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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)**

**ACQUISITION FRAMEWORK AGREEMENT  
IN RESPECT OF THE PROPOSED ACQUISITION  
OF THE ENTIRE EQUITY INTEREST IN  
CHONGHOU ENERGY RESOURCES LIMITED**

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

The Board is pleased to announce that on 22 October 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Framework Agreement with the Vendor in respect of the Proposed Acquisition. Pursuant to the Acquisition Framework Agreement, the Purchaser will negotiate in good faith the terms of the Formal Agreement for the acquisition of the entire issued share capital of the Target Company.

The Acquisition Framework Agreement does not constitute legally binding commitments between the Purchaser and the Vendor in respect of the Proposed Acquisition. The parties will negotiate in good faith the terms of the Formal Agreement and it is the current plan of the parties to finalise and enter into the Formal Agreement on or before 31 January 2010 or such later date as may be agreed between the Vendor and the Purchaser.

The Proposed Acquisition, if it materialises, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules where and when appropriate. **As the Proposed Acquisition may or may not materialise, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

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

The Board is pleased to announce that on 22 October 2009, the Purchaser entered into the Acquisition Framework Agreement with the Vendor in respect of the Proposed Acquisition.

## THE ACQUISITION FRAMEWORK AGREEMENT

**Date:** 22 October 2009

**Parties:** (1) Maxease Limited, a wholly owned subsidiary of the Company, as the Purchaser; and

(2) Asset Rich International Limited as the Vendor.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### Proposed Acquisition

Pursuant to the Acquisition Framework Agreement, the Purchaser intends to acquire and the Vendor intends to sell to the Purchaser the entire issued share capital of the Target Company. The main asset held by the Target Company is its 60% interest in Qipanjing Mining, which in turn holds 100% interest in Qipanjing Coking. The principal activities engaged by Qipanjing Mining are coking coal mining, production and sales of raw coking coal (including fat coal which is a high volatile coal and can be used as a blending coal for coke making) and clean coal in the PRC, having three mines with aggregate annual production capacity of 1.8 million tonnes and a preparation plant with annual production capacity of 0.9 million tonnes. Qipanjing Coking is principally engaged in the production and sales of coke in the PRC, having a coke plant with annual production capacity of 0.21 million tonnes. The Proposed Acquisition would broaden the coking coal base of the Group to Inner Mongolia, the PRC. The Group will continue to expand its coking coal resources in both Shanxi and Inner Mongolia, the PRC in the future.

The Proposed Acquisition is subject to, amongst others, the satisfactory results on the due diligence review on the transaction to be conducted by the Purchaser, the compliance by the Purchaser and the Target Group with the applicable laws and regulations and the obtainment of consents from the relevant parties, and the finalisation of the terms of the Formal Agreement. The consideration for the Proposed Acquisition is intended to be not more than HK\$1 billion. Pursuant to the Acquisition Framework Agreement, the Purchaser will pay a deposit of HK\$100 million to the Vendor within 5 business days following the date of the Acquisition Framework Agreement and such sum shall be applied towards part of the consideration for the Proposed Acquisition in the event that the Formal Agreement is entered into between the parties. The Acquisition Framework Agreement shall cease and terminate upon the earlier of (a) 1 February 2010; or (b) the date on which the Purchaser confirming the non-entering into of the Formal Agreement as a result of any of the proposed condition precedents becomes not able to be satisfied. If the Formal Agreement is not entered into by the parties prior to the termination of the Acquisition Framework Agreement, the Vendor shall refund the deposit sum of HK\$100 million to the Purchaser within 5 business days following the termination of the Acquisition Framework Agreement. The Company currently expects to satisfy the consideration by way of internal resources of the Group.

## **Exclusivity**

Pursuant to the Acquisition Framework Agreement, the Vendor has undertaken to the Company that for a period commencing from the date of the Acquisition Framework Agreement and ending on the 120 days after signing of the Acquisition Framework Agreement, it shall not, and shall procure its existing shareholders not to (a) negotiate or liaise with, solicit or enter offers with, or otherwise make any contact of whatsoever nature or enter into contract or arrangement, whether conditionally or unconditionally with, any other party in relation to the equity interest in the Target Company or the PRC Companies; and (b) sell or transfer or otherwise dispose of or charge any part of the equity interest in the Target Company or the PRC Companies.

Save for, amongst others, the exclusivity undertaking, the payment and the refund of the deposit as mentioned above, the Acquisition Framework Agreement does not constitute legally binding commitments between the Company and the Vendor in respect of the Proposed Acquisition, which is subject to the execution and completion of the Formal Agreement.

## **Formal Agreement**

Pursuant to the terms of the Acquisition Framework Agreement, the parties agreed to negotiate in good faith the detailed terms and conditions of the Formal Agreement and it is the current plan of the parties to finalise and enter into the Formal Agreement based on the principles and understandings of the parties as set out in the Acquisition Framework Agreement on or before 31 January 2010 or such later date as may be agreed between the Vendor and the Purchaser.

## **GENERAL**

The Proposed Acquisition, if it materialises, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules where and when appropriate. **As the Proposed Acquisition may or may not materialise, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

Save as disclosed above, the Company is not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, nor is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive nature.

This announcement is made by the order of the Board, of which the Directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

## DEFINITIONS

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

“Acquisition Framework Agreement”	the acquisition framework agreement dated 22 October 2009 between the Purchaser and the Vendor in connection with the Proposed Acquisition
“Board”	the board of directors of the Company
“Company”	Fushan International Energy Group Limited (Stock Code: 639), 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 meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor in respect of the Proposed Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company
“PRC Companies”	Qipanjing Mining and Qipanjing Coking
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, Hong Kong and Macau
“Purchaser”	Maxease Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
“Qipanjing Coking”	內蒙古棋盤井焦化有限公司 (Inner Mongolia Qipanjing Coking Company Limited), a limited liability company established in the PRC

“Qipanjing Mining”	內蒙古棋盤井礦業有限責任公司 (Inner Mongolia Qipanjing Mining Company Limited), a limited liability company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chonghou Energy Resources Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	Target Company and the PRC Companies
“Vendor”	Asset Rich International Limited, an independent third party

By order of the Board  
**Fushan International Energy Group Limited**  
**Cao Zhong**  
*Chairman*

Hong Kong, 22 October 2009

*As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman), Mr. Wong Lik Ping (Vice-chairman), Mr. So Kwok Hoo (Executive Director), Mr. Xue Kang (Executive Director), Mr. Liu Qingshan (Executive Director), Mr. Chen Zhouping (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Shi Jianping (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).*