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If you have sold or transferred all your shares in Fushan International Energy Group Limited (the "Company"), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 under the Hong Kong Companies Ordinance)

(Stock Code: 639)

**REVISION OF CAPS FOR RELEVANT CONTINUING
CONNECTED TRANSACTIONS,
NEW CONTINUING CONNECTED TRANSACTIONS
AND
REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES**

Financial adviser to the Company



博大資本國際有限公司

Partners Capital International Limited

**Independent financial adviser to the Independent Board Committee
and the relevant independent Shareholders**



First Shanghai Capital Limited

A letter from the independent board committee of the Company is set out on page 18 of this circular. A letter from First Shanghai Capital Limited containing its advice to the independent board committee and the relevant independent shareholders of the Company is set out on pages 20 to 39 of this circular.

A notice convening the special general meeting of the Company to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:00 a.m. is set out on pages 46 to 52 of this circular. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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DEFINITIONS

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

“2008 SGM”	the special general meeting of the Company held on 18 July 2008 for approving, inter alia, the Supply Contract (and the relevant annual caps thereof)
“Agreement”	the conditional sale and purchase agreement dated 9 May 2008 among the Company, Jade Green Investments Limited as buyer, Mr. Wong, Fortune Dragon Group Limited as seller, and Mr. Xing, pursuant to which Jade Green Investments Limited agreed to acquire from Fortune Dragon Group Limited the sale shares and the sale loans, details of which please refer to the announcement of the Company dated 21 May 2008
“associates”	has the meaning ascribed to in the Listing Rules
“Board”	the board of Directors
“CCT Independent Shareholders”	Shareholders other than Mr. Xing and his associates
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee, the CCT Independent Shareholders in relation to the Revised Supply Contract, the Shareholders in relation to the Shi Supply Contract and the General Mandate Independent Shareholders in relation to the refreshment of General Mandate
“General Mandate”	the general mandate to issue new Shares granted by the Shareholders at the annual general meeting of the Company held on 13 June 2008
“General Mandate Independent Shareholders”	Shareholders other than Mr. Wong and his associates

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising independent non-executive Directors, namely Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam
“Latest Practicable Date”	20 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shi”	Mr. Shi Jianping, a non-executive Director
“Mr. Wong”	Mr. Wong Lik Ping, the controlling Shareholder, executive Director and Chairman of the Company
“Mr. Xing”	Mr. Xing Libin, a substantial Shareholder
“Party D”	Mr. Xing and his associates
“Party E”	Mr. Shi and his associates
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“PRC Subsidiaries”	PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C
“PRC Subsidiary A”	Shanxi Liulin Xingwu Coalmine Company Limited (山西柳林興無煤礦有限責任公司), a company incorporated in the PRC with limited liability
“PRC Subsidiary B”	Shanxi Liulin Jinjiazhuang Coal Company Limited (山西柳林金家莊煤業有限公司), a company incorporated in the PRC with limited liability
“PRC Subsidiary C”	Shanxi Liulin Zhaiyadi Coal Company Limited (山西柳林寨崖底煤業有限公司), a company incorporated in the PRC with limited liability

DEFINITIONS

“Revised Supply Contract”	the revised supply contract entered into among PRC Subsidiaries and Party D dated 3 November 2008, pursuant to which PRC Subsidiaries will purchase raw coking coal, accessories and small tools from Party D and Party D will purchase raw coking coal and electricity from PRC Subsidiaries
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:00 a.m. for approving the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shi Supply Contract”	the supply contract entered into among PRC Subsidiaries and Party E dated 3 November 2008, pursuant to which Party E will purchase raw coking coal from PRC Subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Contract”	the supply contract entered into among PRC Subsidiaries and Party D dated 2 June 2008, pursuant to which PRC Subsidiaries will purchase raw coking coal, accessories and small tools from Party D and Party D will purchase raw coking coal and electricity from PRC Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Mtpa”	million tones per annum
“RMB”	Renminbi, the lawful currency of the PRC
“VAT”	value added tax
“%”	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 under the Hong Kong Companies Ordinance)

(Stock Code: 639)

Executive Directors:

Mr. Wong Lik Ping (*Chairman*)

Mr. So Kwok Hoo

Mr. Xue Kang

Mr. Huang Bin

Mr. Liu Qingshan

Registered Office:

12th Floor

Kwan Chart Tower

No. 6 Tonnochy Road

Wanchai

Hong Kong

Non-executive Directors:

Mr. Li King Luk

Mr. Shi Jianping

Independent Non-Executive Directors:

Mr. Kee Wah Sze

Mr. Choi Wai Yin

Mr. Chan Pat Lam

25 November 2008

To the Shareholders,

Dear Sir or Madam,

**REVISION OF CAPS FOR RELEVANT CONTINUING
CONNECTED TRANSACTIONS,
NEW CONTINUING CONNECTED TRANSACTIONS
AND**

REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES

INTRODUCTION

On 4 November 2008, the Board announced on 3 November 2008, (i) the PRC Subsidiaries entered into the Revised Supply Contract with Mr. Xing and his associates; (ii) the PRC Subsidiaries entered into the Shi Supply Contract with Mr. Shi and his associates, pursuant to which Party E will continue to purchase raw coking coal from the PRC Subsidiaries; and (iii) the Company also proposed to seek a refreshment of the General Mandate.

As Mr. Xing is a substantial Shareholder, the transactions contemplated under the Revised Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Supply Contract exceeds 2.5% of the applicable percentage ratios, the Revised Supply Contract therefore is subject to the approval of the CCT Independent Shareholders at the SGM with

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vote to be taken on a poll. Mr. Xing and his associates (the substantial Shareholder interested in 669,546,536 Shares, representing approximately 14.67% of the issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting on the resolution for the Revised Supply Contract at the SGM.

As Mr. Shi has been appointed as a non-executive Director with effect from 1 November 2008, the transactions contemplated under the Shi Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Shi Supply Contract exceeds 2.5% of the applicable percentage ratios, the Shi Supply Contract therefore is subject to the approval of the Shareholders at the SGM with vote to be taken on a poll. No Shareholders is required to abstain from voting at the SGM in relation to the Shi Supply Contract.

Mr. Wong and his associates (the controlling Shareholder interested in 1,422,723,900 Shares, representing approximately 31.17% of the issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting on the resolution for refreshment of General Mandate at the SGM pursuant to Rule 13.36(4).

The Independent Board Committee has been appointed by the Board to advise (i) the CCT Independent Shareholders on the revised annual caps under the Revised Supply Contract; (ii) the Shareholders on the terms of the Shi Supply Contract and; (iii) the General Mandate Independent Shareholders on the terms of the refreshment of the General Mandate. First Shanghai has been appointed as an independent financial adviser to advise the Independent Board Committee, the CCT Independent Shareholders in relation to the Revised Supply Contract, the Shareholders in relation to the Shi Supply Contract and the General Mandate Independent Shareholders in relation to the refreshment of the General Mandate.

The purpose of this circular is to give the Shareholders with details of the Revised Supply Contract, the Shi Supply Contract, the refreshment of the General Mandate, the recommendation from the Independent Board Committee, the advice of First Shanghai and a notice to convene the SGM to consider and, if thought fit, pass the resolutions to approve the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate.

THE REVISED SUPPLY CONTRACT DATED 3 NOVEMBER 2008

Parties

<i>Party A</i>	:	PRC Subsidiary A
<i>Party B</i>	:	PRC Subsidiary B
<i>Party C</i>	:	PRC Subsidiary C
<i>Party D</i>	:	Mr. Xing and his associates

LETTER FROM THE BOARD

Mr. Xing's associates are principally engaged in investment holding, exploitation of raw coking coal and production of cleaned coking coal. The PRC Subsidiaries are non-wholly owned subsidiaries of the Company and Mr. Xing is a substantial Shareholder and a connected person of the Company.

Backgrounds

Reference is made to the Supply Contract and the caps thereof which were approved by the then independent Shareholders at the 2008 SGM.

The PRC Subsidiary A is producing low sulphur raw coking coal with intended output of approximately 1.560 Mtpa, 1.551 Mtpa and 1.553 Mtpa for the three years ending 31 December 2010 and operates a coal preparation plant with a designed input and output capacity of 1.2 Mtpa and 0.9 Mtpa respectively and an electricity plant. The PRC Subsidiary A blends 60% of low sulphur raw coking coal and 40% of high sulphur raw coking coal to produce the cleaned coking coal for sale. The PRC Subsidiary B is producing low sulphur raw coking coal with intended output of approximately 1.479 Mtpa, 2.246 Mtpa and 2.156 Mtpa for the three years ending 31 December 2010 and is currently constructing coal preparation plant with a designed input and output capacity of 3.0 Mtpa and 2.1 Mtpa respectively and the plant is scheduled for completion in 1st quarter of 2009. The PRC Subsidiary C is producing high sulphur raw coking coal with intended output of approximately 1.706 Mtpa, 2.123 Mtpa and 2.185 Mtpa for the three years ending 31 December 2010 and is currently constructing coal preparation plant with a designed input and output capacity of 3.0 Mtpa and 2.1 Mtpa respectively and the plant is scheduled for completion in 3rd quarter of 2009.

Before completion of the Agreement, Party D's coal mines (including the mines owned by the PRC Subsidiaries) supply raw coking coal with the coal preparation plants of each other due to different timing and quality requirements. Since Party D has its own coal preparation plants, coke plants and coal mines other than the PRC Subsidiaries, the PRC Subsidiaries have entered into the Supply Contract with Party D in relation to the sale of raw coking coal to Party D. Since only PRC Subsidiary A has its own coal preparation plant and electricity plant, Party D also entered into the supply contracts with PRC Subsidiary A in relation to the sales of high sulphur raw coking coal to PRC Subsidiary A and the purchase of electricity from PRC Subsidiary A. The PRC Subsidiaries purchase accessories and small tools in a centralized order from Party D.

