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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fushan International Energy Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice of annual general meeting of Fushan International Energy Group Limited to be held at 10:45 a.m. on Tuesday, 8 June 2010 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 20 to 23 of this circular. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrars of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

29 April 2010

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:45 a.m. on Tuesday, 8 June 2010 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong or any adjournment thereof
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 April 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Memorandum & Articles”	the memorandum and articles of association of the Company
“PRC”	the People’s Republic of China but excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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)

Directors:

Wang Qinghai (*Chairman*)

Cao Zhong

(Vice-chairman and Managing Director)

Wong Lik Ping (*Vice-chairman*)

So Kwok Hoo (*Deputy Managing Director*)

Xue Kang (*Deputy Managing Director*)

Chen Zhaoqiang (*Deputy Managing Director*)

Liu Qingshan (*Deputy Managing Director*)

Chen Zhouping (*Non-executive Director*)

Leung Shun Sang, Tony (*Non-executive Director*)

Zhang Yaoping (*Non-executive Director*)

Kee Wah Sze (*Independent non-executive Director*)

Choi Wai Yin (*Independent non-executive Director*)

Chan Pat Lam (*Independent non-executive Director*)

Registered Office:

6th Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

29 April 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
ADOPTION OF NEW MEMORANDUM & ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with details regarding the proposals for (i) granting of general mandates to the Directors to issue and repurchase the Shares; (ii) re-election of retiring Directors; and (iii) adoption of the new Memorandum & Articles. Such proposals will be dealt at the Annual General Meeting.

LETTER FROM THE BOARD

GENERAL MANDATES

At the Annual General Meeting, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution; (ii) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution; and (iii) to add the aggregate amount of the Shares repurchased by the Company to the general mandate to the Directors to allot new Shares of up to 20% of the issued share capital of the Company.

The mandate to issue Shares granted at the extraordinary general meeting held on 30 September 2009 and the mandate to repurchase Shares granted at the annual general meeting held on 2 June 2009 will lapse at the conclusion of the Annual General Meeting. Resolutions Nos. 6 to 8 set out in the notice of Annual General Meeting will be proposed at the Annual General Meeting to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

Based on 5,380,563,842 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased or issued prior to the Annual General Meeting, subject to the passing of the relevant ordinary resolutions to approve the mandate to issue Shares at the Annual General Meeting, the Directors will be authorised to allot and issue up to a limit of 1,076,112,768 Shares under the general mandate to issue Shares.

If approved by the Shareholders at the Annual General Meeting, the general mandate to issue Shares will continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein; or (ii) the revocation or variation of the general mandate to issue Shares by an ordinary resolution of the Shareholders in general meeting.

The explanatory statement, required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase the Shares (the "Repurchase Mandate") is set out in the Appendix I to this circular which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

ADOPTION OF NEW MEMORANDUM & ARTICLES

Since the adoption of the existing Memorandum & Articles in November 1985, there have been various amendments in applicable laws and regulations including the Listing Rules and changes in market practice. Amendments to the existing Memorandum & Articles are required to align and keep abreast with current provisions of the applicable laws and regulations. As the amendments to the existing Memorandum & Articles are substantial, it is proposed that a set of new Memorandum & Articles, which complies with all current applicable laws and regulations, be adopted in substitution of the existing Memorandum & Articles instead of amending the existing Memorandum & Articles on a piecemeal basis, which may lead to confusion and complication in the future.

A summary of the principal provisions of the new Memorandum & Articles is set out in the Appendix II to this circular.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out in this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, resolutions will be proposed to approve (i) the general mandates for the issue and repurchase by the Company of its own Shares and (ii) the adoption of new Memorandum & Articles in substitution of the existing Memorandum & Articles.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out as follows:

Mr. Wang Qinghai, aged 51, senior engineer. Mr. Wang was appointed the Chairman of the Company in January 2010. He is also the chairman of each of Shougang Holding (Hong Kong) Limited (“Shougang Holding”), Shougang Concord International Enterprises Company Limited (“Shougang International”) and Shougang Concord Grand (Group) Limited, each of Shougang Holding and Shougang International is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Wang is the general manager of Shougang Corporation, the ultimate holding company of Shougang Holding. Save as disclosed above, Mr. Wang does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Wang has extensive experience in management and operation.

