

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares of **Fushan Holdings Limited**, you should hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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福 山 控 股 有 限 公 司
FUSHAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

(Stock Code: 639)

PROPOSALS
FOR GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SECURITIES
AND
CHANGE OF NAME OF THE COMPANY

This circular is despatched together with the 2004 Annual Report of the Company.

A notice convening the Annual General Meeting of Fushan Holdings Limited to be held at the Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 June 2005 at 3:00 p.m. is set out on pages 6 to 8 of the 2004 Annual Report of the Company. Whether or not you are able to attend the meeting, please complete and return the proxy form in accordance with the instructions printed thereon to the Company's share registrars, Tengis Limited at G/F, Bank of East Asia, Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not later than 3:00 p.m. on 15 June 2005. Completion of the proxy form will not preclude Shareholders from attending and voting at the meeting in person should they so wish.

Hong Kong, 27 April 2005

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:—

“AGM”	The annual general meeting of the Company to be held at the Plaza IV, Lower Lobby, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 June 2005 at 3:00 p.m.
“2004 Annual Report:	the annual report of the Company for the financial year ended 31 December 2004
“associate(s)”	has the meaning ascribed to it under rule 1.01 of the Listing Rules in relation to any director, chief executive, substantial shareholders or management shareholders (in each case being an individual)
“Board”	the board of Directors of the Company for the time being or a duly authorized committee thereof
“business day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Fushan Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under rule 1.01 of the Listing Rules
“Directors”	directors of the Company for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 4A in the notice of the AGM set out on pages 6 to 8 of the 2004 Annual Report to be granted to the Directors to issue and allot securities of the Company, the details of which are described on page 3 of this circular
“Latest Practicable Date”	20 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein

DEFINITIONS

“Listing Committee”	the listing committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 4B in the notice of AGM set out on pages 6 to 8 of the 2004 Annual Report to be granted to the Directors to repurchase securities of the Company, the details of which are described on page 4 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each (or such other amount as such ordinary share(s) may be divided or consolidated or converted into) in the capital of the Company
“Shareholder(s)”	registered holder(s) for the time being of Shares issued
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to it under rule 1.01 of the Listing Rules
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollars
“%”	per cent

LETTER FROM THE BOARD



福 山 控 股 有 限 公 司

FUSHAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

(Stock Code: 639)

Directors:

Mr. Wong Lik Ping (*Chairman*)

Mr. So Kwok Hoo

Mr. Li King Luk

Mr. Kee Wah Sze*

Mr. Choi Wai Yin*

Mr. Chan Pat Lam*

Registered Office:

12th Floor

Kwan Chart Tower

No. 6 Tonnochy Road

Wanchai

Hong Kong

* *Independent Non-Executive Directors*

27 April 2005

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SECURITIES
AND
CHANGE OF NAME OF THE COMPANY**

1. INTRODUCTION

At the AGM, ordinary resolutions will be proposed to grant to the Directors general and unconditional mandates to issue and repurchase securities of the Company since the previous general mandates granted on 18 June 2004 to the Directors will expire at the AGM and a special resolution will be proposed to change of name of the Company.

The purpose of this circular is to provide you with information regarding the proposed resolutions relating to the granting of the general mandates and the change of name of the Company to enable you to make an informed voting decision.

2. GENERAL MANDATES TO ISSUE SECURITIES

At the AGM, an ordinary resolution will be proposed to grant the Directors a general and unconditional mandate to allot, issue and deal with new securities of the Company up to a maximum of 20% of the aggregate nominal value of the issued share capital of the Company as at the date of passing such resolution. Another ordinary resolution will be proposed to increase the aforesaid 20% limit by the amount of any securities of the

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Company repurchased by the Company under the authority of the Repurchase Mandate up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company as at the date of passing of such resolution.

3. GENERAL MANDATE TO REPURCHASE SECURITIES

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase securities not exceeding 10% of the aggregate nominal value of the issued share capital of the Company as at the date of passing of such resolution. The Company's authority is restricted to the purchase of the Company's securities on the Stock Exchange and otherwise in accordance with the Listing Rules.

In accordance with the Share Repurchase Rules, which regulate the repurchase by companies with a primary listing on the Stock Exchange of their own securities, the Company is required to send to Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own Shares. This explanatory statement is set out in the Appendix to this circular.

4. CHANGE OF NAME OF THE COMPANY

At the AGM, a special resolution will be proposed to change of name of the company from "FUSHAN HOLDINGS LIMITED" in English and "福山控股有限公司" in Chinese to "FUSHAN INTERNATIONAL ENERGY GROUP LIMITED" in English and "福山國際能源集團有限公司" in Chinese.

Reasons and conditions for change name of the Company

The proposed change of name of the Company is to reflect the changes in the principal activities of the Group after the Group increased its equity interests in Jinshan Energy Group Limited ("Jinshan"), which is engaged in production and sales of coking coal products and side products, from 45% to 65% by acquiring an additional 20% equity interests in Jinshan on 8 June 2004. Since then, Jinshan and its two subsidiaries became subsidiaries of the Company. In addition, the Group established a sino-foreign equity joint venture in which the Group owned 38% equity interest, with two companies incorporated in the PRC for the production and sales of coking coal products on 15 December 2004. As a result of the change in the Group's major business to the coal business, the proposed new name will better reflect current principal activities of the Group which are production and sales of coking coal products and side products and acting as an agent in the coal business besides jewellery sales.