The Directors expected the actual monetary value of the transactions carried out and to be carried out under the Supply Contract for the financial year ending 31 December 2008 and both of the two financial years ending 31 December 2010 has exceeded and will exceed the relevant caps respectively. As such, the PRC Subsidiaries entered into the Revised Supply Contract with Mr. Xing and his associates.

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The caps as approved by the then independent Shareholders at 2008 SGM

The following table sets out the caps for the quantity and in monetary terms (exclusive of VAT) of the raw coking coal under the Supply Contract as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008	2009	2010
Party D	PRC Subsidiary A	335,000 tones RMB220,863,000	157,000 tones RMB111,790,000	480,000 tones RMB369,119,000
Party D	PRC Subsidiary B	– –	– –	215,000 tones RMB165,335,000
Party D	PRC Subsidiary C	– –	– –	611,000 tones RMB469,858,000
PRC Subsidiary A	Party D	15,000 tones RMB13,009,000	– –	– –
PRC Subsidiary B	Party D	86,165 tones RMB74,727,000	– –	– –
PRC Subsidiary C	Party D	104,625 tones RMB68,978,000	– –	– –

The following table sets out the caps for on the quantity and the amounts of the electricity in monetary terms under the Supply Contract as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008	2009	2010
PRC Subsidiary A	Party D	6,256,500 meter RMB2,651,000	6,256,500 meter RMB2,863,000	6,256,500 meter RMB3,092,000

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The caps on the amounts of accessories and small tools in monetary terms that as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	For the financial year ending 31 December		
		2008 (RMB)	2009 (RMB)	2010 (RMB)
Party D	PRC Subsidiary A	1,000,000	1,000,000	1,000,000
Party D	PRC Subsidiary B	1,000,000	1,000,000	1,000,000
Party D	PRC Subsidiary C	1,000,000	1,000,000	1,000,000
Total		<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

Exceeded caps

As at 20 October 2008, the monetary value (exclusive of VAT) of certain transactions occurred between the parties in respect of the monetary value (exclusive of VAT) of the raw coking coal under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008	Actual amount for the period from 25 July 2008 to 20 October 2008
Party D	PRC Subsidiary A	145,932 tones RMB96,211,553	2,906 tones RMB1,504,491
Party D	PRC Subsidiary B	– –	– –
Party D	PRC Subsidiary C	– –	– –
PRC Subsidiary A	Party D	6,534 tones RMB5,666,934	23,093 tones RMB19,414,847
PRC Subsidiary B	Party D	37,535 tones RMB32,552,310	172,211 tones RMB184,661,894
PRC Subsidiary C	Party D	45,576 tones RMB30,483,567	180,981 tones RMB141,707,448

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As at 20 October 2008, the monetary value of the transactions occurred between the parties in respect of the monetary value of the electricity under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008	Actual amount for the period from 25 July 2008 to 20 October 2008
PRC Subsidiary A	Party D	2,725,434 meter RMB1,147,556	2,550,000 meter RMB1,202,888

As at 20 October 2008, the monetary value of the transactions occurred between the parties in respect of the monetary value of the accessories and small tools under the Supply Contract have exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM:

Supplier	Purchaser	Pro rata approved amount for the year ending 31 December 2008 (RMB)	Actual amount for the period from 25 July 2008 to 20 October 2008 (RMB)
Party D	PRC Subsidiary A	435,616	573,375
Party D	PRC Subsidiary B	435,616	700,816
Party D	PRC Subsidiary C	435,616	813,788

At the time of the preparation of the management accounts of the PRC Subsidiaries for the period from 25 July 2008 to 30 September 2008, it was brought to the attention of the Company that the monetary value of the transactions occurred between the parties in respect of the Supply Contract exceeded the caps for the financial year ending 31 December 2008 as approved by the then independent Shareholders at 2008 SGM.

The Company therefore took immediate actions to remedy the situation, including suspension of the transactions occurred between the parties in respect of the Supply Contract for the financial year ending 31 December 2008, reviewing and revising the monetary value of the transactions in respect of the Supply Contract for the remaining period ended 31 December 2008 and the two financial years ending 31 December 2010 in light of the significant increase in 2008, taking immediate actions to comply with the relevant reporting, announcement and Shareholders' approval requirements in respect of the Revised Supply Contract and to inform the Shareholders and the investing public that the monetary values under the Supply Contract for the year ending 31 December 2008 have exceeded the relevant caps. In addition, the Company has reemphasized to all its financial personnel the importance of close and regular monitoring of the monetary values of the continuing connected transactions incurred to ensure that the relevant maximum annual monetary values as approved by the Shareholders are strictly adhered to, and to allow sufficient time for seeking Shareholders' approval should any revision in

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the revised caps become necessary in the future. Moreover, the Company has also committed additional resources at the management level for ongoing review of actual transaction amounts incurred in order to proactively identify any potential issues on a timely basis going forward.

Upon completion of the review process, it was noted that the exceeds were mainly due to the unforeseen significant increase in the demand from Party D since completion of the Agreement. The PRC Subsidiaries therefore entered into the Revised Supply Contract to revise the relevant caps for the three years ending 31 December 2010.

Revised Caps

The annual caps on the quantity and in monetary terms (exclusive of VAT) of the raw coking coal that may be purchased under the Revised Supply Contract are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to 31 December 2008	For the financial year ending 31 December	
			2009	2010
Party D	PRC Subsidiary A	39,360 tones RMB47,300,000	144,000 tones RMB172,800,000	144,000 tones RMB186,700,000
Party D	PRC Subsidiary B	– –	360,000 tones RMB432,000,000	360,000 tones RMB466,600,000
Party D	PRC Subsidiary C	– –	270,000 tones RMB383,400,000	540,000 tones RMB828,200,000
Total in monetary terms (exclusive of VAT)		<u>RMB47,300,000</u>	<u>RMB988,200,000</u>	<u>RMB1,481,500,000</u>
PRC Subsidiary A	Party D	138,000 tones RMB196,000,000	465,300 tones RMB660,800,000	465,900 tones RMB714,500,000
PRC Subsidiary B	Party D	99,300 tones RMB141,000,000	673,800 tones RMB956,800,000	646,800 tones RMB992,000,000
PRC Subsidiary C	Party D	90,000 tones RMB108,000,000	636,900 tones RMB764,300,000	655,500 tones RMB849,600,000
Total in monetary terms (exclusive of VAT)		<u>RMB445,000,000</u>	<u>RMB2,381,900,000</u>	<u>RMB2,556,100,000</u>

LETTER FROM THE BOARD

The annual caps on the quantity and in monetary terms of the electricity that may be purchased under the Revised Supply Contract are as follows:

		From the effective date of the Revised Supply Contract to 31 December 2008	For the financial year ending 31 December 2009	2010
PRC Subsidiary A	Party D	2,200,000 meter RMB1,100,000	11,000,000 meter RMB6,100,000	11,000,000 meter RMB6,850,000

The annual caps on the quantity and in monetary terms of accessories and small tools that may be purchased under the Revised Supply Contract are as follows:

Supplier	Purchaser	Form the effective date of the Revised Supply Contract to 31 December 2008 (RMB)	For the financial year ending 31 December 2009 (RMB)	2010 (RMB)
Party D	PRC Subsidiary A	2,400,000	10,300,000	11,100,000
Party D	PRC Subsidiary B	2,300,000	12,000,000	12,800,000
Party D	PRC Subsidiary C	2,400,000	11,300,000	13,400,000
Total		<u>7,100,000</u>	<u>33,600,000</u>	<u>37,300,000</u>

The Board has taken into account the unforeseen significant increase in the demand from Party D and in order to provide more flexibility for both Party D and the PRC Subsidiaries for trading of the raw coking coal with each other, (1) the revised annual caps on the quantity of the raw coking coal for sale of raw coking from Party D to the PRC Subsidiaries represent approximately 30% of the respective total intended purchase of raw coking coal of the PRC Subsidiaries and (2) the revised annual caps on the quantity of the raw coking coal for sale of raw coking from the PRC Subsidiaries to Party D represent approximately 30% of the respective total intended output of raw coking coal of the PRC Subsidiaries.

In 2010, each of the coal preparation plants of the PRC Subsidiaries will be in full operation. It is expected that the PRC Subsidiaries will purchase more raw coking coal from Party D in 2010 when the coal preparation plants of the PRC Subsidiaries fully utilize the raw coking coal of their own mines.

LETTER FROM THE BOARD

The ranges of market selling prices (exclusive of VAT) of the low sulphur and high sulphur coking coal in the past 6 months are from RMB820 to RMB1,420 and from RMB600 to RMB1,200 per tone respectively, so the monetary value of the revised cap is calculated based on the highest market selling prices of RMB1,420 for the low sulphur coking coal and of RMB1,200 for the high sulphur coking coal.

As it is expected that the PRC Subsidiaries will purchase more accessories and small tools from Party D which has a centralized sourcing department for accessories and small tools, the annual caps of accessories and small tools under the Revised Supply Contract is obtained to provide more flexibility for the PRC Subsidiaries and the annual caps of accessories and small tools under the Revised Supply Contract will increase substantially as compared with that as approved by the then independent Shareholders at 2008 SGM.

The quantity and specification of each of the raw coking coal, accessories and small tools to be supplied by the supplier to the purchaser will be subject to individual orders placed by the purchaser from time to time. The unit price of the raw coking coal, accessories and small tools payable by the purchaser to supplier will be no less favourable than the unit price offered to the purchaser by independent suppliers for the same type of raw coking coal, accessories and small tools. Such unit price benchmarks shall be determined with consideration to the existing unit price of raw coking coal, accessories and small tools offered to the Group by independent suppliers, the expected year-on-year increase in the unit price of raw coking coal, accessories and small tools and the quantity of raw coking coal, accessories and small tools to be supplied under the Revised Supply Contract. Amounts payable by the purchaser to the supplier shall be settled in cash within 30 days upon receipt of the purchase.

Terms

The term of the Revised Supply Contract will commence from the effective date of the Revised Supply Contract (which is expected to be the date of the SGM) and terminate on 31 December 2010.

