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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)**

## **CHANGES IN SHAREHOLDING AND INTRODUCTION OF A SUBSTANTIAL SHAREHOLDER**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board has been informed by Mr. Wong, being the controlling shareholder and executive director of the Company, that Mr. Wong and China Merit have entered into the Share Sale Agreement to sell 550,000,000 Shares, representing approximately 12.05% of the issued share capital of the Company, to Excel Bond. Upon Completion, Excel Bond will become a substantial shareholder of the Company (as defined in the Listing Rules).

**As Completion is subject to the fulfillment of a number of conditions precedent, the Share Sale Agreement may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.**

This announcement is made by Fushan International Energy Group Limited (the “Company”) pursuant to Rule 13.09 of the Listing Rules.

Reference is also made to the Announcement and the announcement made by the Company on 17 June 2008.

The Board has been informed by Mr. Wong, the controlling shareholder and the executive director of the Company, that on 9 February 2009, that China Merit as vendor and Mr. Wong as guarantor of the vendor have entered into the Share Sale Agreement with Excel Bond as purchaser and Shougang International as guarantor of the purchaser for the sale of 550,000,000 Shares, representing approximately 12.05% of the entire issued share capital of the Company. The consideration for the Sale Shares shall be HK\$1,199,000,000 or HK\$2.18 per Sale Share, of which (a) HK\$715,000,000 shall be satisfied in cash; and (b) HK\$484,000,000 shall be satisfied by the allotment and issue of Consideration Shares to China Merit (or its nominees) at the issue price of HK\$0.88 per Consideration Share.

Completion shall be conditional on fulfillment of certain conditions precedents including, but not limited to, the following:

- (a) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the Consideration Shares; and
- (b) the execution and performance of the terms of the Share Sale Agreement will not trigger any obligations on Excel Bond and/or parties acting in concert with it to make a general offer under the Hong Kong Code on Takeovers and Mergers.

### CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE SALE SHARE AGREEMENT

The following table sets out the shareholding structure of the Company (based on the best knowledge of the Board) immediately before and after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date):

Name of Shareholders	Immediately before Completion		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Mr. Wong ( <i>Note1</i> )	1,423,171,900	31.18	873,171,900	19.13
Mr. Xing Libin	669,546,536	14.67	669,546,536	14.67
Excel Bond ( <i>Note2</i> )	-	-	550,000,000	12.05
Fine Power ( <i>Note3</i> )	450,000,000	9.86	450,000,000	9.86
Public Shareholders	2,021,836,916	44.29	2,021,836,916	44.29
<b>Total</b>	<b>4,564,555,352</b>	<b>100.00</b>	<b>4,564,555,352</b>	<b>100.00</b>

Notes:

1. Immediately before Completion, Mr. Wong is the legal and beneficial owner of 173,971,900 Shares and China Merit is the legal and beneficial owner of 1,249,200,000 Shares. Upon Completion, Mr. Wong is the legal and beneficial owner of 173,971,900 Shares and China Merit is the legal and beneficial owner of 699,200,000 Shares.
2. Excel Bond is a wholly owned subsidiary of Shougang International.
3. Fine Power is a wholly owned subsidiary of Shougang Holding. As at the date of this announcement, Shougang Holding holds approximately 41.76% of equity interests in Shougang International and upon Completion, Shougang Holding would hold approximately 38.78% of equity interests in Shougang International (assuming there is no change in the issued share capital of Shougang International from the date of this announcement to immediately before Completion).

## **LOCK-UP ARRANGEMENT**

From Completion Date up to and including the date falling six months from Completion Date, without prior written consent of China Merit, each of Excel Bond and Shougang International shall not directly or indirectly, and shall procure that none of its associates or companies controlled by it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any encumbrances over) any of the Sale Shares.