An engagement letter has been entered into with Mr. Wang with a term commencing on 5 January 2010 and ending on 31 December 2012 subject to renewal. Under the engagement letter, Mr. Wang is entitled to a director’s fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ending 31 December 2010, the director’s fee of Mr. Wang will be HK\$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Wang. Such director’s fee was determined with reference to Mr. Wang’s experience and duties as well as the then prevailing market conditions. As at the Latest Practicable Date, Mr. Wang did not have any interests in the Shares within the meaning of Part XV of the SFO.

In relation to the proposed re-election of Mr. Wang as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Wong Lik Ping, aged 49. Mr Wong was appointed the Chairman and an Executive Director of the Company in September 2001. He was re-designated as a Vice-chairman of the Company in March 2009. He is also a member of each of the Executive Committee and the Nomination Committee of the Company. Mr. Wong is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is an executive director of Theme International Holdings Limited, a listed company in Hong Kong. Save as disclosed above, Mr. Wong does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Wong has over 18 years’ experience in trading business and financial industry and has held directorships with various private companies. Mr. Wong has extensive experience and investments in a wide range of businesses including mine industry in the PRC.

LETTER FROM THE BOARD

A service contract has been entered into between Mr. Wong and a wholly-owned subsidiary of the Company commencing on 1 January 2010. Under the service contract, Mr. Wong is entitled to a monthly salary of HK\$350,000 and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2009, the salary and discretionary bonus for Mr. Wong are HK\$3,900,000 and HK\$8,000,000 respectively. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Wong's individual performance. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Wong had a corporate interest of 399,200,000 Shares, a beneficial interest of 188,971,900 Shares and 4,500,000 underlying Shares attached to the share options granted by the Company, and a corporate interest of 209,500,000 Shares in short position.

In relation to the proposed re-election of Mr. Wong as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. So Kwok Hoo, aged 56, holds bachelor degrees in applied science with major in chemical engineering and business administration in Canada. Mr. So was appointed an Executive Director of the Company in March 1998 and was re-designated as Deputy Managing Director in January 2010. He is also a member of each of the Executive Committee and the Remuneration Committee of the Company. Mr. So is also a non-executive director of APAC Resources Limited ("APAC"). Save as disclosed above, Mr. So does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. So has over 20 years of experience in marketing of electrochemical and industrial products sales in Asia Pacific Region together with property investment experience in Hong Kong.

A service contract has been entered into between Mr. So and a wholly-owned subsidiary of the Company commencing on 1 January 2010. Under the service contract, Mr. So is entitled to a monthly salary of HK\$250,000 and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2009, the salary and discretionary bonus for Mr. So are HK\$2,860,000 and HK\$2,640,000 respectively. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. So's individual performance. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. So had a beneficial interest of 4,000,000 Shares and 3,500,000 underlying Shares attached to the share options granted by the Company.

In relation to the proposed re-election of Mr. So as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Mr. Chen Zhaoqiang, aged 42, graduated from Jiaozuo Mining Institute with a bachelor degree in mining engineering and obtained a master degree in management science from Huazhong University of Science & Technology. Mr Chen was appointed as Deputy Managing Director of the Company in January 2010 and is also a member of the Executive Committee of the Company and the PRC regional president of the Group. He was a director of APAC from July 2007 to October 2009. Mr. Chen had engaged in many important posts in coal mining industry, including in Pingdingshan Coal Co. Ltd., Henan Pingbao Coal Co. Ltd., and Henan Company for Coal Seam Gas Development & Application. Save as disclosed above, Mr. Chen does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Chen has extensive experience in coal mining industry including in the areas of production safety management for coal mining, purchase and logistics management, mineral resources development and coal trading.

