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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)**

**LONG TERM STRATEGIC COOPERATION WITH SHOUGANG  
AND  
PLACING OF NEW SHARES  
AND  
RESUMPTION OF TRADING**

*Placing Agent*



Further to the announcement of the Company dated 21 May 2008 in relation to the very substantial acquisition and connected transaction of the Company, the Board announces that on 15 June 2008, the Company entered into:

- (i) the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to act as agent for the Company on a best efforts basis during the Placing Period to procure placee(s) for up to 450,000,000 Placing Shares at the placing price of HK\$4.60 per Placing Share. On the same date, Shougang as a guarantor and Fine Power as a placee have entered the Shougang Placing Letter with the Placing Agent pursuant to which the Placing Agent agreed to place to Fine Power (a wholly owned subsidiary of Shougang) the Shougang Placing Shares at a placing price of HK\$4.60 per Shougang Placing Share;
- (ii) the Long Term Strategic Cooperation Agreement with Shougang and Mr. Wong (as a guarantor of the Company) pursuant to which Shougang (or its nominees) and the Company intend to establish a steady and long term relationship for cooperation. Among other things, the Company (or procure its subsidiaries) agrees to supply and Shougang (or any companies designated by Shougang) agrees to purchase not less than two million tonnes of premier clean coking coal for each calendar year from 2009 onwards; and
- (iii) the Deed of Undertakings with Shougang, and Fine Power pursuant to which the Company agreed to give certain representations, warranties and undertakings in favour of Shougang and Fine Power. Among other things, the Company will procure a board meeting of the Company to be held in which (i) a person nominated by Shougang shall be appointed as a Director; and (ii) a person nominated by Shougang shall be appointed as a deputy general manager of each of PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C (pursuant to the definition of the announcement of the Company dated 21 May 2008).

The 450,000,000 Placing Shares represent (i) approximately 18.45% of the existing issued share capital of the Company and (ii) approximately 10.84% of the issued share capital of the Company as enlarged by the issue and allotment of the 450,000,000 Placing Shares and the issue and allotment of the Consideration Shares upon completion of the Agreement.

The Placing Shares will be issued under a general mandate granted by the Shareholders at the annual general meeting of the Company held on 13 June 2008. No shares have been issued under such general mandate up to the date of this announcement. According to the Shougang Placing Letter, Fine Power undertakes that it will not pledge, transfer, sell or otherwise dispose of the Shougang Placing Shares for six months from the Shougang Placing Completion Date.

With reference to the announcement of the Company dated 21 May 2008 in relation to the very substantial acquisition and connected transaction of the Company, the purpose of entering into the Placing Agreement is to raise gross amount of funding of HK\$2,070,000,000 to fulfill the payment obligations of the Group under the Agreement and the Directors consider that the terms of the 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 Placing of approximately HK\$2,015,000,000 to settle a portion of the cash consideration for the acquisition under the Agreement.

In respect of the strategic cooperation with Shougang (a wholly-owned subsidiary of 首鋼總公司 (Shougang Corporation) which is one of the largest steel producers in the PRC), the Directors are of the view that the proposed introduction of Shougang as a strategic investor and placing of new shares to Shougang can enable the Company to: (a) secure a premier long-term customer with strategic interest in the Company, (b) benefit from the extensive experience and business connections of Shougang by having them participate in the Board and senior management, and (c) to raise funding for the payment of a significant portion of the cash consideration for the acquisition under the Agreement.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 16 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 18 June 2008.

## **THE PLACING AGREEMENT DATED 15 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 placee(s) for the Placing Shares on a best efforts basis.

### **Placee(s)**

Placee(s) are any professional, institutional or individual investor whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing Agreement.

On 15 June 2008, the Placing Agent entered into the Shougang Placing Letter with Shougang as the guarantor and Fine Power as the placee pursuant to which the Placing Agent agreed to place to Fine Power (a wholly owned subsidiary of Shougang) the Shougang Placing Shares at a placing price of HK\$4.60 per Shougang Placing Share.

