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KAISUN ENERGY GROUP LIMITED

凱順能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

ANNOUNCEMENT

COMPLETION OF ACQUISITION OF 21% INTEREST IN INNER MONGOLIA MENGXI MINERALS COMPANY LIMITED POSSIBLE MERGER OF TWO 70% SUBSIDIARIES AND POSSIBLE ACQUISITION OF 30% EQUITY INTEREST IN A 70% SUBSIDIARY

This announcement is made in accordance with Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The board (the “**Board**”) of directors of Kaisun Energy Group Limited (the “**Company**”, together with its subsidiaries as referred to as the “**Group**”) announces that on 10 December 2009, the Company completed its acquisition (the “**Mengxi Minerals Acquisition**”) of 21% interest in Inner Mongolia Mengxi Minerals Company Limited (“**Mengxi Minerals**”). Mengxi Minerals is a Sino-foreign joint venture company set up to own and operate a coking coal mine in Inner Mongolia in the People’s Republic of China. Details of such acquisition were disclosed in the Company’s circular dated 17 August 2009. Following completion of the Mengxi Minerals Acquisition, Mengxi Minerals is owned as to 70% by the Group and 30% by Inner Mongolia Gaoxing High Tech Limited (“**Mengxi HT**”).

The Board is contemplating to merge (the “**Possible Merger**”) Mengxi Minerals with Ordos GEM Coal & Chemical Co., Ltd. (“**Mengxi Chemical**”). Purpose of the Possible Merger is primarily to reduce the Group’s administrative cost of its coal business. Mengxi Chemical is a Sino-foreign joint venture company established to build and operate coal processing plants. It is owned as to 70% by the Group and 30% by Mengxi HT. It is currently expected that under the Possible Merger, Mengxi Chemical will transfer all its assets and liabilities to Mengxi Minerals and after such transfer, Mengxi Chemical will be dissolved.

The Board proposes that, following completion of the Possible Merger, the Group will acquire (the “**Possible Acquisition**”) the remaining 30% equity interest in Mengxi Minerals from Mengxi HT. As at the date of this announcement, save for the appointment of professional advisers to advise the Board on the Possible Merger, no legally binding agreement has been entered into by the Group in relation to the Possible Merger and the Possible Acquisition. Each of the Possible Merger and the Possible

Acquisition, if proceeded with, may depending on the ultimate transaction structures adopted and classification under the GEM Listing Rules, constitute a notifiable transaction and connected transaction on the part of the Company under the GEM Listing Rules. The Company will comply with relevant requirements under the GEM Listing Rules and may seek relevant waivers if the Possible Merger and the Possible Acquisition are proceeded with.

The Possible Merger and the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Kaisun Energy Group Limited
Chan Nap Kee, Joseph
Chairman

Hong Kong, 15 December 2009

*As of the date of this announcement, the executive directors (the “**Directors**”) of the Company are Mr. Chan Nap Kee Joseph, Mr. Yeap Soon P Jonathan, Dr. Chow Pok Yu Augustine, Mr. Yang Geyan and Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.*

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.8203.com.hk.

* *for identification purpose only*