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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

PROPOSED NEW SHARES ISSUE BY A 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 are referred to as the “**Group**”) announces that Long Capital Development Limited (“**Long Capital**”), a 51% owned subsidiary of the Company, proposes (“**Proposal**”) to issue certain new shares to potential investor(s). If the Proposal is proceeded with and completed, the Company’s shareholding in Long Capital will fall below 50% and, as a result, Long Capital will cease to be a subsidiary of the Company.

Long Capital is an investment holding company and its wholly owned subsidiary, Challenger Auto Services Limited, engages in the business of providing repairs and maintenance services to motor vehicles, operating car accessories shops, car wash, cleaning and beauty services and brokerage of motor vehicle insurance.

Purpose of the Proposal is to provide additional working capital to Long Capital. The Group does not intend to participate in the proposed new shares issue by Long Capital because the Group wishes to focus its resources in the development of its coking coal business. This is consistent with the Group’s business strategy to reposition itself as an integrated coke producer in the People’s Republic of China.

The Proposal, if proceeded with, may constitute a deemed disposal under Rule 19.29 of the GEM Listing Rules and notifiable transaction on the part of the Company. As at the date of this announcement, the relevant parties are still in the course of negotiation and no legally binding agreement has been entered into by the Group in relation to the Proposal. The Company will comply with relevant requirements under the GEM Listing Rules if the Proposal is proceeded with.

The Proposal 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, 21 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*