Conditions of the Revised Supply Contract

The Revised Supply Contract is conditional on the Company's compliance with relevant Listing Rules requirements (including, but not limited to, obtaining approval by the CCT Independent Shareholders at the SGM).

THE SHI SUPPLY CONTRACT DATED 3 NOVEMBER 2008

Parties

<i>Party A</i>	:	PRC Subsidiary A
<i>Party B</i>	:	PRC Subsidiary B
<i>Party C</i>	:	PRC Subsidiary C
<i>Party E</i>	:	Mr. Shi and his associates

LETTER FROM THE BOARD

Mr. Shi's associates are principally engaged in property development, investment holdings, producing and trading of clean and raw coal and they also own coal preparation plants. Mr. Shi has been appointed as a non-executive Director with effect from 1 November 2008 and is a connected person of the Company.

Backgrounds

The PRC Subsidiaries has supplied raw coking coal to Party E since 2006. As Mr. Shi has been appointed as a non-executive Director with effect from 1 November 2008 and is a connected person of the Company, the Shi Supply Contract has been entered into in order to comply with the Listing Rules, pursuant to which Party E will continue to purchase coking coal from the PRC Subsidiaries.

Terms

The term of the Shi Supply Contract will commence from the effective date of the Shi Supply Contract (which is expected to be the date of the SGM) and terminate on 31 December 2010.

The following table sets out the actual amount of the raw coking coal for year ended 31 December 2007 and the caps for the quantity and in monetary terms (exclusive of VAT) of the raw coking coal that may be purchased under the Shi Supply Contract are as follows:

Supplier	Purchaser	Actual amount	Actual amount	Proposed caps	Proposed caps for the financial year	
		for the financial year ended 31 December 2007	for the nine months ended 30 September 2008	from the effective date of the Shi Supply Contract to 31 December 2008	ending 31 December 2009	2010
PRC Subsidiary A	Party E	232 tones	15,014 tones	15,333 tones	77,550 tones	77,650 tones
		RMB174,000	RMB9,198,000	RMB21,800,000	RMB110,200,000	RMB119,100,000
PRC Subsidiary B	Party E	-	4,235 tones	11,033 tones	112,300 tones	107,800 tones
		-	RMB2,661,000	RMB15,700,000	RMB159,500,000	RMB165,400,000
PRC Subsidiary C	Party E	35,762 tones	4,724 tones	10,000 tones	106,150 tones	109,250 tones
		<u>RMB9,483,000</u>	<u>RMB1,505,000</u>	<u>RMB12,000,000</u>	<u>RMB127,400,000</u>	<u>RMB141,600,000</u>
Total in monetary terms		<u>RMB9,657,000</u>	<u>RMB13,364,000</u>	<u>RMB49,500,000</u>	<u>RMB397,100,000</u>	<u>RMB426,100,000</u>

The annual caps on the quantity of the coking coal for sale of raw coking from the PRC Subsidiaries to Party E represent approximately 5% of the respective total intended output of raw coking coal of the PRC Subsidiaries.

LETTER FROM THE BOARD

The ranges of market selling prices (exclusive of VAT) of the low sulphur and high sulphur coking coal in the past 6 months are from RMB820 to RMB1,420 and from RMB600 to RMB1,200 per tone respectively, so the monetary value of the revised cap is calculated based on the highest market selling prices of RMB1,420 for the low sulphur coking coal and of RMB1,200 for the high sulphur coking coal.

The quantity and specification of the raw coking coal to be supplied by the supplier to the purchaser will be subject to individual orders placed by the purchaser from time to time. The unit price of the raw coking coal payable by the purchaser to supplier will be no less favourable than the unit price offered to the independent purchaser by the supplier for the same type of raw coking coal. Such unit price benchmarks shall be determined with consideration to the existing unit price of raw coking coal offered to the Group by independent suppliers, the expected year-on-year increase in the unit price of raw coking coal and the quantity of raw coking coal to be supplied under the Shi Supply Contract. Amounts payable by the purchaser to the supplier shall be settled in cash within 30 days upon receipt of the purchase.

Conditions of the Shi Supply Contract

The Shi Supply Contract is conditional on the Company's compliance with relevant Listing Rules requirements (including, but not limited to, obtaining approval by the Shareholders at the SGM).

REASONS FOR THE TRANSACTIONS

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.

As mentioned in the announcement of the Company dated 4 June 2008 and the circular of the Company dated 25 June 2008 in relation to, inter alia, the continuing connected transactions, the purpose of entering into the Supply Contract is to ensure a smooth transition of ownership from the seller to the buyer in relation to the Agreement and to minimize any disruptions to the operations of the PRC Subsidiaries resulting from such transfer of ownership. By entering into the Revised Supply Contract, the PRC Subsidiaries can continue to benefit from a lower transaction cost for the supply of raw coking coal as each of the PRC Subsidiaries and Mr. Xing' coal mines are within Liulin Area of Shanxi Province and to secure the supply of raw coking coal to the PRC Subsidiaries.

The terms of the Revised Supply Contract and the Shi Supply Contract have been agreed upon after arm's length negotiations among the relevant parties. The Directors believe that the transactions contemplated under the Revised Supply Contract and the Shi Supply Contract are on normal commercial terms and in the ordinary and usual course of business of the Group.

LETTER FROM THE BOARD

REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES

The Directors were authorized to allot and issue up to 487,911,070 Shares pursuant to the General Mandate, of which 450,000,000 Shares have been issued under the placing as details set out in the announcement of the Company dated 17 June 2008. The Company has applied the net proceeds of the said placing of approximately HK\$2,015,000,000 to settle a portion of the cash consideration for the acquisition under the Agreement. Following completion of the said placing on 25 July 2008, the General Mandate has almost fully utilized and only a further of 37,911,070 Shares (representing 0.83% of the existing issued share capital of the Company) can be issued under the General Mandate. The Company has not refreshed the General Mandate since the last annual general meeting of the Company held on 13 June 2008.

The Company proposes to seek a refreshment of the General Mandate. The refreshment of the General Mandate can enhance the flexibility of the Company to manage its business and to raise additional capital for any future investment or as working capital of the Group.

As at the date of Latest Practicable Date, the Company had an aggregate of 4,564,555,352 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the refreshment of General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would allow under the new general mandate to allot and issue up to 912,911,070 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

The new general mandate will remain effective until the earliest 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 the Articles of Association of the Company to be held; or
- (iii) the revocation or variation of such authority by an ordinary resolution of Shareholders in general meeting.

SGM

A notice convening the SGM at which resolutions will be proposed to consider, and if thought fit, to approve the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:00 a.m. is set out on pages 46 to 52 of this circular. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

LETTER FROM THE BOARD

As Mr. Xing is a substantial Shareholder, the transactions contemplated under the Revised Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Supply Contract exceeds 2.5% of the applicable percentage ratios, the Revised Supply Contract therefore is subject to the approval of the CCT Independent Shareholders at the SGM with vote to be taken on a poll. Mr. Xing and his associates (the substantial Shareholder interested in 669,546,536 Shares, representing approximately 14.67% of the issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting on the resolution for the Revised Supply Contract at the SGM.

As Mr. Shi has been appointed as a non-executive Director with effect from 1 November 2008, the transactions contemplated under the Shi Supply Contract constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. In addition, as the annual caps of the Shi Supply Contract exceeds 2.5% of the applicable percentage ratios, the Shi Supply Contract therefore is subject to the approval of the Shareholders at the SGM with vote to be taken on a poll. No Shareholders is required to abstain from voting at the SGM in relation to the Shi Supply Contract. As at the Latest Practicable Date, Mr. Shi and his associates have no shareholding in the Company.

Mr. Wong and his associates (the controlling Shareholder interested in 1,422,723,900 Shares, representing approximately 31.17% of the issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting on the resolution for refreshment of the General Mandate at the SGM pursuant to Rule 13.36(4).

PROCEDURES TO DEMAND A POLL

Pursuant to Article 68 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy or representative and holding shares in the Company conferring a right to vote at the meeting being shares 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.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the continuing connected transactions under the Revised Supply Contract and the Shi Supply Contract and the refreshment of the General Mandate are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the relevant Shareholders to vote in favour of the relevant resolutions which will be proposed at the SGM to approve the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendix to this circular.

By Order of the Board
SO KWOK HO
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

25 November 2008

*To the CCT Independent Shareholders
in relation to the Revised Supply Contract,
the Shareholders in relation to the Shi Supply Contract
and the General Mandate Independent Shareholders
in relation to the refreshment of
the General Mandate*

Dear Sir or Madam,

**REVISION OF CAPS FOR RELEVANT CONTINUING
CONNECTED TRANSACTIONS,
NEW CONTINUING CONNECTED TRANSACTIONS
AND
REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES**

We refer to this circular dated 25 November 2008 issued by the Company of which this letter forms part. Terms defined in this circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider (i) the revised annual caps under the Revised Supply Contract; (ii) the terms of the Shi Supply Contract; and (iii) the terms of the refreshment of the General Mandate and to advise you as to whether, in our opinion, (i) the revised annual caps under the Revised Supply Contract; (ii) the terms of the Shi Supply Contract; and (iii) the terms of the refreshment of the General Mandate are fair and reasonable so far as the relevant independent Shareholders are concerned. First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of (i) the revised annual caps under the Revised Supply Contract; (ii) the terms of the Shi Supply Contract; and (iii) the terms of the refreshment of the General Mandate.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from First Shanghai; and (iii) the additional information set out in the appendix to this circular.

Having considered (i) the revised annual caps under the Revised Supply Contract; (ii) the terms of the Shi Supply Contract; and (iii) the terms of the refreshment of the General Mandate, and having taken into account the opinion of First Shanghai and, in particular, the factors, reasons and recommendations as set out in the letter from First Shanghai on pages 20 to 39 of this circular, we consider that (i) the revised annual caps

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

under the Revised Supply Contract; (ii) the terms of the Shi Supply Contract; and (iii) the terms of the refreshment of the General Mandate are fair and reasonable so far as the relevant independent Shareholders are concerned, and the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate are in the interests of the Shareholders. Accordingly, we recommend the relevant independent Shareholders to vote in favour of the relevant resolutions which will be proposed at the SGM to approve the Revised Supply Contract, the Shi Supply Contract and the refreshment of the General Mandate.

