,968,000,000 to fulfill the payment obligations of the Group under the Agreement and the Directors consider that the terms of the Second Placing Agreement are fair and reasonable and the Placing is in the best interest of the Company and the Shareholders as a whole. It is the plan of the Company to apply the net proceeds of the Second Placing of approximately HK\$1,922,000,000 to settle a portion of the cash consideration for the acquisition under the Agreement. The aggregate amount of the net proceeds of HK\$3,937,000,000, being the sum of net proceed of HK\$2,015,000,000 from the Shougang Placing and the net proceed of HK\$1,922,000,000 from the Second Placing, will be used to settle a portion of the cash consideration of HK\$4,860,000,000 for the acquisition under the Agreement. The balance of HK\$923,000,000 of the cash consideration of the Agreement will be financed by bank loan to be obtained by the Company.

Save for the Shougang Placing as announced by the Company on 17 June 2008, the Company has not carried out any fund raising activity by the issue of equity securities or convertible securities in the 12 months preceding the date of this announcement.

GENERAL

The Placing Shares will be issued under a special mandate to be approved in the EGM and the Mr. Wong Placing constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll.

Mr. Wong and his associates (the controlling Shareholder interested in 1,239,950,000 Shares, representing approximately 50.83% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the EGM. The Company will form an independent board committee to advise the Independent Shareholders on the terms of the Mr. Wong Placing and voting in respect of the Mr. Wong Placing. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Second Placing, the Mr. Wong Placing, the recommendation from the independent board committee, the advice of the independent financial adviser and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 20 June 2008 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2008.

DEFINITIONS

“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
“Board”	board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transactions of normal business
“Buyer”	Jade Green Investments Limited, being buyer of the Agreement

“China Merit”	China Merit Limited, a company incorporated in British Virgin Islands and a company wholly owned by Mr. Wong
“Closing Date”	on the fifth Business Day after the date on which the last outstanding condition of the Placing Agreement is satisfied or, if applicable, or waived or such other date as the Company and the Placing Agent may agree in writing
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange
“Completion”	completion of the Agreement pursuant to the terms and conditions of the Agreement
“Consideration Shares”	1,260,000,000 new Shares credited as fully paid in the capital of the Company to be issued by the Company under the Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for approving the Mr. Wong Placing and the transactions contemplated therein
“Fine Power”	Fine Power Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Shougang
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Wong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Lik Ping, the controlling Shareholder, executive Director and Chairman of the Company
“Mr. Wong Placing”	a placing by the Placing Agent of 100,000,000 Mr. Wong Placing Shares to Mr. Wong under the Wong Placing Letter
“Mr. Wong Placing Letter”	a conditional placing letter entered into between the Placing Agent and Mr. Wong as a placee pursuant to which the Placing Agent agreed to place to Mr. Wong 100,000,000 Mr. Wong Placing Shares at HK\$4.8 per Mr. Wong Placing Share

“Mr. Wong Placing Share(s)”	100,000,000 new Shares to be issued to Mr. Wong under the Mr. Wong Placing Letter
“Mr. Xing”	Mr. Xing Libin, the controlling shareholder of the seller of the Agreement
“Other Owners”	the ultimate owners of the seller of the Agreement other than Mr. Xing and Mr. Wong
“Placing Agent”	BOCI Asia Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Period”	the period commencing upon the execution of the Second Placing Agreement and terminating on the day which is not more than five Business Days from the date of execution of the Second Placing Agreement (or such other time and date as the Company and the Placing Agent may agree in writing)
“Placing Share(s)”	410,000,000 new Shares to be issued under the Second Placing
“PRC”	the People’s Republic of China
“Second Placing”	a placing by the Placing Agent of Placing Shares with placee(s) under the Second Placing Agreement on a fully underwritten basis
“Second Placing Completion”	completion of the Second Placing pursuant to and in accordance with the terms and conditions of the Second Placing Agreement
“Second Placing Agreement”	a conditional placing agreement dated 20 June 2008 entered into between the Company and the Placing Agent in relation to the Second Placing
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Shougang”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Shougang Placing”	a placing by the Placing Agent of 450,000,000 Shougang Placing Shares to Shougang under the Shougang Placing Letter
“Shougang Placing Completion”	completion of the Shougang Placing pursuant to and in accordance with the terms and conditions of the Shougang Placing Letter

“Shougang Placing Letter”	a conditional placing letter entered into between the Placing Agent, Fine Power as a placee and Shougang as a guarantor pursuant to which the Placing Agent agreed to place to Fine Power the Shougang Placing Shares at HK\$4.60 per Shougang Placing Share
“Shougang Placing Shares”	450,000,000 new Shares to be issued to Fine Power under the Shougang Placing Letter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Fushan International Energy Group Limited
SO KWOK HOO
Executive Director

Hong Kong, 20 June 2008

As at the date of this announcement, the Board comprises Mr. Wong Lik Ping, Mr. So Kwok Hoo, and Mr. Xue Kang as executive Directors, Mr. Li King Luk as a non-executive Director, Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam as independent non-executive Directors.