As mentioned in the Announcement, under the Loan Agreement, an event of default will arise upon the occurrence of, among other things, a change of control which occurs if, among other things, (i) after completion of the Agreement, (A) Mr. Wong ceases to be the legal and beneficial owner of at least 3% of the entire issued share capital of the Company; (B) China Merit ceases to be the legal and beneficial owner of at least 27% of the entire issued share capital of the Company; or (C) Mr. Wong and China Merit cease to be the respective legal and beneficial owners of at least 30% in aggregate of the entire issued share capital of the Company.

As disclosed above, upon Completion, certain clauses of the Loan Agreement would be breached and would constitute an event of default under the Loan Agreement. A waiver has been obtained by the Company and Jade Green for the non-compliance with the above restrictions before Mr. Wong and China Merit entering into the Share Sale Agreement.

As disclosed in the announcement made by the Company on 17 June 2008, on 15 June 2008 the Company entered into a long term strategic cooperation agreement (the "Long Term Strategic Cooperation Agreement") with Shougang Holding and Mr. Wong (as a guarantor of the Company) pursuant to which, among other things, the Company (or procure its subsidiaries) agrees to supply and Shougang Holding (or companies designated by Shougang Holding) agrees to purchase not less than two million tones of premier clean coking coal for each calendar year from 2009 onwards. Upon Completion, Shougang Holding will become a substantial shareholder of the Company and the transactions contemplated under the Long Term Strategic Cooperation Agreement will become continuing connected transactions. Further details of which will be announced by the Company in due course.

## **GENERAL**

**As Completion is subject to the fulfillment of a number of conditions precedent, the Share Sale Agreement may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.**

**DEFINITIONS:**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 9 May 2008 between the Company, Jade Green, Mr. Wong, Fortune Dragon Group Limited and Mr. Xing Libin. Details of which are set out in the announcement of the Company dated 21 May 2008;
“Announcement”	the announcement made by the Company on 22 July 2008;
“Board”	the board of directors of the Company;
“China Merit”	China Merit Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Wong;
“Completion”	completion of the Share Sale Agreement;
“Completion Date”	the fifth Business Day after the day on which the last conditions precedent are fulfilled or waived or such other date as China Merit and Excel Bond may agree;
“Consideration Shares”	550,000,000 new shares of HK\$0.20 each in the capital of Shougang International, representing 7.12% of the enlarged share capital of Shougang International immediately after the Completion;
“Excel Bond”	Excel Bond Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Shougang International;
“Fine Power”	Fine Power Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Shougang Holding;
“Jade Green”	Jade Green Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	a loan agreement entered into between Jade Green, the Company and among other parties, BOCI Leveraged & Structured Finance Limited as arranger in relation to the RMB equivalent US\$153,800,000 term loan facility;

- “Mr. Wong” Mr. Wong Lik Ping, the controlling shareholder, Chairman and executive director of the Company;
- “Sale Shares” 550,000,000 Shares to be sold by China Merit to Excel Bond under the Share Sale Agreement;
- “Share Sale Agreement” the share sale Agreement dated 9 February 2009 entered into among China Merit as vendor, Mr. Wong as guarantor of vendor, Excel Bond as purchaser and Shougang International as guarantor of the purchaser in relation to the sale of 550,000,000 Shares
- “Shares” ordinary share of HK\$0.10 each in the share capital of the Company;
- “Shougang Holding” Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a company is beneficially owned by Shougang Corporation (首鋼總公司);
- “Shougang International” Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability, which shares are listed on the Stock Exchange. Shougang Holding is currently holding approximately 41.76% equity interest in Shougang International and will hold approximately 38.78% equity interest in Shougang International upon Completion (assuming that there is no change in the issued share capital of Shougang International from the date of this announcement to the Completion Date save for the issue of the Consideration Shares); and
- “Stock Exchange” The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Fushan International Energy Group Limited**  
SO Kwok Hoo  
Executive Director

Hong Kong, 10 February 2009

*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 of the Company ; Mr. Li King Luk, Mr. Shi Jianping and Mr. Chen Zhouping as non-executive directors of the Company; and Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam as independent non-executive directors of the Company.*