



Fushan Energy recorded impressive turnaround in 2008

Net profit increased to HK\$707 million, Turnover up 126 times over last year

Financial Highlight

- Net profits increased to HK\$707 million, in comparison to the net loss of approximately HK\$ 86 million last year
- Turnover reached a record high of HK\$1,897 million in 2008, representing a significant increase of 126 times over approximately HK\$15 million in 2007
- Net profit attributable to equity holders was approximately HK\$568 million
- Basic earnings per share for profit attributable to equity holders was 16.86 HK cents
- Gross profit margin achieved at 65%
- EBITDA was approximately HK\$1,186 million

(20 April 2009 – Hong Kong) Fushan International Energy Group Limited (the “Company”, together with its subsidiaries, “Fushan Energy” or the “Group” stock code: 639.HK) is pleased to announce its audited consolidated annual results for the year ended 31 December 2008 (the “reviewing year”).

During the reviewing year, the Group recorded a turnaround in profitability with substantial net profits of approximately HK\$707 million (2007: net loss of approximately HK\$86 million) while turnover of the Group increased by 126 times to HK\$1,897 million in 2008 over last year (2007: approximately HK\$15 million). Both the net profit attributable to equity holders and the basic earnings per share for profit attributable to equity holders surged to approximately HK\$568 million and 16.86 HK cents.

The magnificent growth of the Group recorded in 2008 was mainly attributable to the successful acquisitions of three coking coals mines in July 2008. The three quality coking coal mines had contributed a net aggregate profit of over approximately

HK\$847 million to the Group in mere five months after the completion of such acquisition.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008.

In view of the encouraging results of 2008, executive director of Fushan Energy, Mr. So Kwok Hoo is pleased to say, “2008 was a year of harvest for the Group since its entry into the coal mine businesses in 2003 after years of investment and now become one of the most sizable coal corporations in central-western part of China. “

Integrated Production Chain

Upon the completion of acquiring three coking coal mines in Liulin County of Shanxi Province by the Group on 25 July 2008, the Group has become one of the few integrated coal corporations in possession of a complete production chain ranging from coal resources, coal preparation plants to coke plant. The total production volume in these three coking coal mines amounted to 5.4 million tons during the fiscal year, of which 2.6 million tons of coals were produced from 25 July 2008 to 31 December 2008.

In order to enhance its capacity of producing clean coking coals, the Group planned to build three new coal preparation plants which are currently under construction, namely the Jinjiazhuang coal preparation plant, Zhaiyadi coal preparation plant and Jinshan coal preparation plant. The Completion of the Jinjiazhuang coal preparation plant is expected to be in May 2009, while the other two coal preparation plants will commence operation in later 2009.

The Group's coke plant located in Xiaoyi, Shanxi Province commenced production in July 2008.

Established a strategic long-term partnership with Shougang

Fushan Energy has established a long term strategic relationship with one of the largest iron and steel producers in China, Shougang Group on 15 June 2008. Pursuant to the long term strategic cooperation agreement, Shougang Group will purchase no less than two millions tons of quality clean coal from Fushan Energy each year commencing in 2009. The annual supply of quality clean coal will progressively increase to three millions and five millions in 2010 and 2011, subject to the actual annual production of the group.

Upon completion of placement of shares in July 2008, Shougang became the major shareholder of the Company as of the year ended 31 December 2008.

Premium Client Base and Extensive Sales Network

In order to diversify income sources for better profitability and competitiveness as a whole, the Group geared up to develop one-stop operation and capitalized on its abundant coal resources to further expand its business to the more promising coal processing arenas. Recently, the group has entered into sales agreements with various large-scale steel manufacturers, including Tangshan Iron & Steel, Wuhan Iron & Steel and Taiyuan Iron & Steel, etc. Based on those agreements, the group will provide quality clean coking coals to the mentioned large-scale iron and steel producers. Such an array of measures laid a solid foundation for the Group to consolidate its customer base and utilization of production capability. Meanwhile, the Group will keep a close eye on market dynamics, increase its production capacity product mix progressively and expanding sales channels of products.