Yours faithfully,
For and on behalf of

the Independent Board Committee

Kee Wah Size

Choi Wai Yin

Chan Pat Lam

Independent non-executive Directors

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee, the CCT Independent Shareholders, the Shareholders and the General Mandate Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

25 November 2008

*To the Independent Board Committee,
CCT Independent Shareholders, Shareholders and
General Mandate Independent Shareholders*

Dear Sir or Madam,

**REVISION OF CAPS FOR RELEVANT CONTINUING
CONNECTED TRANSACTIONS,
NEW CONTINUING CONNECTED TRANSACTIONS
AND
REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES**

INTRODUCTION

We refer to our engagement to advise (i) the Independent Board Committee and the CCT Independent Shareholders on the revised caps (the “Revised Caps”) under the Revised Supply Contract; (ii) the Independent Board Committee and the Shareholders on the terms of the Shi Supply Contract (the “New Continuing Connected Transactions”) (including the respective annual caps (the “Shi Annual Caps”)); and (iii) the Independent Board Committee and the General Mandate Independent Shareholders on the refreshment of the General Mandate. Details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 25 November 2008 (the “Circular”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Mr. Xing is a substantial Shareholder. As a result, Mr. Xing and his associates are connected persons of the Company (as defined in the Listing Rules) and the transactions conducted under the Revised Supply Contract (the “Relevant Continuing Connected Transactions”) constitute continuing connected transactions of the Company under the Listing Rules. The Company had at the 2008 SGM obtained approval from its then independent Shareholders of the Supply Contract and the relevant annual caps for the three years ending 31 December 2010. However, certain transaction amounts of the Relevant Continuing Connected Transactions for the period from 25 July 2008, completion of the Agreement, to 20 October 2008 exceeded the relevant

LETTER FROM FIRST SHANGHAI

pro-rata caps for the year ending 31 December 2008 approved by the then independent Shareholders at the 2008 SGM. The Company also anticipates that the cap amounts of the Relevant Continuing Connected Transactions for the two years ending 31 December 2010 are not likely to be sufficient to meet the Group's business requirements. In this connection, the Company will seek the CCT Independent Shareholders' approval of the Revised Caps for the three years ending 31 December 2010 at the SGM. At the SGM, Mr. Xing and his associates will be required to abstain from voting, which will be taken by poll, on the ordinary resolution to be proposed to approve the Revised Caps under the Revised Supply Contract.

The existing sale of raw coking coal by the Mining Companies (as defined below) to companies owned by Mr. Shi ("Mr. Shi's Companies") will continue and constitute continuing connected transactions (the "New Continuing Connected Transactions") of the Company under the Listing Rules after Mr. Shi being appointed as a non-executive Director with effect from 1 November 2008 and becoming a connected person of the Company. In this regard, on 3 November 2008, the Mining Companies (as defined below) entered into the Shi Supply Contract with Mr. Shi which set out the terms of the New Continuing Connected Transactions to be conducted for the period commencing on the effective date of the Shi Supply Contract and ending on 31 December 2010. Since the Shi Annual Caps exceeds 2.5% of the applicable percentage ratios and no Shareholder is required to abstain from voting at the SGM in relation to the Shi Supply Contract, the Shi Supply Contract therefore is subject to the approval of the Shareholders by way of poll at the SGM.

As at the Latest Practicable Date, only a further 37,911,070 Shares, representing approximately 0.83% of the issued share capital of the Company, can be issued under the General Mandate. The Board therefore proposes to seek approval from the General Mandate Independent Shareholders for the refreshment of the General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the SGM. Pursuant to the Listing Rules, the refreshment of the General Mandate is subject to approval by the General Mandate Independent Shareholders, by way of poll, at the SGM.

The Independent Board Committee, comprising the independent non-executive Directors, namely Messrs Kee Wah Sze, Choi Wai Yin and Chan Pat Lam, has been established to advise (i) the CCT Independent Shareholders on the Revised Caps; (ii) the Shareholders on the New Continuing Connected Transactions; and (iii) the General Mandate Independent Shareholders on the refreshment of the General Mandate. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee, the CCT Independent Shareholders, the Shareholders and the General Mandate Independent Shareholders in relation to the above.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and continued to be true up to the time of the holding of the SGM. We have also assumed that all statements of belief, opinion and

LETTER FROM FIRST SHANGHAI

intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group, Mr. Xing and his associates, or Mr. Shi and his associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Revised Caps, the New Continuing Connected Transactions and the refreshment of the General Mandate are fair and reasonable, we have taken into account the following principal factors and reasons:

I. THE RELEVANT CONTINUING CONNECTED TRANSACTIONS AND THE NEW CONTINUING CONNECTED TRANSACTIONS

1. Background to and reasons for the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions

Relevant Continuing Connected Transactions

(i) mutual supply of coal

The Company completed the acquisition of 87.75%, 65% and 95% effective interest in PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C (the "Mining Companies") respectively (the "Acquisition") on 25 July 2008. Details of the Acquisition are set out in the announcement of the Company dated 21 May 2008 and the circular of the Company dated 25 June 2008. Mr. Xing owns a number of mining companies and coal preparation plants other than the Mining Companies ("Mr. Xing's Companies") within the Liulin Area of Shanxi Province to exploit raw coking coal and to produce clean coal. Mr. Xing's Companies and the Mining Companies have supplied raw coking coal to each other for producing cleaned coking coal prior to the completion of the Acquisition, and after the completion of the Acquisition under the Supply Contract.

(ii) supply of electricity and purchase of accessories and small tools

Since the Mining Companies and Mr. Xing's Companies were commonly controlled by Mr. Xing and were located within the Liulin Area of Shanxi Province, (a) PRC Subsidiary A had supplied spare electricity to Mr. Xing's Companies; and (b) the Mining Companies had purchased accessories and small tools in centralized order from Mr. Xing's Companies prior to the completion of the Acquisition, and after the completion of the Acquisition under the Supply Contract.

LETTER FROM FIRST SHANGHAI

The Supply Contract and the relevant annual caps for the three years ending 31 December 2010 had been approved by the then independent Shareholders at the 2008 SGM. However, due to the unexpected significant increases in demand of raw coking coal and electricity from Mr. Xing's Companies, the prices of raw coking coal and electricity, and demand of accessories and small tools from the Mining Companies after the completion of the Acquisition, the transaction amounts for (a) the mutual supply of raw coking coal; (b) the supply of electricity; and (c) the purchase of accessories and small tools under the Supply Contract for the period from 25 July 2008, completion of the Acquisition, to 20 October 2008 had exceeded the relevant pro-rata caps for the year ending 31 December 2008 approved by the then independent Shareholders at the 2008 SGM. The Company also anticipates that the cap amounts of the Relevant Continuing Connected Transactions for the two years ending 31 December 2010 are not likely to be sufficient to meet the Group's business requirements. In this connection, the Company will seek the CCT Independent Shareholders' approval of the Revised Caps for the three years ending 31 December 2010 at the SGM.

New Continuing Connected Transactions

Mr. Shi owns a number of coal preparation plants ("Mr. Shi's Companies") within the Liulin Area of Shanxi Province. Mr. Shi's Companies had purchased raw coking coal from the Mining Companies for producing cleaned coking coal since 2006 and will continue after Mr. Shi being appointed as a non-executive Director with effect from 1 November 2008 under the Mr. Shi Supply Contract.

Having considered that the entering into of the Shi Supply Contract will (a) broaden the customer base of the Mining Companies; and (b) provide flexibility for the Mining Companies to conduct their business, we consider the entering into of the Shi Supply Contract is in the interests of the Company and the Shareholders as a whole.

LETTER FROM FIRST SHANGHAI

2. Principal terms of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions

Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract

(A) Relevant Continuing Connected Transactions

(i) mutual supply of coking coal

The following is a summary of the actual volume of raw coking coal purchased from and sold to Mr. Xing's Companies for the year ended 31 December 2007 and the period from 25 July 2008 to 20 October 2008 as well as the volume of raw coking coal to be purchased from and sold to Mr. Xing's Companies under the Supply Contract and the Revised Supply Contract:

Supplier	Purchaser	For the year ended 31 December 2007	For the period from 25 July 2008 to 20 October 2008	Under the Supply Contract for the year ending 31 December			Under the Revised Supply Contract for the year ending 31 December		
		(tones)	(tones)	2008 (note 1)	2009 (tones)	2010 (tones)	2008 (note 2)	2009 (tones)	2010 (tones)
Mr. Xing's Companies	PRC Subsidiary A	412,000	2,906	145,932	157,000	480,000	39,360	144,000	144,000
	PRC Subsidiary B	-	-	-	-	215,000	-	360,000	360,000
	PRC Subsidiary C	-	-	-	-	611,000	-	270,000	540,000
PRC Subsidiary A	Mr. Xing's Companies	15,000	23,093	6,534	-	-	138,000	465,300	465,900
PRC Subsidiary B		86,165	172,211	37,535	-	-	99,300	673,800	646,800
PRC Subsidiary C		174,720	180,981	45,576	-	-	90,000	636,900	655,500

Notes:

- (1) For the period from 25 July 2008 to 31 December 2008.
- (2) For the period from the effective date of the Revised Supply Contract to 31 December 2008.

LETTER FROM FIRST SHANGHAI

In analysing the volume of raw coking coal under the Revised Supply Contract, we have discussed with the management of the Group the bases in arriving at the volume to be transacted under the Revised Supply Contract and understand that they were determined after considering:

- (a) the expected total output of raw coking coal of the Mining Companies for the three years ending 31 December 2010;
- (b) the expected total output of cleaned coking coal of the coal preparation plants of the Mining Companies for the three years ending 31 December 2010;
- (c) the expected completion date of the coal preparation plants of PRC Subsidiary B and PRC Subsidiary C;
- (d) the expected percentage of low sulphur and high sulphur raw coking coal required to produce cleaned coking coal;
- (e) the expected proportion of the raw coking coal output of the Mining Companies to be sold to Mr. Xing's Companies; and
- (f) the expected proportion of the purchase of raw coking coal of the Mining Companies from Mr. Xing's Companies.