A service contract has been entered into between Mr. Chen and a wholly-owned subsidiary of the Company commencing on 1 January 2010. Under the service contract, Mr. Chen is entitled to a monthly salary of HK\$220,000 and discretionary bonus as may be determined by the Board from time to time. Such salary was determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Chen's individual performance. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Chen had a beneficial interest of 280,000 Shares and 8,000,000 underlying Shares attached to the share options granted by the Company.

In relation to the proposed re-election of Mr. Chen as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Liu Qingshan, aged 51, graduated from Shanxi University of Finance and Economics Department of Accounting and obtained a master of business administrative from Capital University of Economics and Business. Mr. Liu was appointed an Executive Director of the Company in November 2008 and was re-designated as Deputy Managing Director of the Company in January 2010. He is also a member of the Executive Committee of the Company and the PRC regional chief financial controller of the Group. Before joining the Group, Mr. Liu had worked as chief financial controller in Fortune Dragon Group Limited and other sizable energy resources companies in the PRC. Save as disclosed above, Mr. Liu does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Liu has over 25 years' experience in the fields of accounting and finance in the mining industry in the PRC.

A service contract has been entered into between Mr. Liu and a wholly-owned subsidiary of the Company commencing on 1 January 2010. Under the service contract, Mr. Liu is entitled to a monthly salary of HK\$200,000 and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2009, the salary and discretionary bonus for Mr. Liu are HK\$523,571 and HK\$2,000,000 respectively. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Liu's individual performance. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Liu had a beneficial interest of 6,000,000 underlying Shares attached to the share options granted by the Company.

LETTER FROM THE BOARD

In relation to the proposed re-election of Mr. Liu as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Chen Zhouping, aged 44. Mr. Chen was appointed a Non-executive Director of the Company in January 2009. He graduated from the School of Economics and Management, Beijing Tsinghua University and is a member of the Chinese Institute of Certified Public Accounts. Mr. Chen is the deputy managing director of each of Shougang Holding and Shougang International, and a director of Fine Power Group Limited (“Fine Power”), each of Shougang Holding, Shougang International and Fine Power is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chen is also a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange. Save as disclosed above, Mr. Chen does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. He has extensive experience in steel industry, engineering design, human resources and management.

An engagement letter has been entered into with Mr. Chen for a term of three years commencing on 1 January 2010 subject to renewal. Under the engagement letter, Mr. Chen is entitled to a director’s fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ended 31 December 2009, the director’s fee of Mr. Chen is HK\$233,333.33. For the financial year ending 31 December 2010, the director’s fee of Mr. Chen will be HK\$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Chen. Such director’s fees were determined with reference to Mr. Chen’s experience and duties as well as the then prevailing market conditions. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Chen had a beneficial interest of 6,000,000 underlying Shares attached to the share options granted by the Company.

In relation to the proposed re-election of Mr. Chen as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Zhang Yaoping, aged 42. Mr. Zhang was appointed a Non-executive Director of the Company in January 2010. He attended Party School of the Central Committee of C.P.C. in the PRC where he studied economic management. He was an officer of the board of directors’ office of a coal mining company in Shanxi Province, the PRC and currently is the chairman of board of secretary as well as a member of the board of directors of such company. Save as disclosed above, Mr. Zhang does not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and is independent of and not connected with the directors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Zhang has extensive experience in the field of energy resources industries and steel trading in the PRC.

LETTER FROM THE BOARD

An engagement letter has been entered into with Mr. Zhang for a term of three years commencing on 1 January 2010 subject to renewal. Under the engagement letter, Mr. Zhang is entitled to a director's fee as may be determined by the Board from time to time pursuant to the authority given by the Shareholders. For the financial year ending 31 December 2010, the director's fee of Mr. Zhang will be HK\$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Zhang. Such director's fee was determined with reference to Mr. Zhang's experience and duties as well as the then prevailing market conditions. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Zhang had a beneficial interest of 4,500,000 underlying Shares attached to the share options granted by the Company.

In relation to the proposed re-election of Mr. Zhang as a Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the share registrars of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the proposals for (i) granting of general mandates to the Directors to issue and repurchase Shares; (ii) re-election of retiring Directors; and (iii) adoption of the new Memorandum & Articles are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting in respect thereof.

