



## **Fushan Energy strengthens its strategic relationship with Shougang and supplies premier clean coking coals to Shougang in the coming three years**

(March 10, 2009, Hong Kong) **Fushan International Energy Group Limited** (“Fushan Energy” or the “Company”, stock code: 639.HK), the second largest producer of hard coking coal in China and its subsidiaries (the “Group”) is pleased to announce that the strategic cooperation relationship between the Group and Shougang Corporation, one of the largest steel manufacturers in China, has been strengthened with further cooperation agreements and development. The establishment of the cooperation relationship is expected to achieve synergistic effects and benefits for both parties in business aspects. In the coming three years from 2009 onwards, Fushan Energy will supply Shougang its self-produced premier clean coking coal supply volume determined upon request of Shougang and the production capacity of premier clean coking coal of the Group. The strategic cooperation has also confirmed that Fushan Energy will focus on targeting those sizable iron and steel manufacturers as its major clientele in the future.

Following the previous long term strategic cooperation agreement entered in June 2008, Fushan Energy also entered into the supplemental long term strategic cooperation agreement and the supplemental coal supply framework agreement with Shougang early this year. Pursuant to the two agreements, Fushan Energy agrees to supply to Shougang up to two million tonnes of premier clean coking coal for each calendar year from 2009 onwards, and the coal supply is expected to be increased progressively each calendar year. The proposed volume of supply to Shougang is said to be increased annually under the Supplemental Coal Supply Framework Agreement, in which the maximum supply of premier clean coking coal will be 3 million tonnes and 5 million tonnes in 2010 and 2011, respectively.

Shougang currently holds a total of 21.91% of equity interests in Fushan Energy through two of its subsidiaries, thereby becoming the strategic shareholder of the Company. Fushan Energy has recently appointed Mr. Cao Zhong (“Mr. Cao”) and Mr. Leung Shun Sang, Tony (“Mr. Leung”) as an executive director and a non-executive director of the Company, respectively. Mr. Cao is the deputy chairman and general manager of Shougang Holding (Hong Kong) Limited. He is also the managing director of Shougang Concord International Enterprises Company Limited (“Shougang International”) and a director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange, as well as engages in the position of chairman at various listed companies in Hong Kong. Mr. Leung is

a non-executive director of Shougang International and a director of each of Shougang Concord Grand (Group) Limited, Shougang Concord Technology Holdings Limited, Shougang Concord Century Holdings Limited and Global Digital Creations Holdings Limited, all of which are listed companies in Hong Kong.

The Chairman of Fushan Energy, Mr. Wong Lik Ping expressed his excitement of the new development of the Company, “The Group is extremely impressed of the establishment of the long term strategic relationship with Shougang. It helps the Group to secure a reliable source of income for its coking coal business. Aside, the total profit of the Group is expected to have a significant growth through increasing the sales portion of high-profit premier clean coking coals. The Group approximately estimates its 80% of the total production of clean coal in 2009 has been engaged in the sales agreements with Shougang and other largest iron and steel manufacturers in China. So far, the Group has already established business relationship with some sizeable iron and steel plants, including Tangshan Iron & Steel (唐山鋼鐵), Wuhan Iron & Steel (武漢鋼鐵), Inner Mongolia Baogang (內蒙包鋼) and Taiyuan Iron & Steel (太原鋼鐵), so as to further expand its sales network and businesses to other regions. In order to maintain a sustainable momentum in the Group’s coking coal business, Fushan Energy also formulates flexible business strategies to justify the dynamic market situations.

The Group is delighted with the new joining members. In light of their extensive experience in corporate management and operation in the coal industry and the large-scale iron and steel plants, we believe that Mr. Cao Zhong and Mr. Leung Shun Sang, Tony will bring in their knowledge and advanced technologies, enabling Fushan Energy to promote its business and formulate business plans with a clear focus and maintain closed rapport with clients.

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### **About Fushan International Energy Group Limited**

Fushan Energy is principally engaged in the production and sales of coking coal and related side products. It is the second largest hard coking coal producer in China in terms of production capacity and has three coal mines in Liulin County, Shanxi Province. The current combined designed capacity of the three coal mines is 6.3 million tons of raw coal per annum. According to the Technical Review Report of the John T. Boyd Company based on the standard of JORC, the total recoverable reserves of the three coal mines was 142.4 million tons as at the end of 2007, comprised with mainly hard and semi-hard coking coal. The Group currently owns a coal preparation plant in Shanxi Province. The first phase of the coking plant in Shanxi Province has already commenced production since July 2008. Besides, the Group is constructing three new coal preparation plants. The three coal preparation plants will be completed and commence production by the third quarter of 2009 respectively, upon which the Company's output of cleaned coal will be increased substantially.

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

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