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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)*  
**(Stock Code: 639)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

On 13 April 2010, Jade Green, a wholly-owned subsidiary of the Company and Mr. Xing entered into the Loan Agreement pursuant to which Jade Green had conditionally agreed to make available the Loan of HK\$937,367,261 (RMB824,883,190) to Mr. Xing for offsetting the Existing Indebtedness.

Mr. Xing is an associate of a substantial shareholder of certain subsidiaries of the Company, and is therefore a connected person of the Company. As such, the making available of the Loan by Jade Green to Mr. Xing constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one of the Percentage Ratios in respect of the making available of the Loan exceeds 5% but less than 25%, the making available of the Loan also constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Mr. Xing and his associates shall abstain from voting on the proposed resolution(s) approving the Loan Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms of the Loan Agreement and voting on the proposed resolution(s) approving the Loan Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Loan Agreement, the recommendations from the Independent Board Committee, the advices of the independent financial adviser and a notice to convene the EGM will be despatched to the Shareholders pursuant to the Listing Rules.

## THE LOAN AGREEMENT

### Date

13 April 2010

### Parties

Lender: Jade Green, a wholly-owned subsidiary of the Company

Borrower: Mr. Xing, an associate of a substantial shareholder of certain subsidiaries of the Company and a connected person of the Company

### Principal Terms

Loan amount: Pursuant to the Loan Agreement, Jade Green had conditionally agreed to make available the Loan of HK\$937,367,261 (RMB824,883,190) to Mr. Xing.

Repayment terms: The Loan shall be repaid in three installments in which (i) 50% of the Loan shall be repaid on the date falling after the 12<sup>th</sup> month of the Drawdown Date (the “**1<sup>st</sup> Repayment Date**”); (ii) 25% of the Loan shall be repaid on the date falling after the 18<sup>th</sup> month of the Drawdown Date (the “**2<sup>nd</sup> Repayment Date**”); and (iii) 25% of the Loan shall be repaid on the date falling after the 24<sup>th</sup> month of the Drawdown Date (the “**3<sup>rd</sup> Repayment Date**”, and each of the 1<sup>st</sup> Repayment Date, the 2<sup>nd</sup> Repayment Date and the 3<sup>rd</sup> Repayment Date, the “**Repayment Date**”). Upon occurrence of any event of default, the entire outstanding amount will become immediately due and repayable.

Early repayment: Subject to the above repayment terms, the Borrower may repay the whole or any part of the Loan outstanding under the Loan Agreement prior to the relevant Repayment Date together with the interests accrued on the amount of the Loan to be repaid.

Interest: Interest of the Loan be accrued daily, on a basis of a 365-day year and is payable at each relevant Repayment Date at an annual rate of the sum of the LIBOR plus a margin of 2.5%.

Security: Mr. Xing shall procure Luensheng to enter into the Pledge Documents in favour of Jade Green or any company designated by it as a security of the Loan.

Purpose: The entire amount of the Loan shall be used for offsetting the Existing Indebtedness.

Conditions precedent: The making available of the Loan is conditional upon:

- (i) the Company having obtained approvals from the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder at the EGM;
- (ii) (if required) Jade Green and the Company having obtained the relevant approvals and authorizations in respect of the Loan Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and other applicable laws;
- (iii) Mr. Xing having delivered the duly executed Pledge Documents to the Lender prior to the date of the EGM; and
- (iv) Jade Green having satisfied that all relevant consents, approvals and authorizations in respect of the Loan Agreement, the Pledge Documents and the transactions contemplated thereunder, as may be required by Jade Garden, have been obtained.

The terms of the Loan Agreement were arrived at after arms' length negotiations between Jade Green and Mr. Xing.

## **REASONS FOR ENTERING INTO THE LOAN AGREEMENT**

Reference is made to the circular of the Company dated 25 June 2008 in respect of the Agreement. Subsequent to the completion of the acquisitions under the Agreement, the Group incurred certain liabilities in respect of certain fees payable to the PRC government in an amount equal to the Existing Indebtedness which, at the discretion of Jade Green, as the purchaser under the Agreement, are subject to the indemnification provisions of the Agreement whereby Mr. Xing, as a guarantor of the seller under the Agreement, shall be liable for. Upon negotiation with Mr. Xing, Mr. Xing has agreed to indemnify Jade Green, for such fees paid or payable by the Group to the PRC government. In order to better protect the interests of the Company, the Directors consider that it would be in the interest of the Company to fix the terms of the settlement. As such, Jade Green has agreed to make available the Loan to Mr. Xing for offsetting the Existing Indebtedness by entering into the Loan Agreement under which the terms of repayment are determined.

The Directors further consider that the terms of the Loan Agreement and the making available of the Loan are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **GENERAL**

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.

