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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)

DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF A SUBSIDIARY

The Directors announce that the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser on 27 November 2009, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares which comprised 51% of the entire issued capital of Global On-Line at a consideration of HK\$250,000.

The Disposal constituted a discloseable transaction and connected transaction for the Company under Chapters 19 and 20 of the GEM Listing Rules.

INTRODUCTION

The Directors announce that the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement on 27 November 2009 for the disposal of 5,100 shares in Global On-Line, which comprised 51% of the entire issued capital of Global On-Line. The principal terms of the Agreement are set out in the paragraph headed “The Agreement” below.

THE AGREEMENT

Date : 27 November 2009

Vendor : Time Creation Group Limited, a wholly owned subsidiary of the Company which held 51% of the entire issued share capital of Global On-Line

Purchaser : Mr. Wong Kwan Sham. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an independent third party who is independent of the Company and connected persons (within the meaning of the GEM Listing Rules) of the Company.

* *for identification purpose only*

Subject matter : 5,100 shares in Global On-Line, being all the shares in Global On-Line owned by the Vendor prior to Completion and comprised 51% of the entire issued capital of Global On-Line

Consideration : the price paid by the Purchaser to the Vendor for the purchase of the Sale Shares was HK\$250,000

Waiver of shareholder's loan

As at the date of the Agreement, Global On-Line owed to the Vendor an interest free shareholder's loan in the amount of HK\$1 million (the "**Loan**"). The Loan was waived by the Vendor at Completion.

Purchase Price

The Purchase Price was determined after arm's length negotiations between the parties by reference to the expected realizable value of the Sale Shares, which was approximately HK\$400,000. The Board (including the independent non-executive Directors) considers that the Purchase Price is fair and reasonable.

The Purchase Price was paid in cash by the Purchaser to the Vendor at Completion.

Completion

Pursuant to the Agreement, Completion took place on 30 November 2009.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Taking into account the Purchase Price, the effect of waiver of the Loan, the professional fees payable for the Disposal and the loss of Global On-line attributable to the Group since the Company's acquisition of the Sale Shares, it is expected that the Group may record a loss of approximately HK\$800,000 from the Disposal.

It is intended that the Purchase Price received by the Vendor will be used for general working capital of the Group.

INFORMATION ON THE GROUP

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the investments in mining, sale and processing of coking coal in the PRC, the provision of auto repairing/detailing services and on-line distribution of office supplies and equipment. The Vendor is a company incorporated in the British Virgin Islands with limited liability. It is a wholly owned subsidiary of the Company.

Global On-Line is a company established in Hong Kong with limited liability and is principally engaged in the trading of printing accessories and batteries. Prior to Completion, it was an indirect non wholly owned subsidiary of the Company owned as to 51% by the Vendor and as to 49% by the Other Shareholder, the sole director of Global On-Line. Upon Completion, Global On-Line ceased to be a subsidiary of the Company.

Based on the audited financial statements of Global On-Line as at 31 March 2009 and the unaudited financial statements of Global On-Line as at 30 September 2009 prepared under the Hong Kong Financial Reporting Standards, the net liability of Global On-Line was approximately HK\$173,000 and HK\$214,000 respectively.

Based on the audited financial statements of Global On-Line for the year ended 31 March 2008 and 2009 prepared under the Hong Kong Financial Reporting Standards, the audited net losses of Global On-Line (both before and after taxation and extraordinary items) for the two years ended 31 March 2008 and 2009 amounted to approximately HK\$136,000 and approximately HK\$37,000 respectively.

REASONS FOR THE DISPOSAL

The Board (including the independent non-executive Directors) considers that the terms of the Agreement are fair and reasonable and the Disposal is on normal commercial terms and is in the interest of the Group and the shareholders of the Company as a whole, for the following reasons:

- (a) consistent with the Group's business strategy to reposition itself as an integrated coke producer in the PRC and with a view to focusing on the Group's coking coal business, the Company has decided to dispose of Global On-Line, the trading arm of the Group for printing accessories and batteries;
- (b) Global On-Line had been at a net liability position and incurred net loss for the two financial years ended 31 March 2008 and 31 March 2009. The net liability of Global On-Line as at 31 March 2008, 31 March 2009 and 30 September 2009 was approximately HK\$136,000 (audited), HK\$173,000 (audited) and HK\$214,000 (unaudited) respectively. Its audited net losses (both before and after taxation and extraordinary items) for the two years ended 31 March 2008 and 2009 amounted to approximately HK\$136,000 and approximately HK\$37,000 respectively. Given Global On-Line's financial position, the Board considers that it would be difficult to identify a willing purchaser for its interest in Global On-Line unless the Loan is waived; and
- (c) taking into account the Purchase Price, the effect of waiver of the Loan, the professional fees payable for the Disposal and the loss of Global On-line attributable to the Group since the Company's acquisition of the Sale Shares, it is expected that the Group may record a loss of approximately HK\$800,000 from the Disposal. However, to cut continual loss from investing in a loss-making business, the Directors consider it more beneficial to the Group to dispose of Global On-Line and re-allocate its resources to the Group's coking coal business, which is expected to contribute positively to the future development and growth of the Group.

LISTING RULES IMPLICATIONS

The Disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

As the Other Shareholder is the sole director of Global On-Line and owner of 49% of the entire issued capital of Global On-Line, he was a controller under the GEM Listing Rules. Since the Disposal involved the disposal by the Company (through the Vendor) of its equity interest in Global On-Line where the Other Shareholder, a controller, was its substantial shareholder (within the meaning of the GEM Listing Rules) and management shareholder (within the meaning of the GEM Listing Rules), the Disposal constituted a connected transaction for the Company pursuant to Rule 20.13(1)(b)(i) of the GEM Listing Rules.

Given that the Disposal is on normal commercial terms and the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 19 of the GEM Listing Rules is more than 2.5% but less than 25% and the total consideration is less than HK\$10 million, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under the GEM Listing Rules.

DEFINITIONS

“Agreement”	the agreement dated 27 November 2009 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Company”	Kaisun Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
“GEM”	the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global On-Line”	Global On-Line Distribution Limited, a company incorporated in Hong Kong with limited liability

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Other Shareholder”	Mr. Lau Kai Man, the sole director of Global On-Line and owner of 4,900 shares in Global On-Line, comprising 49% of the entire issued capital of Global On-Line
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	HK\$250,000
“Purchaser”	Mr. Wong Kwan Sham
“Sale Shares”	the 5,100 shares of nominal value HK\$1 each in the issued capital of Global On-Line, being all the shares in Global On-Line owned by the Vendor prior to Completion and comprised 51% of the entire issued capital of Global On-Line
“Vendor”	Time Creation Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company

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

Hong Kong, 30 November 2009

As of the date of this announcement, the executive Directors 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.