The proposed change of name of the Company is conditional upon (i) the passing of a special resolution by the Shareholders approving the change of name of the Company at the AGM; and (ii) the approval by the Companies Registry in Hong Kong ("the Companies Registry"). The change of name of the Company shall take effect from the date of the Certificate of Incorporation on Change of Name to be issued by the Companies Registry which is expected to be issued in six business days after filing the necessary documents to the Companies Registry upon approval at the AGM.

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Further announcement will be made by the Company when the change of name has become effective.

Free exchange of the existing share certificate

Subject to the change of name of the Company becoming effective, the Shareholders may, during a specified period of not less than 30 days, submit their existing share certificates for the Shares to the Company's share registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in exchange for new share certificates at the expense of the Company. The new share certificates will be available to the Shareholders for collection within ten days from the date of submission for the exchange. Any submission after that period will only be accepted for exchange at a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) per new share certificate.

Status of the existing share certificates

The change of name of the Company will not affect any rights of the shareholders. All existing share certificates bearing the present name of the Company will after the change of name of the Company becoming effective continue to be evidence of titles to the Shares and will be valid for trading, settlement, registration and delivery for the same number of Shares in the new name of the Company. Once the change of name of the Company has become effective, any new share certificates shall be issued in the new name of the Company.

A further announcement will be made about the trading arrangement of the Shares and the exchange of the new share certificates when the change of the name of the Company has been effective.

5. ANNUAL GENERAL MEETING

Notice of the AGM to be held at the Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, is set out on pages 6 to 8 of the 2004 Annual Report which is despatched to Shareholders together with this circular. The resolutions relating to the Issue Mandate, the Repurchase Mandate and the change of name of the Company are set out in full in the notice of AGM.

A form of proxy for the AGM is enclosed with the 2004 Annual Report. Whether or not you intend to be present at the meeting, you are requested to complete the proxy form and return it to the Company's share registrars Tengis Limited at the address stated therein and in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting. The completion of a form of proxy will not preclude you from attending and voting at the said meeting in person.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors believe that the granting of the Issue Mandate, the Repurchase Mandate and the change of name of the Company are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favor of such resolutions at the AGM.

7. 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.

Yours faithfully
By Order of the Board
So Kwok Hoo
Executive Director

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of securities of the Company up to a maximum of 10 percent of the issued share capital of the Company as at the date of passing resolution number 4B ("Ordinary Resolution") referred to in the notice convening the AGM dated 21 April 2005.

1. SHAREHOLDERS' APPROVAL

The Share Repurchase Rules provide that all on-market share repurchase made by the Company with its primary listing on the Stock Exchange must be of fully paid up shares and approved in advance by an ordinary resolution, either by way of a general mandate or by special approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,080,800,000 Shares.

Subject to the passing of the Ordinary Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed to repurchase a maximum of 208,080,000 Shares.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangement at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles and the Laws of Hong Kong.

The Directors do consider that there may be impact on the working capital of the Company as compared with the position disclosed in the Company's audited financial statements for the year ended 31 December 2004, if any mandate to repurchase securities is exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in any circumstances, have a material adverse effect on the working capital which in the opinion of the Directors of the Company is from time to time appropriate for the Company to do so.

5. SHARE PRICES

The highest and lowest prices for the Shares having traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:–

	Shares	
	Highest	Lowest
	HK\$	HK\$
2004:		
April	0.335	0.270
May	0.335	0.260
June	0.335	0.200
July	0.300	0.255
August	0.260	0.245
September	0.285	0.230
October	0.270	0.222
November	0.450	0.260
December	0.465	0.320
2005:		
January	0.410	0.355
February	0.395	0.360
March	0.380	0.265
April to the Latest Practicable Date	0.450	0.310

6. DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the Laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that the Repurchase Mandate is approved by its Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares to the Company or its subsidiaries, or that they have undertaken not to do so in the event that the Repurchase Mandate is approved by its Shareholders.

7. TAKEOVER CODE

If on the exercise of the power to repurchase securities pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company will increase, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a shareholder or group of shareholders acting in concert (within the meaning under the Takeover Code) could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, the Substantial Shareholders of the Company, China Merit Limited and Mr. Wong Lik Ping (who is the beneficial owner of the entire share capital of China Merit Limited), together hold a total of 59.59% of the Company's issued share capital. They have indicated that they intend to vote in favour of the resolution in respect of the Repurchase Mandate at the AGM.

In the event that the Directors exercise in full the power to repurchase securities under the Repurchase Mandate and if there is no other change in the issued share capital of the Company, the deemed interests of Mr. Wong Lik Ping in the capital of the Company would be increased to approximately 66.21%% and the shareholding of China Merit would be increased to approximately 61.36%. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate. The Company will not purchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

8. SHARES REPURCHASES MADE BY COMPANY

No purchases of shares have been made by the Company itself in the six months prior to the date of this circular, whether on the Stock Exchange or otherwise.