When setting the volume of raw coking coal under the Supply Contract, the management of the Group was then expected that PRC Subsidiary B and PRC Subsidiary C would purchase all the raw coking coal required for their coal preparation plants within the Group for the year ending 31 December 2009; accordingly, there would be no purchase of raw coking coal by PRC Subsidiary B and PRC Subsidiary C from Mr. Xing's Companies for the year ending 31 December 2009 under the Supply Contract. In addition, the management of the Group also expected that the Mining Companies would sell all the remaining coking coal (after deducting those required for their own coal preparation plants) to other members of the Group for the two years ending 31 December 2010; and there would be no sale of raw coking coal to Mr. Xing's Companies for the two years ending 31 December 2010 under the Supply Contract.

However, there was unexpected purchase of raw coking coal by Mr. Xing's Companies for the period from 25 July 2008, completion of the Acquisition, to 20 October 2008, the management of the Group expects that Mr. Xing's Companies would continue to purchase raw coking coal from the Mining Companies after the coal preparation plants of PRC Subsidiary B and PRC Subsidiary C commence operations in the first quarter of 2009 and the third quarter 2009 respectively. In order to provide flexibility to the Mining Companies and Mr. Xing's

LETTER FROM FIRST SHANGHAI

Companies for their sale and purchase of raw coking coal with each other, while at the same time not to rely on sales to or purchase from connected persons, the Directors expect that approximately 30% of the expected raw coking coal output and 30% of the expected purchase of raw coking coal of the Mining Companies will be sold to or purchased from Mr. Xing's Companies respectively for the three years ending 31 December 2010.

Having considered that the volume of coking coal under the Revised Supply Contract was determined based on (i) the expected raw coking coal output and the expected cleaned coking coal output of the Mining Companies for the three years ending 31 December 2010; (ii) the expected proportion of the raw coking coal output of the Mining Companies to be sold to or purchased from Mr. Xing's Companies, which prevent the Mining Companies and Mr. Xing's Companies from being too relied on each other; and (iii) there is no obligation for the Mining Companies to purchase or sell any raw coking coal from or to Mr. Xing's Companies, we are of the view that the volume of coking coal under the Revised Supply Contract is fairly and reasonably determined.

(ii) supply of electricity

The following is a summary of the actual volume of electricity sold to Mr. Xing's Companies by PRC Subsidiary A for the year ended 31 December 2007 and the period from 25 July 2008 to 20 October 2008 as well as the volume of electricity to be sold to Mr. Xing's Companies under the Supply Contract and the Revised Supply Contract:

Supplier	Purchaser	For the		Under the original Supply Contract			Under the Revised Supply Contract		
		For the year	period from	for the year ending 31 December			for the year ending 31 December		
		ended	25 July 2008	2008	2009	2010	2008	2009	2010
		31 December	to 20 October	(meter)	(meter)	(meter)	(meter)	(meter)	(meter)
		2007	2008	(note 1)			(note 2)		
		(meter)	(meter)						
PRC Subsidiary A	Mr. Xing's Companies	6,256,000	2,550,000	2,725,434	6,256,000	6,256,000	2,200,000	11,000,000	11,000,000

Notes:

- (1) For the period from 25 July 2008 to 31 December 2008.
- (2) For the period from the effective date of the Revised Supply Contract to 31 December 2008.

LETTER FROM FIRST SHANGHAI

In arriving at the volume of electricity to be sold to Mr. Xing's Companies by PRC Subsidiary A under the Supply Contract, the management of the Group was then expected that the electricity to be supplied to Mr. Xing's Companies for the three years ending 31 December 2010 would remain at the same level as recorded during the year ended 31 December 2007. However, with the unexpected increase in demand of electricity from Mr. Xing's Companies and the unexpected increase in electricity price, the transaction amount for electricity sold to Mr. Xing's Companies for the period from 25 July 2008 to 20 October 2008 was higher than the pro rata approved transaction amount which could be sold to Mr. Xing's Companies during the year ended 31 December 2007.

In light of the above, the management of the Group expects that the volume of electricity to be supplied to Mr. Xing's Companies for the three years ending 31 December 2010 will be at the same level as recorded during the period from 25 July 2008 to 20 October 2008. As the volume of electricity to be sold to Mr. Xing's Companies by PRC Subsidiary A under the Revised Supply Contract makes reference to the recent actual consumption level after completion of the Acquisition, we are of the view that the volume of electricity under the Revised Supply Contract is fairly and reasonably determined.

(B) New Continuing Connected Transactions

Pursuant to the terms of the Shi Supply Contract, the Mining Companies agree to sell and Mr. Shi's Companies agree to purchase the raw coking coal produced by the Mining Companies from the effective date of the Shi Supply Contract until the year ending 31 December 2010. The following is a summary of the historical volume of raw coking coal purchased by Mr. Shi's Companies for the year ended 31 December 2007 and the nine months ended 30 September 2008 as well as the volume of raw coking coal to be sold to Mr. Shi's Companies under the Shi Supply Contract:

Supplier	Purchaser	For the period		Under the Shi Supply Contract		
		For the year ended 31 December 2007	from 25 July 2008 to 20 October 2008	for the year ending 31 December		
		2007 (tones)	2008 (tones)	2008 (tones)	2009 (tones)	2010 (tones)
				(note)		
PRC Subsidiary A	Mr. Shi's Companies	232	15,014	15,333	77,550	77,650
PRC Subsidiary B		-	4,235	11,033	112,300	107,800
PRC Subsidiary C		35,762	4,724	10,000	106,150	109,250

Note: For the period from the effective date of the Shi Supply Contract to 31 December 2008.

LETTER FROM FIRST SHANGHAI

In analysing the volume of raw coking coal under the Shi Supply Contract, we have discussed with the management of the Group the bases in arriving at the volume to be transacted under the Shi Supply Contract and understand that they were determined after considering:

- (a) the expected total raw coking coal output of the Mining Companies for the three years ending 31 December 2010; and
- (b) the expected proportion of the raw coking coal of the Mining Companies to be sold to Mr. Shi's Companies.

The management of the Group advised us that in order to (i) broaden the customer base of the Mining Companies; and (ii) provide flexibility for the Mining Companies to conduct their business, the management of the Group expects that 5% of the raw coking coal output of the Mining Companies will be sold to Mr. Shi's Companies for the three years ending 31 December 2010.

Having considered that the volume of coking coal under the Shi Supply Contract was determined based on (i) the expected raw coking coal output of the Mining Companies for the three years ending 31 December 2010; (ii) the expected proportion of the raw coking coal output of the Mining Companies to be sold to Mr. Shi's Companies; and (iii) there is no obligation for the Mining Companies to sell any raw coking coal to Mr. Shi's Companies, we are of the view that the volume of raw coking coal under the Shi Supply Contract is fair and reasonable.

Pricing and payment terms of coking coal to be sold under the Shi Supply Contract

Pursuant to the Shi Supply Contract, the unit price of coking coal payable by Mr. Shi's Companies to the Mining Companies shall be no less favourable than the unit price offered to independent purchaser by the Mining Companies for the same type of coking coal.

Regarding the payment terms, according to the Shi Supply Contract, the amount payable shall be settled within 30 days upon receipt of the purchase. After our discussion with the management of the Group and reviewing the supply contracts entered into between the Mining Companies and other independent third parties, we understand that save for those major customers, the Mining Companies usually require their customers to pay a portion of the full purchase value of the coking coal ordered before or upon shipment and the remaining will be paid within 30 to 90 days. Having considered that (i) the coking coal will be charged at market price; and (ii) the payment terms are comparable to the payment terms offered to other customers, we are of the view that the pricing and payment terms of the Shi Supply Contract are fair and reasonable.

LETTER FROM FIRST SHANGHAI

3. Revised Caps and the Shi Annual Caps

Relevant Continuing Connected Transactions

The following is a summary of the actual transaction amounts for each type of the Relevant Continuing Connected Transactions for the year ended 31 December 2007 and the period from 25 July 2008 to 20 October 2008 as well as the respective Revised Caps and the caps approved by the then independent Shareholders at the 2008 SGM for each of the three years ending 31 December 2010:

	For the year ended 31 December 2007	For the period from 25 July 2008 to 20 October 2008	Caps approved at the 2008 SGM for the year ending 31 December			Revised Caps for the year ending 31 December		
	RMB'000	RMB'000	2008	2009	2010	2008	2009	2010
			(note 2)			(note 3)		
a. mutual supply of coking coal								
- purchased by PRC Subsidiary A from Mr. Xing's Companies	89,502	1,504	96,212	111,790	369,119	47,300	172,800	186,700
- purchased by PRC Subsidiary B from Mr. Xing's Companies	-	-	-	-	165,335	-	432,000	466,600
- purchased by PRC Subsidiary C from Mr. Xing's Companies	-	-	-	-	469,858	-	383,400	828,200
Sub-total for coking coal to be purchased from Mr. Xing's Companies	89,502	1,504	96,212	111,790	1,004,312	47,300	988,200	1,481,500
- purchased by Mr. Xing's Companies from PRC Subsidiary A	5,884	19,415	5,667	-	-	196,000	660,800	714,500
- purchased by Mr. Xing's Companies from PRC Subsidiary B	37,105	184,662	32,552	-	-	141,000	956,800	992,000
- purchased by Mr. Xing's Companies from PRC Subsidiary C	50,251	141,707	30,484	-	-	108,000	764,300	849,600
Sub-total for coking coal to be supplied to Mr. Xing's Companies	93,240	345,784	68,703	-	-	445,000	2,381,900	2,556,100
Caps for mutual supply of coking coal	182,742	347,288	164,915	111,790	1,004,312	492,300	3,370,100	4,037,600
b. supply of electricity								
- supply by PRC Subsidiary A to Mr. Xing's Companies	2,454	1,203	1,148	2,863	3,092	1,100	6,100	6,850
Caps for supply of electricity	2,454	1,203	1,148	2,863	3,092	1,100	6,100	6,850