Fine Power, a company incorporated in the British Virgin Islands with limited liability, is a wholly owned subsidiary of Shougang and is principally engaged in investment holding. Shougang, a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding with diversified businesses and has substantial interests in certain listed companies in Hong Kong. Shougang is beneficially owned by 首鋼總公司 (Shougang Corporation), a PRC state-owned enterprise which is one of the largest steel producers in the PRC. Shougang and its associates (as defined in the Listing Rules) did not hold any Shares as at the date of the Placing Agreement.

Pursuant to the Shougang Placing Letter, Fine Power also undertakes to the Placing Agent that for a period of six (6) months from the Shougang Placing Completion Date, Fine Power will not offer, accept subscription for, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shougang Placing Shares.

#### **Independence of the Placing Agent and placee(s)**

The Placing Agent is, and Fine Power as the placee and their respective ultimate beneficial owners are, third parties independent of the Company and its connected persons (as defined in the Listing Rules).

#### **Number of Placing Shares**

Up to 450,000,000 new Shares represent (i) approximately 18.45% of the existing issued share capital of the Company and (ii) approximately 10.84% of the issued share capital of the Company as enlarged by the issue and allotment of the 450,000,000 Placing Shares and the issue and allotment of the Consideration Shares upon completion of the Agreement.

The Placing Shares will be issued under a general mandate granted by the Shareholders at the annual general meeting of the Company held on 13 June 2008. No shares have been issued under such general mandate up to the date of this announcement.

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\$4.60 per Placing Share.

The placing price of HK\$4.60 for the Placing Shares was arrived at after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 6.31% to the closing price of HK\$4.91 per Share as quoted on the Stock Exchange on 13 June 2008, being the last trading day prior to the publication of this announcement;
- (ii) a discount of approximately 4.96% to the average closing price of HK\$4.84 per Share as quoted on the Stock Exchange in the 5 trading days up to and including 13 June 2008;
- (iii) a discount of approximately 4.41% to the average closing price of HK\$4.812 per Share as quoted on the Stock Exchange in the 10 trading days up to and including 13 June 2008; and
- (iv) approximately 13.07 times over the audited consolidated net asset value per Share of approximately HK\$0.327 as at 31 December 2007.

The net price per Placing Share (based on the amount of net proceeds from the Placing) is approximately HK\$4.48, calculated after deducting the commission and expenses in relation to the Placing.

**Placing Period**

The period commencing upon the execution of the Placing Agreement and terminating on the day which is not more than five Business Days from the date of execution of the 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 Placing Agreement**

The obligations of the Placing Agent and the obligations of the Company from time to time under the Placing Agreement are conditional upon the fulfillment or waived (for condition (3) only) of each of the following conditions from time to time by 30 September 2008 or such other date as the parties thereto may agree:

- (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 in respect of the transactions contemplated under the Placing Agreement, if applicable;
- (3) the Company issuing a confirmation confirming the conditions as set out in the Agreement having been fulfilled or, if applicable, waived; and
- (4) the Company issuing a confirmation to the placee(s) certifying that as at the date of such confirmation, there has been no breach of any of the Warranties by the Company in any respect and there is no event, matter, fact or circumstances (including omission to act) which has arisen/occurred or may arise/occur which constitutes or might constitute a breach of or be inconsistent with any of Warranties or that any of the Warranties will not be or may not be capable of being fulfilled in any respect.

The Company shall use its best endeavours to procure the satisfaction of the above conditions by 30 September 2008 or such other date as the parties may agree, but if the conditions shall not be so satisfied, the obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto save for any antecedent breach of any obligation under the Placing Agreement.

**Completion**

Completion of the Placing will take place 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.

## THE LONG TERM STRATEGIC COOPERATION AGREEMENT DATED 15 JUNE 2008

On 15 June 2008, the Company entered into the Long Term Strategic Cooperation Agreement with Shougang and Mr. Wong (as a guarantor of the Company) pursuant to which Shougang (or its nominees) and the Company intend to establish a steady and long term relationship for cooperation and Mr. Wong has agreed to procure and act as a guarantor of the Company for its performance of all duties, obligations and liabilities under the Long Term Strategic Cooperation Agreement.