Yours faithfully,
For and on behalf of
Fushan International Energy Group Limited
Cao Zhong
Vice-chairman and Managing Director

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the Annual General Meeting for approving the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHAREHOLDERS' APPROVAL

All proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction. The Company's sole listing is on the Stock Exchange.

2. SOURCE OF FUNDS

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum & Articles and applicable laws of Hong Kong. It is presently proposed that any Shares repurchased under the Repurchase Mandate would be purchased out of the capital paid up on the repurchased Shares, the profits of the Company which would otherwise be available for dividend and the Company's share premium account.

3. EXERCISE OF THE REPURCHASE MANDATE

The Shares proposed to be repurchased by the Company must be fully paid up. Under the Listing Rules, the total number of shares which a company is authorised to repurchase on the Stock Exchange is shares representing up to a maximum of 10% of the existing issued share capital as at the date of the resolution granting such general mandate. Exercise in full of the Repurchase Mandate, on the basis of 5,380,563,842 Shares in issue as at the Latest Practicable Date and assuming no Shares are issued and repurchased by the Company prior to the Annual General Meeting, could result in up to 538,056,384 Shares, which represents 10% of the issued share capital of the Company as at the Latest Practicable Date, being repurchased by the Company during the period from the passing of the resolution granting the Repurchase Mandate up to the conclusion of the next annual general meeting of the Company or the expiration of the period within the next annual general meeting of the Company as required by the applicable laws of Hong Kong to be held, or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first.

4. REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, they believe that it is in the best interests of the Company and the Shareholders to have a general authority from Shareholders to enable the Directors to purchase Shares on the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

5. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum & Articles and the applicable laws of Hong Kong.

The exercise in full of the Repurchase Mandate might have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in its most recent audited accounts for the year ended 31 December 2009. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company.

6. GENERAL

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders to sell the Shares to the Company or its subsidiaries.
- (b) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.
- (c) If on exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for purposes of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of a repurchasing company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Shougang Holding and its associates were interested in approximately 26% of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full and no further Shares are issued during the proposed repurchase period, the interest held by Shougang Holding and its associates in the issued share capital of the Company will increase to approximately 29%. The Directors are not aware of any consequences for Shougang Holding and its associates under the Takeovers Code as a result, solely, of the Directors exercising the Repurchase Mandate in full.

- (d) The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date and will not repurchase its Shares if public float is less than 25%.
- (e) No connected person has notified the Company that he or she has a present intention to sell Shares to the Company, and no connected person has undertaken not to sell any of Shares held by him or her to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

- (f) The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2009		
April	2.490	1.630
May	3.440	2.200
June	4.530	3.150
July	5.570	4.150
August	5.850	4.900
September	5.750	4.520
October	6.250	5.020
November	7.320	5.820
December	8.160	7.110
2010		
January	8.770	6.510
February	7.280	5.860
March	7.120	5.490
April (up to the Latest Practicable Date)	6.180	5.530

This Appendix contains a summary of our new Articles of Association. The principal objective is to provide the shareholders and potential investors with an overview of the new Articles of Association. As the information contained below is in a summary form, it does not contain all the information that may be important to the shareholders and potential investors. A full copy of the new Memorandum & Articles is available for inspection at the office of the Company at 6th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong from the date of this circular to the date of the Annual General Meeting.

The following is a summary of certain provisions of the Articles of Association to be adopted at the Annual General Meeting. Unless otherwise stated, terms used in this Appendix shall have the same meanings as ascribed to them in the Articles of Association.

ALTERATION OF CAPITAL

The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into Shares of a larger or smaller amount than its existing Shares;
- (b) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled;
- (c) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Ordinance, and so that the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division, one or more of the Shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new Shares provided always that where the Company issues Shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such Shares and where the equity capital includes Shares with different voting rights, the designation of each class of Shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting.”

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner prescribed by law.

Subject always to the provisions of the Companies Ordinance and/or the Listing Rules, the Company shall have the power to acquire Shares provided that the manner of purchase has first been authorized by a resolution of the members.