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	For the year ended 31 December 2007	For the period from 25 July 2008 to 20 October 2008	Caps approved at the 2008 SGM for the year ending 31 December			Revised Caps for the year ending 31 December		
	RMB'000	RMB'000	2008 RMB'000 (note 2)	2009 RMB'000	2010 RMB'000	2008 RMB'000 (note 3)	2009 RMB'000	2010 RMB'000
c. purchase of accessories and small tools								
- purchase by PRC Subsidiary A from Mr. Xing's Companies	3,157	573	436	1,000	1,000	2,400	10,300	11,100
- purchase by PRC Subsidiary B from Mr. Xing's Companies	10,152	701	436	1,000	1,000	2,300	12,000	12,800
- purchase by PRC Subsidiary C from Mr. Xing's Companies	2,737	814	436	1,000	1,000	2,400	11,300	13,400
Caps for purchase of accessories and small tools	16,046	2,088	1,308	3,000	3,000	7,100	33,600	37,300

Note:

- (1) The Revised Caps and the caps approved at the 2008 SGM excluded VAT.
 - (2) For the period from 25 July 2008 to 31 December 2008.
 - (3) For the period from the effective date of Revised Supply Contract to 31 December 2008.
- (i) Revised Caps for mutual supply of coking coal

As set out in the table above, we understand from the management of the Group, save for the unexpected increase in volume of raw coking coal supplied between the Mining Companies and Mr. Xing's Companies, the increase in the transaction amounts under the Supply Contract for the period from 25 July 2008 to 20 October 2008 was also attributable to the increase in price of the coal being supplied during that period. Accordingly, in arriving at the Revised Caps, the Group had taken into account (i) the expected volume of raw coking coal under the Revised Supply Contract, details of which are contained in the section headed "Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract" above; (ii) the recent market price of raw coking coal in the PRC; (iii) the recent transaction prices carried out under the Supply Contract; and (iv) the expected inflation of the raw coking coal in the PRC during the three years ending 31 December 2010.

In evaluating the Revised Caps for the purchase and sale of raw coking coal under the Revised Supply Contract for the three years ending 31 December 2010, we have analyzed the bases in arriving at the expected volume of coking coal to be purchased and sold under the Revised Supply Contract for the three years ending 31 December 2010 as discussed in the

section headed “Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract” above which we consider reasonable. We have also reviewed the price trend of coking coal in the PRC and noted that the recent transaction prices carried out under the Supply Contract were comparable to the market price. Accordingly, given (a) the historical fluctuation in coking coal price in the PRC; and (b) the expected inflation of the price of coking coal is comparable to those projected by a number of investment banks, we consider the above price bases reasonable.

(ii) Revised Caps for supply of electricity

The management of the Group advised us that, save for the unexpected increase in volume of electricity sold by PRC Subsidiary A to Mr. Xing’s Companies, the increase in the transaction amount under the Supply Contract for the period from 25 July 2008 to 20 October 2008 was also attributable to the increase in electricity price in the PRC during that period. As a result, in arriving at the Revised Caps, the Group had taken into account (i) the expected volume of electricity to be sold to Mr. Xing’s Companies under the Revised Supply Contract, details of which are contained in the section headed “Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract” above; (ii) the current electricity price charged by independent third party; and (ii) the expected increase in electricity price in the PRC for the three years ending 31 December 2010.

In evaluating the Revised Caps for the supply of electricity to Mr. Xing’s Companies under the Revised Supply Contract for the three years ending 31 December 2010, we have analyzed the bases in arriving at the expected volume of electricity to be sold under the Revised Supply Contract for the three years ending 31 December 2010 as discussed in the section headed “Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract” above which we consider reasonable. We also noted that the Revised Caps are calculated base on the current electricity price charged by independent third party, and the expected inflation of electricity price is equal to those recorded in 2008.

(iii) Revised Caps for purchase of accessories and small tools

When setting the caps for the purchase of accessories and small tools under the Supply Contract, the management of the Group was then expected that the Mining Companies would purchase most of the accessories and small tools from other suppliers directly other than through Mr. Xing’s Companies upon the completion of the Acquisition. However, the management of the Group found that it is more cost effective to purchase accessories and small tools in centralized order from Mr. Xing’s Companies and to provide flexibility for the Mining Companies to source accessories and small tools, it is expected that the Mining Companies will purchase more accessories and small tools from Mr. Xing’s Companies than originally expected.

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In analysing the Revised Caps for the purchase of accessories and small tools under the Revised Supply Contract, we have discussed with the management of the Group the relevant bases and understand that they were determined after considering:

- (a) the historical purchase amount of accessories and small tools of the Mining Companies from Mr. Xing's Companies for the nine months ended 30 September 2008;
- (b) the expected amount of purchase of accessories and small tools of the Mining Companies for the three years ending 31 December 2010;
- (c) the expected proportion of the amount of purchase of accessories and small tools of the Mining Companies from Mr. Xing's Companies; and
- (d) the expected inflation in the price of accessories and small tools.

The management of the Group advised that the expected amount of purchase of accessories and small tools of the Mining Companies for the period from the effective date of the Revised Supply Contract to 31 December 2008 is based on the historical purchase amount recorded during the nine months ended 30 September 2008. Regarding the expected amount of purchase of accessories and small tools for the two years ending 31 December 2010, the Group had taken into account (i) the historical purchase amount recorded during the nine months ended 30 September 2008; (ii) the additional accessories and small tools expected to be required by PRC Subsidiary B and PRC Subsidiary C after their coal preparation plants commence operation; and (iii) the expected inflation in the price of accessories and small tools.

In evaluating the Revised Caps for the purchase of accessories and small tools under the Revised Supply Contract for the three years ending 31 December 2010, we have analyzed the bases in arriving at the expected amount of purchase of accessories and small tools of the Mining Companies for the three years ending 31 December 2010 as discussed above which we consider reasonable. We also noted that, in order to avoid reliance on the supply from the Mr. Xing's Companies, only 25% of the amount of purchase of accessories and small tools of the Mining Companies is expected to be purchased from Mr. Xing's Companies.

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New Continuing Connected Transactions

The following is a summary of the actual transaction amounts for each type of the New Continuing Connected Transactions for the year ended 31 December 2007 and the nine months ended 30 September 2008 as well as the respective Shi Annual Caps for each of the three years ending 31 December 2010:

Supplier	Purchaser	For the year	For the	Shi Annual Caps		
		ended	nine months	for the year ending 31 December		
		31 December	30 September	2008	2009	2010
		2007	2008	2008	2009	2010
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(note)		
PRC Subsidiary A	Mr. Shi's Companies	174	9,198	21,800	110,200	119,100
PRC Subsidiary B		–	2,661	15,700	159,500	165,400
PRC Subsidiary C		9,483	1,505	12,000	127,400	141,600
Total		9,657	13,364	49,500	397,100	426,100

Note: For the period from the effective date of the Shi Supply Contract to 31 December 2008.

We understand from the management of the Group that the Shi Annual Caps for the sale of raw coking coal to Mr. Shi's Companies under the Shi Supply Contract for the three years ending 31 December 2010 were determined principally based on (i) the expected volume of raw coking coal under the Shi Supply Contract, details of which are contained in the section headed "Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract" above; (ii) the recent market price of raw coking coal; (iii) the recent transaction prices carried out under the Supply Contract; and (iv) the expected inflation of raw coking coal in the PRC for the three years ending 31 December 2010.

In evaluating the Shi Annual Caps for the sale of raw coking coal under the Shi Supply Contract for the three years ending 31 December 2010, we have analyzed the bases in arriving at the expected volume of coking coal to be sold under the Shi Supply Contract for the three years ending 31 December 2010 as discussed in the section headed "Volume of coking coal and electricity under the Revised Supply Contract and the Shi Supply Contract" above which we consider reasonable. We have also reviewed the price trend of coking coal in the PRC and noted that the recent transaction prices carried out under the Supply Contract were comparable to the market price. Accordingly, we consider the above price bases reasonable given the historical fluctuation in coking coal price in the PRC and the expected inflation of the price of coking coal is comparable to those projected by a number of investment banks.

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Based on the bases and assumptions on which the Revised Caps and the Shi Annual Caps were determined as described above, we are of the view that the Revised Caps and the Shi Annual Caps are fair and reasonable. The Relevant Continuing Connected Transactions and the New Continuing Connected Transactions are subject to annual review by the independent non-executive Directors and the Company's auditors, detail requirements are set out in the paragraph headed "Reporting requirements and conditions of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions" below. Such annual review shall safeguard the interests of the CCT Independent Shareholders and the Shareholders.

4. Reporting requirements and conditions of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions

Pursuant to Listing Rules 14A.37 to 14A.40, the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions and confirm in the annual report and accounts that the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the relevant agreements governing the transactions; and

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- (iv) have not exceeded the relevant Revised Caps and the Shi Annual Caps;
- (c) the Group shall allow, and shall procure that the relevant counterparties to the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions shall allow, the Company's auditors with sufficient access to their records for the purpose of the reporting on the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions as set out in paragraphs (b); and
- (d) the Group shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions, in particular, (i) the restriction of the value of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions by way of the Revised Caps and the Shi Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions and the Revised Caps and the Shi Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions and safeguard the interests of the CCT Independent Shareholders and the Shareholders.

As mentioned in the letter from the Board of the Circular, the monetary value of the transactions occurred between the parties in respect of the Supply Contract exceeded the pro-rata caps for the year ending 31 December 2008 as approved by the then independent Shareholders at the 2008 SGM. This incident only came to the Company's attention at the time of the preparation of the management accounts of the Mining Companies for the period from 25 July 2008 to 30 September 2008.