Mr. Xing is an associate of a substantial shareholder of certain subsidiaries of the Company, and is therefore a connected person of the Company. As such, the making available of the Loan by Jade Green to Mr. Xing constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one of the Percentage Ratios in respect of the

making available of the Loan exceeds 5% but less than 25%, the making available of the Loan also constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Mr. Xing and his associates shall abstain from voting on the proposed resolution(s) approving the Loan Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms of the Loan Agreement and voting on the proposed resolution(s) approving the Loan Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Loan Agreement, the recommendations from the Independent Board Committee, the advices of the independent financial adviser and a notice to convene the EGM will be despatched to the Shareholders pursuant to the Listing Rules.

*For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1 : RMB0.88 for illustration only.*

## **DEFINITIONS**

“Agreement”	a sale and purchase agreement dated 9 May 2008 entered into, among others, the Company, Jade Green and Mr. Xing and the details of which are contained in a circular of the Company dated 25 June 2008
“associate”	has the meaning ascribed to in the Listing Rules
“Board”	the board of Directors
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to in the Listing Rules
“Director(s)”	the directors(s) of the Company
“Drawdown Date”	the first business day after the last condition precedent of the Loan has been fulfilled
“EGM”	the extraordinary general meeting of the Company to be convened for approving the Loan Agreement and the transactions contemplated thereunder
“Existing Indebtedness”	all outstanding liabilities owed by Mr. Xing under the Agreement, which amounted to HK\$937,367,261 (RMB824,883,190) as at the date of this announcement

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	means the independent committee of the Board, comprising Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam, the independent non-executive Directors, established for the purpose of, among other things, making recommendation to the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Xing and his associates
“Jade Green”	Jade Green Investments Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the amount of HK\$937,367,261 (RMB824,883,190) to be provided by Jade Green to Mr. Xing
“Loan Agreement”	a loan agreement dated 13 April 2010 entered into between Jade Green and Mr. Xing in relation to the Loan
“Luenshan”	柳林縣聯山煤化有限公司 (Liulin Luenshan Coking Co., Ltd.*), a company established under the laws of the PRC and is owned as to 65% by 金山能源有限公司 (Jinshan Energy Group Limited*), a 94.17% subsidiary of the Company, and 35% by Luensheng as at the date of this announcement
“Luenshan Pledge”	a pledge agreement to be executed pursuant to which Luensheng has agreed to pledge its 35% interests in Luenshan to Jade Green or its designated company
“Luensheng”	山西聯盛能源有限公司 (Shanxi Luensheng Energy Limited*), a company established under the laws of the PRC and is owned as to 90% by Mrs. Xing and 10% by Mr. Xing as at the date of this announcement
“Mr. Xing”	Mr. Xing Libin, an associate of a substantial shareholder of certain subsidiaries of the Company
“Mrs. Xing”	Ms. Li Feng Xiao, being the spouse of Mr. Xing

“Percentage Ratios”	the percentage ratios as stipulated under Rule 14.07 of the Listing Rules
“Pledge Documents”	including the Luenshan Pledge, the Shanxi Liulin Jinjiazhuang Pledge, the Shanxi Liulin Zhaiyadi Pledge, any other agreements and/or documents in relation thereof and any other documents which created a guarantee interest for Jade Green or its designated company as a beneficiary to guarantee the Loan Agreement and/or other obligations of the Mr. Xing under any similar agreement/document
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Taiwan, Hong Kong and Macau Special Administrative Regions
“RMB”	Renminbi, the lawful currency of PRC
“Shanxi Liulin Jinjiazhuang”	山西柳林金家莊煤業有限公司 (Shanxi Liulin Jinjiazhuang Coal Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 65% by Worldman Industrial (HK) Limited, a wholly-owned subsidiary of Jade Green, and 35% by Luensheng as at the date of this announcement
“Shanxi Liulin Jinjiazhuang Pledge”	a pledge agreement to be executed pursuant to which Luensheng has agreed to pledge its dividend rights in respect of its 35% shareholding in Shanxi Liulin Jinjiazhuang (including its dividend rights in respect of its 35% shareholding in Shanxi Liulin Xingxu) to Jade Green or its designated company
“Shanxi Liulin Xingwu”	山西柳林興無煤礦有限責任公司(Shanxi Liulin Xingwu Coal Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 65% by Thechoice Finance (HK) Limited, a wholly-owned subsidiary of Jade Green, and 35% by Shanxi Liulin Jinjiazhuang as at the date of this announcement
“Shanxi Liulin Zhaiyadi”	山西柳林寨崖底煤業有限公司(Shanxi Liulin Zhaiyadi Coal Company Limited*), a company established in the PRC with limited liability and is owned as to 95% by Gumpert Industries (HK) Limited, a wholly-owned subsidiary of Jade Green, and 5% by Luensheng as at the date of this announcement
“Shanxi Liulin Zhaiyadi Pledge”	a pledge agreement to be executed pursuant to which Luensheng has agreed to pledge its dividend rights in respect of its 5% shareholding in Shanxi Liulin Zhaiyadi to Jade Green or its designated company

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to in the Listing Rules
“%”	per cent

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

Hong Kong, 13 April 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. Chen Zhaoqiang (Deputy Managing Director), Mr. Liu Qingshan (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).*

*\* For identification purpose only*