MODIFICATION OF RIGHTS

If at any time the share capital is divided into different classes of Shares, the rights attaching to any class of Shares (unless otherwise provided for in the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Ordinance and the Listing Rules, be varied with the consent in writing of the holders of not less than three-fourths in normal value of the issued Shares or issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the relevant class. At every such separate general meeting the provisions of the Articles of Association relating to general meetings shall apply, mutatis mutandis, but so that the necessary quorum at any such meeting shall be one or more persons holding or representing by proxy at least one-third of the issued Shares of the class and that any holder of Shares of the relevant class present in person or by proxy may demand a poll.

TRANSFER OF SHARES

All transfers of Shares shall be effected by transfer in writing in any usual common form or in any other form acceptable to the Board which is consistent with the standard form of transfer as prescribed by the Stock Exchange and approved by the Board. The Board may accept machine imprinted signature mechanically produced or other forms of signatures of the transferor or the transferee as the valid signature(s). The transferor shall remain the holder of the Shares concerned until the name of the transferee is entered in the register of members in respect thereof.

The Board may in its absolute discretion and without giving any reason therefor decline to register any transfer of Shares (not being a fully paid Share) to any person. The Board shall not register a transfer to a person who is known to them to be an infant or a person of unsound mind. In the case of a transfer to joint holders, the Board may also decline to register the transfer unless the number of transferees does not exceed four.

The Board may also decline to recognise any instrument of transfer unless:

- (a) a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and is delivered to the registered office of the Company;
- (c) the instrument of transfer is in respect of only one (1) class of Share;
- (d) the Shares concerned are free of any lien in favour of the Company; and
- (e) the instrument of transfer is duly and properly stamped.

Every instrument of transfer shall be left at the registered office of the Company for registration (or at such other place as the Board may appoint for such purpose). If the Board refuses to register a transfer it shall within two (2) months after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal. All instruments of transfer which are registered may be retained by the Company.

SHARE CERTIFICATES

Every certificate for Shares or warrants or debentures or representing any other form of securities of the Company shall be issued under the common seal of the Company, which shall only be affixed with the authority of the Board, or in such other manner as the Board may authorise, having regard to the terms of the issue, the Companies Ordinance and the Listing Rules from time to time. Without limiting the generality of the foregoing, the Board may resolve that the common seal of the Company and/or signatures on any share certificates shall be applied to the certificates by mechanical means or shall be printed on them or that the certificates need not be signed at all. A share certificate shall specify the number and class of Shares to which it relates.

VOTES OF MEMBERS

Subject to the provisions of the Listing Rules, at every general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or upon the declaration of the result of the show of hands) a poll be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three (3) members present in person or by proxy having the right to vote on the resolution; or
- (c) any member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (d) a member or members present in person or by proxy holding Shares conferring the right to attend and vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (e) any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five (5) per cent. or more of the total voting rights at such meeting.

Subject to the provision of the Articles of Association summarised in the paragraph below and to the rights or restrictions for the time being attached to any class or classes of Shares, on a poll every member present in person or by proxy or representative shall have one (1) vote for each Share of which he is the holder and which is fully paid up (but so that no amount paid up on a Share in advance of calls or instalments shall be treated for the purpose of the Articles of Association as paid up on the Share). A person entitled to cast more than one (1) vote upon a poll need not use all his votes or cast all the votes he uses in the same way.

If a recognized clearing house (or its nominee(s)) is a member of the Company, it (or, as the case may be, its nominee) may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one (1) person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised under the provisions of the Articles of Association shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) was the registered holder of the Shares held by the clearing house (or its nominee(s)) as if such person were an individual member of the Company.

Where the Company has knowledge that any member is required under the Listing Rules to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any vote(s) cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

BORROWING POWERS

The Board may exercise all powers of the Company to borrow money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and (subject, to the extent applicable, to the provisions of law and the Listing Rules) to issue bonds, debentures, debenture stock or other securities, whether outright or as a security for any debt, liability or obligation of the Company or of any third party.

