

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



福山國際能源集團有限公司
FUSHAN INTERNATIONAL ENERGY GROUP LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 639)

**LETTER OF INTENT
IN RESPECT OF PROPOSED ACQUISITION**

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

On 5 January 2010, Shiny Track, a wholly owned subsidiary of the Company, and the Company entered into the Letter of Intent with Power State, Mr. Xing, Mrs. Xing, Mr. Wong, Mr. Ting and Mr. Shi in relation to the Proposed Acquisition. The consideration for the Proposed Acquisition will be determined by the parties with reference to the valuation assessed by an independent valuer on the underlying assets of the Target Company and will be payable by a combination of Shares (at a proposed price per Share of HK\$7.80) and cash. It is expected that no change of control of the Company will occur as a result of the Proposed Acquisition.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. The Letter of Intent does not constitute legally binding commitments as to the Proposed Acquisition.

As the Proposed Acquisition may or may not proceed, public investors and shareholders of the Company are urged to exercise caution when dealing in the Shares.

The Proposed Acquisition may or may not proceed. The Proposed Acquisition, if proceeded with, will constitute a notifiable and connected transaction for the Company under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to such possible transaction.

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

On 5 January 2010, Shiny Track, a wholly-owned subsidiary of the Company, and the Company entered into the Letter of Intent with Power State, Mr. Xing, Mrs. Xing, Mr. Wong, Mr. Ting and Mr. Shi in relation to proposed acquisition of the entire issued capital of the Target Company.

Date of the Letter of Intent

5 January 2010

Parties to the Letter of Intent

- (a) Power State as vendor;
- (b) Mr. Xing as guarantor;
- (c) Mrs. Xing as guarantor;
- (d) Mr. Wong;
- (e) Mr. Ting;
- (f) Mr. Shi;
- (g) Shiny Track, a wholly-owned subsidiary of the Company, as purchaser; and
- (h) the Company.

Each of Power State, Mr. Xing, Mrs. Xing, Mr. Wong and Mr. Shi is a connected person of the Company under the Listing Rules. The Proposed Acquisition, if proceeded with, will constitute a notifiable and connected transaction for the Company under the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Mr. Ting and his associates are not connected persons of the Company within the meanings of the Listing Rules and are thus considered to be independent of the Company and the connected persons of the Company.

Subject matter

100% of the issued share capital of the Target Company

Summary of the terms of the Letter of Intent

Consideration for Proposed Acquisition

The consideration for the Proposed Acquisition is to be determined by the parties with reference to the valuation assessed by an independent valuer on the underlying assets of the Target Company and will be payable by a combination of Shares (at a proposed price per Share of HK\$7.80) and cash. Notwithstanding the issue of such Shares, it is expected that the Proposed Acquisition will not result in any change in control of the Company. The amount and the form of the consideration once agreed will be reflected in the formal sale and purchase agreement for the Proposed Acquisition.

Target Company

The Target Company is a company incorporated in the British Virgin Islands and proposes to complete the acquisition and reorganization of certain operating coal mines in Shanxi Province, the PRC which will have, at the completion of such acquisition and reorganization, an aggregate reserve of not less than 442,000,000 tonnes of coal and an annual approved production capacity of at least 6,000,000 tonnes.

Exclusivity

Pursuant to the Letter of Intent, Power State has agreed that for a period commencing from the date of the Letter of Intent and ending on the 180 days after signing of the Letter of Intent, it shall not, and shall procure Mr. Xing, Mrs. Xing and their respective representatives and associates not to negotiate or liaise with or solicit with, or otherwise make any contract of whatsoever nature or enter into contract or arrangement with any other party which interferes, restricts or delays the consummation of the Proposed Acquisition.

Rationale for the Proposed Acquisition

The Company is an investment holding company and the Group is principally engaged in coking coal mining, production and sales of coking coal products (including raw coking coal, clean coking coal and coke) and side products.

The Board considers that the Proposed Acquisition will provide an opportunity for the Group to continue expanding its coal resources in Shanxi Province, the PRC. By further increasing its reserve and output capacity, the Group will firmly position itself as a sizable metallurgical resources supplier in the PRC. Furthermore, the Proposed Acquisition will enhance the Group's competition edge by broadening market share and increase the revenue and profits of the Group, thus maximizing shareholders' returns.

The Target Company will be accounted for as a subsidiary in the financial statements of the Company, and its financial information will be consolidated into the financial statements of the Company upon completion of the Proposed Acquisition.

General

The Board wishes to emphasize that no formal agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. The Letter of Intent does not constitute legally binding commitments as to the Proposed Acquisition.

As the Proposed Acquisition may or may not proceed, public investors and shareholders of the Company are urged to exercise caution when dealing in Shares.

The Proposed Acquisition, if proceeded with, will constitute a notifiable and connected transaction for the Company under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to such transaction.

Further announcement(s) will be made by the Company if any formal sale and purchase agreement for the Proposed Acquisition is entered into.

Definitions

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

“Board”	the board of Directors of the Company;
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong whose Shares are listed on the Stock Exchange;
“Directors”	the Directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Letter of Intent”	the letter of intent dated 5 January 2010 entered into between Shiny Track, Power State, Mr. Xing, Mrs. Xing, Mr. Wong, Mr. Ting, Mr. Shi and the Company in relation to the Proposed Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Shi”	Mr. Shi Jianping (石健平), a PRC national who owns 3% of the issued share capital of Power State;
“Mr. Ting”	Mr. Ting Yin Wang (丁言宏), a PRC national who owns 3% of the issued share capital of Power State;
“Mr. Wong”	Mr. Wong Lik Ping (王力平), a PRC national who owns 17% of the issued share capital of Power State and owns approximately 11% of the issued share capital of the Company;
“Mr. Xing”	Mr. Xing Libin (邢利斌), a PRC national who owns 52% of the issued share capital of Power State and owns approximately 8% of the issued share capital of the Company;
“Mrs. Xing”	Ms. Li Feng Xiao (李鳳曉), a PRC national who owns 25% of the issued share capital of Power State, and the spouse of Mr. Xing;
“Power State”	Power State Holdings Limited, a company incorporated in the British Virgin Islands, which will own 100% of the issued share capital of the Target Company;
“PRC”	the People’s Republic of China;

“Proposed Acquisition”	the proposed acquisition by Shiny Track from Power State of the entire issued capital of the Target Company;
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Shiny Track”	Shiny Track Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Target Company”	Willbroad Investments Limited, a company incorporated in the British Virgin Islands.

By order of the Board
Fushan International Energy Group Limited
Cao Zhong
Vice-chairman and Managing Director

Hong Kong, 5 January 2010

As at the date of this announcement, the Board comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Vice-chairman and Managing Director), Mr. Wong Lik Ping (Vice-chairman), Mr. So Kwok Hoo (Deputy Managing Director), Mr. Xue Kang (Deputy Managing Director), Mr. Liu Qingshan (Deputy Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Chen Zhouping (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Zhang Yaoping (Non-executive Director), Mr. Kee Wah Sze (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director) and Mr. Chan Pat Lam (Independent Non-executive Director).