To prevent the same situation from happening again, as mentioned in the letter from the Board of the Circular, the Company has reemphasized to all of its financial personnel the importance of (i) close and regular monitoring of the monetary values of the continuing connected transactions incurred to ensure that the relevant maximum annual monetary values as approved by the Shareholders are strictly adhered to; and (ii) to allow sufficient time for seeking Shareholders' approval should any revision in the revised caps become necessary in the future. In addition, the Company has committed additional resources at the management level for ongoing review of actual transaction amounts incurred to proactively identify any potential issues on a timely basis in the future.

Given that the Company has taken immediate action to remedy the situation and has strengthened its internal control systems to monitor the transaction amounts of the continuing connected transactions of the Group, we are of the view that appropriate measures will be in place to monitor the transaction amounts of the Relevant Continuing Connected Transactions and the New Continuing Connected Transactions, thereby safeguarding the interests of the CCT Independent Shareholders and the Shareholders.

II. REFRESHMENT OF THE GENERAL MANDATE

1. Background to and reasons for the refreshment of the General Mandate

At the annual general meeting of the Company (“AGM”) held on 13 June 2008, the General Mandate was given to the Directors 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 the AGM with the extension of any Shares repurchased by the Company under the repurchase mandate. As at the date of the AGM, 2,439,555,352 Shares were in issue and accordingly, a maximum of 487,911,070 new Shares can be issued under the General Mandate assuming that no Shares are repurchased by the Company pursuant to the repurchase mandate. As at the Latest Practicable Date, the Company has not refreshed the General Mandate and has not repurchased any Shares since the date of the AGM.

On 15 June 2008, the Company entered into a placing agreement (the “Placing Agreement I”) with BOCI Asia Limited (the “Placing Agent”) pursuant to which the Placing Agent had agreed to act as agent for the Company on a best efforts basis to procure placee(s) for up to 450,000,000 Shares at the placing price of HK\$4.60 per Share (the “First Placing”). Details of the First Placing are set out in the announcement of the Company dated 17 June 2008. The First Placing was completed on 25 July 2008 and 450,000,000 Shares had been issued under the General Mandate, the Company raised a net proceed of approximately HK\$2,015 million from the First Placing, which has been used to settle a portion of the cash consideration for the Acquisition.

On 20 June 2008, the Company entered into a placing agreement (the “Placing Agreement II”) with the Placing Agent pursuant to which the Placing Agent has agreed to act as agent for the Company on a fully underwritten basis to procure placee(s) to purchase, or subscribe for 410,000,000 Shares at the placing price of HK\$4.80 per Share (the “Second Placing”). Details of the Second Placing are set out in the announcement and the circular of the Company dated 20 June 2008 and 30 June 2008 respectively. The Second Placing was completed on 25 July 2008 and 410,000,000 Shares have been issued under a special mandate approved on 18 July 2008, the Company raised a net proceed of approximately HK\$1,922 million from the Second Placing, which has been used to settle a portion of the cash consideration for the Acquisition.

Save for the foregoing, no other fund raising activities took place within the twelve-month period up to and including the Latest Practicable Date.

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As at the Latest Practicable Date, the Company had 97,000,000 options (the “Options”) outstanding for the option holders to subscribe for 97,000,000 Shares, representing approximately 2.13% of the issued share capital of the Company which are exercisable as at the Latest Practicable Date.

As at the Latest Practicable Date, only a further 37,911,070 Shares, representing approximately 0.83% of the issued share capital of the Company, can be issued under the General Mandate. Accordingly, the Board proposes to refresh the General Mandate for the Directors to issue and allot Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

2. Financial flexibility

The Group is principally engaged in the production and sales of coking coal products and side products. As set out in the interim report of the Company for the six months ended 30 June 2008, the Group will seize the opportunity and quicken its pace to negotiate with the relevant coal mine operators in relation to the merger and acquisition arrangement, and the Group will also start to discuss the possibility of acquiring consolidated resources with the local government. Given the existing General Mandate has been almost fully utilized, may any investment opportunities arise that would require the issuance of new Shares and specific mandate may have to be sought in this respect, the Directors are uncertain as to whether the requisite approval from the Shareholders could be obtained in a timely manner. In addition, the refreshment of the General Mandate provides flexibility for issuing new Shares when it is in the interests of the Company to do so. In light of the above, we are of the opinion that the refreshment of the General Mandate would provide the Company with the necessary flexibility essential for fulfilling any possible funding needs for its general working capital and/or future development. As such, we are of the view that the refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

3. Other financing alternatives

As advised by the Company, apart from equity financing, the Group will also consider other financing alternatives such as debt financing and bank borrowings. However, the appropriateness of such alternatives depends on the Group’s profitability, financing position, cost of funding and the prevailing market condition. In addition, these alternatives may subject to lengthy due diligence and negotiations. The Directors advised us that they would exercise due and careful consideration when choosing the best method of financing for the Group.

We consider that the refreshment of the General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and the efficient use of its fund. Based on the above, we are of the view that the refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

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4. Potential dilution to shareholding of the Independent Shareholders

The table below sets out the shareholdings of the Company (i) as at the Latest Practicable Date; (ii) after full utilization of the refreshed General Mandate assuming that no further Shares are issued or repurchased by the Company following the Latest Practicable Date and prior to the date of the SGM but before the exercise of any subscription rights attaching to the Options; and (iii) after full utilization of the refreshed General Mandate assuming that no further Shares are issued or repurchased by the Company following the Latest Practicable Date and prior to the date of the SGM and after the exercise in full of the subscription rights attaching to the Options.

	As at the Latest Practicable Date		After full utilization of the refreshed General Mandate but before exercise of any Options		After full utilization of the refreshed General Mandate and after full exercise of the Options	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Wong	1,422,723,900	31.17	1,422,723,900	25.97	1,424,723,900	25.56
Mr. Xing	669,546,536	14.67	669,546,536	12.22	669,546,536	12.01
Shougang Holding (Hong Kong) Limited	450,000,000	9.86	450,000,000	8.22	450,000,000	8.07
Other public Shareholders	2,022,284,916	44.30	2,022,284,916	36.92	2,022,284,916	36.28
Exercise of the refreshed General Mandate	-	-	912,911,070	16.67	912,911,070	16.38
Exercise of the Options (other than those held by Mr. Wong)	-	-	-	-	95,000,000	1.70
Total	4,564,555,352	100.00	5,477,466,422	100.00	5,574,466,422	100.00

As illustrated in the table above, after the full utilization of the refreshed General Mandate assuming that no further Shares are issued or repurchased by the Company following the Latest Practicable Date and prior to the date of the SGM, a total of 912,911,070 new Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date, would be issued. Assuming no exercise of any subscription rights attaching to the Options and after full utilization of the refreshed General Mandate with no further Shares being issued or repurchased by the Company following the Latest Practicable Date and prior to the date of the SGM, the aggregate shareholding of the existing other public Shareholders (other than Shougang Holding (Hong Kong) Limited) will be diluted from approximately 44.30% as at the Latest Practicable Date to approximately 36.92%. Assuming the full utilization of the refreshed General Mandate with no further Shares being issued or repurchased by the Company following the Latest Practicable Date and prior to the date of the SGM and after the exercise in full of the subscription rights attaching to the Options, the aggregate shareholding of the existing other public Shareholders (other than Shougang Holding (Hong Kong) Limited) will be diluted from approximately 44.30% as at the Latest Practicable Date to approximately 36.28%.

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Taking into account the benefits of the refreshment of the General Mandate as discussed above and the fact that the shareholding of all Shareholders will be diluted proportionately, we consider the above potential dilution of shareholding to be acceptable.

RECOMMENDATION

Having taking into account the above principal factors, we consider that (i) the Revised Caps are fair and reasonable and the approval of the Revised Caps, which provide flexibility to the Group in conducting the Relevant Continuing Connected Transactions in its ordinary and usual course of business, is in the interests of the Company and the Shareholders as a whole; (ii) the New Continuing Connected Transactions, being made in the ordinary and usual course of business of the Company, are in the interests of the Company and the Shareholders as a whole, and the terms of which are on normal commercial terms and fair and reasonable; and (iii) the terms of the General Mandate are fair and reasonable so far as the Company and the Shareholders are concerned and the refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the CCT Independent Shareholders, the Shareholders and the General Mandate Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Revised Caps, the New Continuing Connected Transactions and the refreshment of the General Mandate.

Yours faithfully,
For and on behalf of

First Shanghai Capital Limited

Helen Zee

Managing Director

Fanny Lee

Executive Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interest of Directors in the Company

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to notified to the Company and the Stock Exchange were as follows:

Directors' interest in Shares

Name of director	Personal interests	Number of Shares held		Total	Percentage of shareholding
		Family interests	Corporate interests		
Mr. Wong	(L)173,523,900	–	(L)1,249,200,000 (Note a)	(L)1,422,723,900	31.17%
	–	–	(S)(883,577,707) (Note a & b)	(S)(883,577,707)	(19.36%)
Mr. Liu Qingshan	–	(L)330,000 (Note c)	–	(L)330,000	0.01%

* The letter “L” denotes a long position and the letter “S” denotes a short position.

Note a: Mr. Wong is the beneficial owner of the entire issued share capital of China Merit Limited, which owned 1,249,200,000 Shares as at the Latest Practicable Date. Mr. Wong is the sole director and shareholder of China Merit Limited.

Note b: The short position in 883,577,701 held by Mr. Wong through China Merit Limited was derived from the shares pledged to PA Capital Opportunity VII Limited for his personal loan (“Mr. Wong Personal Loan”).

Note c: The spouse of Mr. Liu Qingshan is the beneficial shareholder.