NUMBER AND QUALIFICATION OF DIRECTORS

Unless otherwise determined by ordinary resolution of the members of the Company, the number of Directors shall not be less than two. A Director shall not be required to be a member of the Company and shall not be required to hold any Shares by way of qualification.

DIRECTORS' REMUNERATION

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Directors may agree or, failing agreement, equally, except that if any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

Any Director who performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Board may determine.

The Board may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Board or of any committee of the Board or general meetings or otherwise in or about the business of the Company.

DIRECTORS' INTERESTS

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as vendor, shareholder or otherwise and, subject to the Companies Ordinance, no such Director shall be accountable to the Company for any remuneration or benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

A Director may hold other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. No Director or intending Director shall be disqualified from his office by contracting with the Company either with regard to his tenure of any such office or place of profit or as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way, whether directly or indirectly, interested (whether or not such contract or arrangement is with any person, company or partnership of or in which any Director shall be a member) be liable to be avoided on that account nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall forthwith disclose the nature of his interest in any contract or arrangement in which he is interested as required by and subject to the provisions of the Companies Ordinance and the Articles of Association.

A Director who is in any way, whether directly or indirectly, materially interested in a contract, arrangement or proposed contract or arrangement with the Company and which is of significance in relation to the Company's business shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration. A general notice to the Board by a Director stating that, (i) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or (ii) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him shall be deemed to be a sufficient declaration of his interest, so far as attributable to those facts, in relation to any contract or arrangement but no such general notice shall have effect unless it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is bought up and read at the next Board meeting after it is given.

Save as otherwise provided by the Articles of Association, a Director shall not vote on any resolution of the Board nor be counted in the quorum in respect of any contract, arrangement or any matters which he or any of his associates, is/are to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to the following matters:

- (a) the giving of any security or indemnity either:
 - (i) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of Shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued Shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his/their interest in Shares or debentures or other securities of the Company.

DIVIDENDS

The Company in general meeting may declare dividends in any currency, but no dividend shall exceed the amount recommended by the Directors.

Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of the Articles of Association as paid on the Share.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividends or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Company of any unclaimed dividend or other sum payable on or in respect of a Share in to a separate account shall not constitute the Company a trustee in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fushan International Energy Group Limited (the “Company”) will be held at 10:45 a.m. on Tuesday, 8 June 2010 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the following purposes:

AS ORDINARY BUSINESS

1. To receive the report of the directors and the audited financial statements for the year ended 31 December 2009.
2. To declare a final dividend for the year ended 31 December 2009.
3. To re-elect the retiring directors.
4. To authorise the board of directors to fix the directors’ remuneration for the year ending 31 December 2010 and all subsequent years.
5. To appoint auditor and to authorise the directors to fix its remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any territories outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the directors of all the powers of the Company to repurchase such shares subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and it is hereby generally and unconditionally approved;
- (b) in addition, the approval in paragraph (a) above shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
- (c) the aggregate nominal amount of shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.”

8. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT conditional upon the passing of resolution no. 7 as set out in the notice convening this meeting of which this resolution forms part, the aggregate nominal amount of the shares in the Company which are repurchased by the Company pursuant to and in accordance with the said resolution no. 7 shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to and in accordance with resolution no. 6 as set out in the notice convening this meeting of which this resolution forms part.”

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“**THAT** the new memorandum and articles of association of the Company, a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, be hereby adopted as the memorandum and articles of association of the Company in substitution for and to exclusion of the existing memorandum and articles of association of the Company.”

By Order of the Board
Cheng Man Ching
Company Secretary

Hong Kong, 29 April 2010

Notes:

- (1) With respect to Resolution 3 above, Messrs. Wang Qinghai, Wong Lik Ping, So Kwok Hoo, Chen Zhaoqiang, Liu Qingshan, Chen Zhouping and Zhang Yaoping will retire from office at the above meeting pursuant to the articles of association of the Company and, being eligible, offer themselves for re-election at the above meeting.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrars of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof (as the case may be).
- (5) The register of members of the Company will be closed from Monday, 7 June 2010 to Tuesday, 8 June 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 June 2010 for registration.
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (7) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.