Pursuant to the Long Term Strategic Cooperation Agreement,

1. Shougang will subscribe for new shares in the Company representing approximately 20% of the entire issued share capital of the Company as at the date of entering into of the relevant agreement.

Accordingly, on 15 June 2008, Shougang as a guarantor and Fine Power as a placee have entered the Shougang Placing Letter with the Placing Agent pursuant to which the Placing Agent agreed to place to Fine Power the Shougang Placing Shares, representing approximately 18.45% of the existing issued share capital of the Company, at a placing price of HK\$4.60 per Shougang Placing Share. The Company confirmed that this clause will be fulfilled by way of completion of the Shougang Placing Letter.

2. The obligations of the Company and the obligations of Mr. Wong from time to time under the Long Term Strategic Cooperation Agreement are conditional upon the fulfillment of the conditions of the Shougang Placing Letter by Shougang (or its nominee) and completion of the Shougang Placing Letter.
3. As long as Shougang (and/or its nominees) maintains more than 5% issued share capital of the Company (the "Period"), Shougang has the right to participate in the management of the Company including nomination of one director to the board of the Company and nomination of the senior management to the Group. The Company also agrees to procure the appointment and the re-appointment of the director and the senior management.
4. During the Period, the Company shall ensure and procure that since the financial year ending 31 December 2009, dividend declared for each financial year shall not be less than 40% of the net profit attributable to the Shareholders in that financial year (by reference to the relevant consolidated financial statements of the Company).
5. During the Period, (i) the Company (or procure its subsidiaries) agrees to supply to Shougang (or any companies designated by Shougang) premier clean coking coal, and Shougang (or any companies designated by Shougang) agrees to purchase and not less than two million tonnes of premier clean coking coal for each calendar year from 2009 onwards, and will be increased according to the actual production of the Company and its subsidiaries for each calendar year thereafter; (ii) the price for the premier clean coking coal to be supplied by the Company to Shougang and/or its designated companies shall be not higher than the Group offers to any other customers on similar coking coal quality, terms and delivery terms. Shougang shall also be entitled to similar bulk purchase price discounts; and (iii) the parties shall negotiate in good faith for the entering into of formal supply agreements for the supply of premier clean coking coal in due course. If the transactions under the formal supply agreements constitute continuing connected transactions of the Company, the Company will comply with the relevant requirements under the Listing Rules.

6. Mr. Wong shall procure, and hereby irrevocably and unconditionally guarantees to Shougang, the due and punctual performance of the Long Term Strategic Cooperation Agreement by the Company. Mr. Wong irrevocably and unconditionally agrees to indemnify and compensate Shougang for any losses, damages, costs and expenses suffered or incurred by Shougang as a result of any failure of the Company in the due and punctual performance of the obligations by the Company.

#### **DEED OF UNDERTAKINGS DATED 15 JUNE 2008**

In consideration of Shougang and Fine Power agreeing to enter into the Shougang Placing Letter with the Placing Agent at the request of the Company, on 15 June 2008, the Company entered into the Deed of Undertakings with Shougang and Fine Power, pursuant to which the Company agrees to give certain representations, warranties and undertakings in favour of each of Shougang and Fine Power subject to and in accordance with the terms and conditions of the Deed of Undertakings.

Pursuant to the Deed of Undertakings, inter alia,

1. The Company represents and warrants to and undertakes with Shougang and Fine Power, inter alia, that as at the date of the Deed of Undertakings and for all times up to and including the Shougang Placing Completion Date for two years, each of the parties to the Agreement has complied with the terms and conditions of the Agreement in all respects and there has been no breach of any of the terms and conditions of the Agreement.

As the Warranties are also represented and warranted to the Company and the Buyer by the seller and Mr. Xing under the Agreement, the Company undertakes with Shougang and Fine Power that each of the parties to the Agreement will comply with the terms and conditions of the Agreement.