Directors' interests in associated corporation

Name	Nature of associated corporation	Capacity	Number of shares	Percentage of shareholding
Mr. Wong	China Merit Limited	Beneficial Owner	150,000 ordinary shares	100%

Directors' interests in share options of the Company

On 26 April 2006, options to subscribe for a total of 16,900,000 Shares were granted under the share option scheme of the Company to Directors at the exercise price of HK\$1.5 per Share. The options may be exercised from 26 April 2008 to 25 April 2013. As at the Latest Practicable Date, details of the options are as follows:

Name of Director	Number of Shares under outstanding options
Mr. Wong	2,000,000
Mr. So Kwok Hoo	6,500,000
Mr. Xue Kang	6,000,000
Mr. Chan Pat Lam	800,000
Mr. Choi Wai Yin	800,000
Mr. Kee Wah Sze	800,000
	16,900,000

Save as disclosed above, as the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken pr deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the persons other than a Director or chief executive of the Company who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, who is expected, directly or indirectly, to be interest in 5%, or more of the nominal value of ant class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital, were as follow:

Interest in Shares

Name of shareholders	Capacity	Number of Shares held	Percentage of shareholding
Mr. Xing	Beneficial owner	(L)669,546,536 (Note a)	14.67%
Shougang Holding (Hong Kong) Limited	Corporate interest	(L)450,000,000 (Note b)	9.86%
Mr. Li Kwong Yuk	Beneficial owner	(L)300,000,000 (Note c)	6.57%
Pacific Alliance Asia Opportunity Fund Limited	Corporate interest	(L)919,675,000 (Note d)	20.15%

* The letter "L" denotes a long position.

Note a: Pursuant to the substantial shareholder notices dated 30 July 2008, Mr. Xing is the beneficial owner of 86.9% of the entire issued share capital of Firstwealth Holdings Limited, which owned 669,546,536 Shares as at the Latest Practicable Date.

Note b: Pursuant to the substantial shareholder notices dated 25 July 2008, Shoungang Holding (Hong Kong) Limited is the beneficial owner of the entire issued share capital of Fine Power Group Limited, which owned 450,000,000 Shares as at the Latest Practicable Date.

Note c: Pursuant to the substantial shareholder notices dated 18 November 2008, Mr. Li Kwong Yuk is the beneficial owner of the entire issued share capital of Wincon Asset Management Limited, which owned 300,000,000 Shares as at the Latest Practicable Date.

Note d: Pursuant to the substantial shareholder notices dated 31 October 2008, Pacific Alliance Asia Opportunity Fund Limited ("PA Fund") is the beneficial owner of the entire issued share capital of PA Capital Opportunity VII Limited ("PA VII"), a lender of Mr. Wong Personal Loan, which held 919,675,000 Shares as at the Latest Practicable Date. Mr. Geicke Horst and Mr. Gradel Christopher Marcus are the ultimate beneficial owners of 45% and 40% of the entire issue share capital of PA Fund respectively. Out of such 919,675,000 Shares, 899,200,000 Shares were held by PA VII in the capacity as person having a security interest in Shares by mean of holding shares pledged for Mr. Wong's personal loan and a derivate interest in favour of PA VII and 20,750,000 Shares were held by PA VII in the capacity as person having a derivative interest in Shares. PA VII is not a registered shareholder of the Company as at the Latest Practicable Date.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital.

Service Contracts

There is no existing or proposed service contract between any of the Directors and the Company or any of its members (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

Interests in other competing business

Save for Mr. Shi Jianping and his associates operating coal preparation plants and selling of clean coal as disclosed in the announcement of the Company dated 4 November 2008, each of the Directors has confirmed that he and their respective associates do not have any interests in a business apart from the Group's business which directly competes with and will have material adverse impact on the Group.

Interests in assets

As at the Latest Practicable Date, save for the Agreement, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. EXPERT AND CONSENT

The qualification of the expert who has given opinion in this circular is as follows:

Name	Qualification
First Shanghai	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activitiy

As at the Latest Practicable Date, First Shanghai has no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

5. MATERIAL CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2007, being the date to which the latest audited consolidated financial statements of the Group were made up.

6. GENERAL

- (a) The secretary and qualified accountant of the Company is Lam Lin Chu, the member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at 12th Floor, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong.
- (c) The Hong Kong share registrar of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the head office and principal place of business in Hong Kong at 12th Floor, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong up to and including 9 December 2008:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2007;
- (c) the letter from First Shanghai to the Independent Board Committee and the relevant independent Shareholders, the text of which is set out on pages 20 to 39 of this circular;
- (d) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the Agreement, the Supply Contract, the Revised Supply Contract and the Shi Supply Contract; and
- (f) the circulars of the Company which have been issued since 31 December 2007.

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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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Fushan International Energy Group Limited (the “Company”) will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:00 a.m for the purpose of considering and, if thought fit, passing with our without amendments, the following resolutions as ordinary resolutions:–

ORDINARY RESOLUTIONS

1. “**THAT :**

- (i) “the Revised Supply Contract (as defined and described in this Circular of the Company dated 25 November 2008 to the shareholders of the Company (the “Circular”) of which this notice forms a part) entered between each of PRC Subsidiaries (as defined in the Circular) and Mr. Xing (as defined in the Circular) and his associates dated 3 November 2008 and the transactions contemplated thereunder be and are hereby approved on the condition that the annual caps on the amounts of coking coal, electricity and raw materials and fixed assets to be purchased or sold shall not exceed the amount shown below tables for the financial year ending 31 December 2008, 31 December 2009 and 31 December 2010.

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The annual caps on the amounts of coking coal that may be purchased under the Revised Supply Contract in monetary terms are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to	For the financial year ending	For the financial year ending
		31 December 2008 RMB (exclusive of VAT)	31 December 2009 RMB (exclusive of VAT)	31 December 2010 RMB (exclusive of VAT)
Mr. Xing and his associates	PRC Subsidiary A	47,300,000	172,800,000	186,700,000
Mr. Xing and his associates	PRC Subsidiary B	–	432,000,000	466,600,000
Mr. Xing and his associates	PRC Subsidiary C	–	383,400,000	828,200,000
Total		<u>47,300,000</u>	<u>988,200,000</u>	<u>1,481,500,000</u>
PRC Subsidiary A	Mr. Xing and his associates	196,000,000	660,800,000	714,500,000
PRC Subsidiary B	Mr. Xing and his associates	141,000,000	956,800,000	992,000,000
PRC Subsidiary C	Mr. Xing and his associates	108,000,000	764,300,000	849,600,000
Total		<u>445,000,000</u>	<u>2,381,900,000</u>	<u>2,556,100,000</u>

The annual caps on the amounts of the electricity in monetary terms that PRC Subsidiary A may sell to Mr. Xing and his associates under the Revised Supply Contract are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to	For the financial year ending	For the financial year ending
		31 December 2008 RMB	31 December 2009 RMB	31 December 2010 RMB
PRC Subsidiary A	Mr. Xing and his associates	1,100,000	6,100,000	6,850,000

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The annual caps on the amounts of raw materials and fixed assets in monetary terms that the PRC Subsidiaries may purchase from Mr. Xing and his associates under the Revised Supply Contract are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to	For the financial year ending	For the financial year ending
		31 December 2008 RMB	31 December 2009 RMB	31 December 2010 RMB
Mr. Xing and his associates	PRC Subsidiary A	2,400,000	10,300,000	11,100,000
Mr. Xing and his associates	PRC Subsidiary B	2,300,000	12,000,000	12,800,000
Mr. Xing and his associates	PRC Subsidiary C	2,400,000	11,300,000	13,400,000
Total		<u>7,100,000</u>	<u>33,600,000</u>	<u>37,300,000</u>

2. “THAT :

- (i) “the Shi Supply Contract (as defined and described in this Circular of the Company dated 25 November 2008 to the shareholders of the Company (the “Circular”) of which this notice forms a part) entered between each of PRC Subsidiaries (as defined in the Circular) and Mr. Shi (as defined in the Circular) and his associates dated 3 November 2008 and the transactions contemplated thereunder be and are hereby approved on the condition that the annual caps on the amounts of coking coal to be purchased shall not exceed the amount shown below tables for the financial year ending 31 December 2008, 31 December 2009 and 31 December 2010.

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The annual caps on the amounts of coking coal that may be purchased under the Shi Supply Contract in monetary terms are as follows:

Supplier	Purchaser	From the effective date of the Revised Supply Contract to	For the financial year ending	For the financial year ending
		31 December 2008 RMB (exclusive of VAT)	31 December 2009 RMB (exclusive of VAT)	31 December 2010 RMB (exclusive of VAT)
PRC Subsidiary A	Mr. Xing and his associates	21,800,000	110,200,000	119,100,000
PRC Subsidiary B	Mr. Xing and his associates	15,700,000	159,500,000	165,400,000
PRC Subsidiary C	Mr. Xing and his associates	12,000,000	127,400,000	141,600,000
Total		<u>49,500,000</u>	<u>397,100,000</u>	<u>426,100,000</u>

3A. “THAT:

- (a) subject to the paragraph (c) of this Resolution and pursuant to section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such securities in the capital of the Company, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to:

- (i) a Rights Issue (as hereinafter defined);
- (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities when are convertible into shares;
- (iii) an issue of shares under any share option scheme or similar arrangement adopted by the Company;
- (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares 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 of this Resolution, and the approval granted in paragraph (a) of the Resolution shall be limited accordingly; and

(d) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting, and

“Rights Issue” means an offer of shares, or offer of warrants or options to subscribe for shares, open for a period fixed by the Directors to the holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors may deem

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necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

- 3B. "THAT subject to the passing of Resolutions set out in paragraphs 3A in the notice convening this meeting of which this Resolution forms part, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and otherwise deal with shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion pursuant to the Resolution set out in paragraph 3A above be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution passed on the Annual General Meeting of the Company held on 13 June 2008 that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution."

By Order of the Board
So Kwok Hoo
Executive Director

Hong Kong, 25 November 2008

Registered Office:
12th Floor
Kwan Chart Tower
6 Tonnochy Road
Wanchai
Hong Kong

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Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company's Articles of Association. A proxy need not be a shareholder of the Company. A form of proxy for use at the meeting is enclosed herewith.
- (2) Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or poll concerned if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
- (3) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders is present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.
- (4) To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, No.28 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
- (5) The votes to be taken at the meeting will be taken by poll.