Future Prospects

Looking forward, Mr. So added, "There are many unpredictable issues in the coming year as an operator in the coal mining industry. A RMB4 trillion economic stimulus plan, launched by the PRC Central Government last November, is believed to be a positive indication for steel industry as well as to create ultimate benefits to coking coal miners who are engaged in the business of supplying clean coking coal as raw materials to steel manufacturers. Aside, the government's consolidation plan for coal mining industry would be favorable to the development of coking coal operators with large production scale as Fushan Energy. Both are the opportunities for the group

which provide definite advantages for further expansion in Shanxi province. Moreover, Fushan Energy will continue its development through future M&A projects, and start taking initiative to negotiate with other coal miners and the local government for potential expansion. “This is a year of challenges”. Fushan Energy believes it’s also an opportunity for business development. Headquartered in Shanxi province, the group will continue its expansion development in the region, seizing cooperation opportunities with large-scale steel manufacturers, potential M&A projects for coal mining license. In fact, the Group will uphold its principle in environmental protection as well as the safety in coal mining process, so as to create additional value to shareholders.

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About Fushan International Energy Group Limited

Fushan International Energy Group Limited is one of the most sizable integrated coal corporations in central-western China. Taking Shanxi Province as its major investment base, it is principally engaged in mining of coking coal and production and sales of raw and clean coking coal. The Group had finished the acquisition of three high-quality coking coal mines which are located in Liulin County, Shanxi Province, namely Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine on 25th July 2008. Meanwhile, the Group has established the core operation development in the coking coal field. In the purpose of further expanding premium customers and long-term stable development, the Group entered into a long-term strategic cooperation agreement with Shougang Corporation, and introduced Shougang Corporation as the strategic shareholder of the Group. In addition, the Group entered into sales agreements with major iron and steel manufacturers in China, such as Tangshan Iron & Steel, Wuhan Iron & Steel, Inner Mongolia Iron & Steel, and Taiyuan Iron & Steel, etc. and supply products pursuant to the contracts.

On 9th March 2009, Fushan International Energy Group Limited was included as a constituent stock of Hang Seng Composite Index by Hang Seng Indexes Co.Ltd.. In terms of industries, the Company will be classified under “Energy”. In geographical terms, it will be classified as a constituent stock of Hang Seng Mainland Composite Index or Hang Seng Mainland Freefloat Index. The inclusion of Fushan Energy as the Constituent Stock of the Hang Seng Composite Index has proven that the prominent growth of results and its stable return of investment have achieved extensive recognition of Hong Kong and international investors.

The press release is distributed by Wonderful Sky Financial Group on behalf of Fushan International Energy Group Limited.

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Appendix:

Fushan International Energy Group Limited

Consolidated Income Statement For the year ended 31 December 2008

	2008 HK\$'000	2007 HK\$'000
Revenue	1,896,577	15,056
Cost of sales	(659,645)	(13,206)
Gross profit	1,236,932	1,850
Other operating income	47,592	15,142
Selling and distribution expenses	(59,759)	-
General and administrative expenses	(140,873)	(42,094)
Other operating expenses	(43,899)	(17,469)
Impairment loss recognised on the re-measurement of assets of disposal group	(15,305)	-
Operating profit/(loss)	1,024,688	(42,571)
Finance costs	(91,337)	(22,482)
Fair value loss on derivative liabilities of convertible notes	-	(21,038)
Share of results of associates	(225)	-
Profit/(Loss) before income tax	933,126	(86,091)
Income tax expense	(226,499)	-
Profit/(Loss) for the year	706,627	(86,091)
Attributable to:		
Equity holders of the Company	567,649	(77,948)
Minority interests	138,978	(8,143)
Profit/(Loss) for the year	706,627	(86,091)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company		
- Basic (Cents)	16.86	(3.42)
- Diluted (Cents)	16.54	N/A