2. The Company will procure a board meeting of the Company to be held in which (i) a person nominated by Shougang shall be appointed as a Director; and (ii) a person nominated by Shougang shall be appointed as a deputy general manager of each of PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C (pursuant to the definition of the announcement of the Company dated 21 May 2008) (which, for avoidance of doubt, such appointment to each of PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C, shall be the same person).
3. Claims against the Company in respect of any breach of any Warranties shall be barred and unenforceable unless written particulars thereof shall have been given in writing to the Company on or before the second anniversary of the Shougang Placing Completion Date.
4. The Company shall not be liable for a claim for breach of any of the Warranties where the amount of any individual claim is less than HK\$3,000,000, save that the Company shall be liable for claims which, if calculated on an individual basis, would be less than HK\$3,000,000 but which would in aggregate exceed HK\$3,000,000.

5. The aggregate liability of the Company in respect of claims for breach of Warranties shall not exceed HK\$2,070,000,000. Subject to Shougang Placing Completion and the Completion having taken place, the maximum liability of the Company in respect of any particular claim for breach of Warranties (the “Relevant Claim”) shall not exceed an amount equal to the maximum amount as at the date on which written notice (the “Claim Notice”) is served by any of Shougang and Fine Power on the Company that the Relevant Claim will be made less an amount equal to the sum of amounts received by any of Shougang and Fine Power on an irrevocable and unconditional basis in the nature of damages for losses suffered in respect of any claims for breach of Warranties prior to the date of the Claim Notice relating to the Relevant Claim. For the purpose of this clause, the Maximum Amount shall be equal to  $A / B \times C$ , whereas A means number of Shares (or such number of shares of the Company resulting from any subdivision or consolidation thereof) held by Shougang and its subsidiaries and associated companies as at the date of the Claim Notice in relation to the Relevant Claim; B means number of Shougang Placing Shares (or such number of shares of the Company resulting from any subdivision or consolidation thereof) and C means HK\$2,070,000,000.
6. The Company unconditionally and irrevocably represents, warrants and undertakes to Shougang and Fine Power that (a) not less than 25% of the fully diluted issued share capital of the Company (from time to time) as enlarged by the issue of the Consideration Shares and the Shares to be issued under the Placing shall be held by public as required under Rule 8.08 of the Listing Rules immediately following the Completion and the Shougang Placing Completion; (b) each of the Shares to be issued under the Placing shall not be issued at a price less than HK\$4.60 (without discount or allowance or rebate); and (c) immediately upon the fulfillment of the last of the conditions precedent of the Agreement, it shall give a written confirmation to the Placing Agent.
7. The Company covenants and undertakes with each of Shougang and Fine Power that it shall not, and shall procure that no member of the Group will, save with the prior written consent of Shougang (for itself and on behalf of Fine Power), on or before Shougang Placing Completion, other than the issue of Consideration Shares in accordance with the terms and conditions of the Agreement, the loan to be made available to the Buyer from the Placing Agent as a lender in the sum of US\$153,800,000 for financing part of the cash component of the total consideration of the Agreement, the Placing and the Shougang Placing, issue or agree to issue any share or loan capital or securities (including any securities convertible or exchangeable into shares of any member of the Group) or grant or agree to grant or redeem any option or amend the terms of any existing option over or right to acquire or subscribe any of its share or loan capital except as a result of the exercise of the outstanding share options of the Company.
8. The Company unconditionally and irrevocably undertakes to each of Shougang and Fine Power that it shall, and shall procure that the Buyer shall: (a) not agree to waive any of the conditions precedent to or any of the rights of the Company and/or the Buyer under the Agreement unless with the prior written consent of Shougang (for itself and on behalf of Fine Power); (b) not amend or agree to amend any term of the Agreement (other than the extension of the long stop date of the Agreement, being 30 September 2008, to a date not later than 31 October 2008) and other documents entered into by the Company and/or the Buyer pursuant to or for the purpose of the Acquisition unless with the prior written consent of Shougang (for itself and on behalf of Fine Power); and (c) procure the Shougang Placing Completion to take place simultaneously with the Completion.
9. The Company unconditionally and irrevocably undertakes to Shougang that it shall fully comply with all the terms and conditions of the Long Term Strategic Cooperation Agreement in all respects.

