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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)

(Stock Code: 639)

ANNOUNCEMENT

The Board has recently been informed by the Stock Exchange that according to the information it had received from the SFC, 20 shareholders of the Company held an aggregate of 657,771,800 of the Company's 2,080,800,000 issued shares, representing approximately 31.61% of the issued shares, as at 13 June 2005. Their shareholdings, together with the 1,239,950,000 (or approximately 59.59%) of the Company's issued shares controlled by Mr. Wong Lik Ping ("Mr. Wong") directly held by him and by his wholly-owned company, China Merit Limited, represented approximately 91.20% of the Company's issued shares as at 13 June 2005. Mr. Wong is a director and a controlling shareholder of the Company. This implies that only approximately 8.80% of the Company's issued shares were in the hands of other independent investors.

Given that the information received from the SFC suggests the concentration of the Company's public float in the hands of a small number of shareholders as at 13 June 2005, the Company makes this announcement to keep the market informed.

In view of the high concentration of shares in the hands of a small number of Shareholders, the price of the shares could be easily pushed up or down substantially even with a small number of shares traded. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares.

In response to the request of The Stock Exchange of Hong Kong ("the Stock Exchange"), Fushan International Energy Group Limited (the "Company") makes this announcement based on the information received by the Stock Exchange from the Securities and Futures Commission (the "SFC").

The SFC conducted a review of the shareholding distribution of the Company as at 13 June 2005. The analysis revealed that 20 shareholders of the Company held an aggregate of 657,771,800 of the Company's 2,080,800,000 issued shares, representing approximately 31.61% of the issued shares, as at 13 June 2005. Their shareholdings, together with the 1,239,950,000 (or approximately 59.59%) of the Company's issued shares controlled by Mr. Wong Lik Ping ("Mr. Wong") directly held by him and by his wholly-owned company, China Merit Limited, represented approximately 91.20% of the Company's issued shares as at 13 June 2005. Mr. Wong is a director and a controlling shareholder of the Company. This implies that only approximately 8.80% of the Company's issued shares were in the hands of other independent investors.

The SFC also noted that during the period from 27 April to 5 May 2005, the share price of the Company surged from HK\$0.42 to HK\$0.56 with an average daily turnover of 3 million shares despite the Company announced its annual results for the year ended 31 December 2004 with a net loss of HK\$14.7 million compared with a net loss of HK\$2.8 million in 2003 on 21 April 2005.

As mentioned in the Annual Report 2004 of the Company, the net loss for the year ended 31 December 2004 was mainly attributable to the bearing of pre-operating expenses of a subsidiary of the Company as the subsidiary was undergoing the final stage of construction and equipment installation.

With reference to the announcement of the Company dated 5 May 2005, the board of the directors (the "Board") of the Company, save for the intention of the Company to arrange a placement of new shares of the Company and the fact that the Company made an enquiry with a placing agent at a very preliminary stage, was not aware of the reasons for the increases in the price and trading volume of Company's shares on 5 May 2005. The Board also confirmed that there were no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09, which was or may be of a price-sensitive nature on 5 May 2005. Since 5 May 2005, the Company has not proceeded any placing of new shares.

The Board, having made all reasonable enquiries, confirms that as at the date of this announcement there are sufficient shares of the Company held by public shareholders and the Company is in compliance with the public float requirement under Rule 8.08(1a) of the Rules Governing the Listing of Securities on the Stock Exchange.

In view of the high concentration of shares in the hands of a small number of Shareholders, the price of the shares could be easily pushed up or down substantially even with a small number of shares traded. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares.

By Order of the Board
Fushan International Energy Group Limited
SO Kwok Hoo
Executive Director

Hong Kong, 10 August 2005

As at date of this announcement, the Board comprises Mr. Wong Lik Ping, Mr. So Kwok Hoo and Mr. Li King Luk as executive directors, Mr. Kee Wah Sze, Mr. Choi Wai Yin and Mr. Chan Pat Lam as independent non-executive directors.

“Please also refer to the published version of this announcement in The Standard.”