



**Fushan Energy Takes Various Measures to Enhance the Group's
Competitiveness
Introduce Shougang Corporation as Its Long-term Strategic Partner**

(October 21, 2008 – Hong Kong) In response to the recent developments of the coking coal industry, Mr. Wong Lik Ping, Chairman of **Fushan International Energy Group Limited**, ("Fushan Energy" or the "Company", together with its subsidiaries are collectively referred to as the "Group"; Stock code: 639), the second largest hard coking coal producer in China, commented, "In face of the uncertain conditions of the coking coal industry in China, the Group have adopted various measures to enhance its competitiveness and operational efficiency. Besides, we have successfully introduced Shougang Corporation, one of the largest steel producers in China, as our long-term strategic partner. We are confident that the Group's business will continue to grow steadily."

Mr. Wong Lik Ping added, "Subsequent to the clean coking coal sales contracts signed with two top-10 iron and steel manufacturers in China, we will continue to devote our efforts to improve the Group's profit margin by optimizing its product combination and increasing the sales proportion of high value-added clean coal. In addition, we will actively expand our production capacity. Three new coal preparation plants in Shanxi Province are currently under construction and they are expected to commence production in 2009. By then, our total production capacity of clean coal will be increased to 8.1 million tons per annum. Meanwhile, we will broaden our customer base with large-scale iron and steel manufacturers and further extend our sales to regions outside Shanxi Province. Following the acquisitions of the three coal mines in July, our actual production volume from August to September was 1.10 million tons, as compared to 2.89 million tons in the first seven months of this year. We estimate that our total production volume will be no less than 5 million tons in 2008."

"In July this year, Fushan Energy entered into a long-term strategic cooperation agreement with Shougang Corporation. According to it, Shougang Corporation will procure no less than 2 million tons of high-quality clean coal every year from the Group from 2009 onwards and the annual procurement volume will be adjusted upwards based on our actual production capacity. We estimate that sales to Shougang will account for approximately 40% of the Group's total output in the year 2009. Together with the above two clean coking coal sales contracts, the three major iron and steel manufacturers will account for approximately 60% of the Group's total output in the year 2009."

Mr. Wong added, "Moreover, we introduced Shougang Corporation as our strategic shareholder which owns a 9.87% stake of the Company and is our third largest shareholder. The cooperation will not only bring in a premium and long-term customers, secure the Group's coking coal sales volume and income source, but also marks the great achievements made in the strategic business transformation of the Company. We look forward to further cooperation with each other on a win-win basis."

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About Fushan International Energy Group Limited

Fushan International Energy is principally engaged in the production and sales of coking coal and related side products. It is the second largest hard coking coal producer in China in terms of production capacity and has three coal mines in Liulin County, Shanxi Province. The current combined production capacity of the three coal mines is 6.3 million tons of raw coal per annum. According to the technical review report of John T. Boyd Company based on the standard of JORC, the total recoverable reserves of the three coal mines was 142.4 million tons as at the end of 2007. They main contain hard and semi-hard coking coal. The Group currently owns a coal preparation plant in Shanxi Province. The first phase of the coking plant in Shanxi Province has already commenced production since July 2008. Besides, the Group is constructing three new coal preparation plants to increase the total annual production capacity of clean coal to 8.1 million tons. They are expected to commence production in the first and third quarter of 2009 respectively.

The press release is distributed by Wonderful Sky Financial Group on behalf of Fushan International Energy Group Limited.

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