**SHAREHOLDING STRUCTURES BEFORE AND AFTER THE PLACING**

The respective shareholding structures of the Company immediately before and after the Shougang 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	
	Number of Shares	%	Number of Shares	%
Mr. Wong (Note 1)	1,239,950,000	50.83	1,334,450,000	32.16
Mr. Xing (Note 2)	-	-	717,185,700	17.28
Other Owners (Note 2)	-	-	448,314,300	10.80
Public shareholders:				
- Fine Power (Note 3)	-	-	450,000,000	10.84
- other public Shareholders	1,199,605,352	49.17	1,199,605,352	28.92
<b>Total</b>	<b>2,439,555,352</b>	<b>100.00</b>	<b>4,149,555,352</b>	<b>100.00</b>

*Notes:*

1. Mr. Wong holds 90,750,000 Shares and is the beneficial owner of the entire issued share capital of China Merit Limited, which owns 1,149,200,000 Shares. Mr. Wong would receive 94,500,000 Consideration Shares represented 7.5% of total Consideration Shares.
2. It is one of the conditions of the Agreement that the Company has to obtain a debt financing from the financial institution(s) and/or raising funding in the form of issuing new Shares for an aggregate and not less than HK\$4,360,000,000 for payment of the Initial Cash Consideration and the Escrow Cash. It is expected that the aggregate shareholding of Mr. Xing and Other Owners in the Company will be below 30% of the issued share capital of the Company as enlarged by the Consideration Shares and the new Shares to be issued, if any, in the fund raising exercises for the Acquisition.
3. It is expected that the shareholding of Fine Power in the Company will be below 10% of the issued share capital of the Company as enlarged by the Consideration Shares and the new Shares to be issued, if any, in the fund raising exercises for the Acquisition.

**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.

With reference to the announcement of the Company dated 21 May 2008 in relation to the very substantial acquisition and connected transaction of the Company, the purpose of entering into the Placing Agreement is to raise gross amount of funding of HK\$2,070,000,000 to fulfill the payment obligations of the Group under the Agreement and the Directors consider that the terms of the 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 Placing of approximately HK\$2,015,000,000 to settle a portion of the cash consideration for the acquisition under the Agreement.

In respect of the strategic cooperation with Shougang (a wholly-owned subsidiary of 首鋼總公司 (Shougang Corporation) which is one of the largest steel producers in the PRC), the Directors are of the view that the proposed introduction of Shougang as a strategic investor and placing of new shares to Shougang can enable the Company to: (a) secure a premier long-term customer with strategic interest in the Company, (b) benefit from the extensive experience and business

connections of Shougang by having them participate in the Board and senior management, and (c) to raise funding for the payment of a significant portion of the cash consideration for the acquisition under the Agreement. Consequently, the Directors believe that the Shareholders will be equally benefited from any enhanced value and growth of the Company arising from the strategic investment to be made by Shougang in the Company and the synergy to be created by the strategic cooperation of such a grand renowned steel producers in the PRC. The Directors also consider that the terms and conditions of the Long Term Strategic Cooperation Agreement and the Deed of Undertakings are fair and reasonable and the entering into the Long Term Strategic Cooperation Agreement and the Deed of Undertakings are in the best interest of the Company and the Shareholders as a whole. From such perspective, the Directors consider that all Shareholders are treated fairly and equally under the Placing Agreement.

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

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 16 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 18 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
“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
“Deed of Undertakings”	a deed of undertakings dated 15 June 2008 entered into between the Company, Shougang and Fine Power

“Director(s)”	director(s) of the Company
“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
“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. 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”	a placing by the Placing Agent of Placing Shares with placee(s) under the Placing Agreement on a best efforts basis
“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 Agreement”	a conditional placing agreement dated 15 June 2008 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating on the day which is not more than five Business Days from the date of execution of the Placing Agreement (or such other time and date as the Company and the Placing Agent may agree in writing)
“Placing Share(s)”	up to 450,000,000 new Shares to be issued under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shougang”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“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 Completion Date”	date of Shougang Placing Completion pursuant to the terms and conditions of 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
“Long Term Strategic Cooperation Agreement”	a long term strategic cooperation agreement dated 15 June 2008 entered into between the Company and Shougang
“Warranties”	warranties given by the Company under the Deed of Undertakings
“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, 17 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.*