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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)**

### **TERM SHEET IN RESPECT OF PROPOSED ACQUISITION OF INTEREST IN SADDLEBACK MINING LIMITED**

The Board is pleased to announce that on 11 November 2010, the Company and the Vendor entered into the Term Sheet which sets out the major principal terms of the Proposed Acquisition by the Company (or its wholly owned subsidiary) of the entire issued share capital of the Target from the Vendor, at the consideration of US\$39,274,194 and on further terms and conditions to be agreed. Details of the Term Sheet and the Target are given below.

As at the date of this announcement, no formal definitive agreement in relation to the Proposed Acquisition has been entered into and the Proposed Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares or securities of the Company. Further announcement(s) will be made to inform Shareholders of any further developments in relation to the Proposed Acquisition as and when appropriate.

#### **TERM SHEET**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that on 11 November 2010, the Company and the Vendor entered into the Term Sheet which sets out the principal terms of the Proposed Acquisition by the Company (or its wholly owned subsidiary) of the entire issued share capital of the Target from the Vendor, at the consideration of US\$39,274,194 and on further terms and conditions to be agreed.

The Target and its subsidiaries are primarily engaged in coal mining and exploration in regions of Central Asia.

The Target is a wholly owned subsidiary of the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and their respective ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

Under the Term Sheet, the consideration payable for the Proposed Acquisition will be US\$39,274,194, of which:

- (i) as to the US dollars equivalent of HK\$270 million (converted at the exchange rate of US\$1 = HK\$7.75) will be satisfied by the issue and allotment of the Initial Shares to the Vendor at the issue price of HK\$0.75 each;
- (ii) as to the US dollars equivalent of HK\$15 million (converted at the exchange rate of US\$1 = HK\$7.75) will be satisfied by the further issue and allotment of the Further Shares to the Vendor (or as directed by the Vendor) at the issue price of HK\$0.75 each upon the obtaining of certain coking coal mining rights by a subsidiary of the Target;
- (iii) US\$1.5 million will be paid in cash at closing of the Proposed Acquisition; and
- (iv) US\$1 million will be paid in cash within 40 days of closing of the Proposed Acquisition.

The Consideration Shares represent approximately 17.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 12.87% of the total issued share capital of the Company as enlarged by issue of the Consideration Shares and assuming full conversion of all convertible bonds of the Company and full exercise of all options of Company outstanding as at the date of this announcement.

The Consideration Shares are to be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 30 July 2010.

As at the date of this announcement, the Vendor and its associates are not beneficially interested in any Shares or securities of the Company. In the event of the consummation of the transaction as contemplated under the Term Sheet, there will not be any change in control of the Company.

The issue price of HK\$0.75 per Consideration Share represents:

- (a) approximately 33.93% premium over the closing price of HK\$0.56 per Share on 11 November 2010 (the last trading price of the Shares immediately prior to the signing of the Term Sheet);
- (b) approximately 30.66% premium over the five days average closing price of HK\$0.574 per Share up to and including 11 November 2010; and
- (c) approximately 36.6% discount to the audited net asset value per Share of

HK\$1.183 as at 7 June 2010 (the latest available published audited accounts of the Company).

The Proposed Acquisition will be subject to (i) the obtaining of any and all corporate approvals and approvals and authorisations by any and all governmental or regulatory authorities required for the Proposed Acquisition; and (ii) the completion, execution and delivery of definitive contractual documentation, including a formal sale and purchase agreement to be governed by Hong Kong law.

The Company intends to carry out a due diligence review in relation to, among other things, the legal, financial and business aspects of the Target and its subsidiaries. Upon completion by the Company of such due diligence review, the Company and the Vendor will be in the position to enter a formal sale and purchase agreement in relation to the Proposed Acquisition (which is expected to occur on or before 10 December 2010). It is anticipated that completion of the formal sale and purchase agreement in relation to the Proposed Acquisition will be subject to, among other things, the Stock Exchange granting the listing of and permission to deal in the Consideration Shares to be issued as part of the consideration for the Proposed Acquisition. Details of the conditions precedent and expected long stop date of the formal sale and purchase agreement will be set out in the announcement to be issued by the Company as soon as the relevant agreement is entered into.

Under the Term Sheet, the Company was granted the exclusive right to negotiate with the Vendor the detailed terms and conditions of the Proposed Acquisition for a period of 4 weeks from the date of the Term Sheet.

Other than the provisions relating to the Company's exclusive negotiation right, confidentiality, governing law and jurisdiction, the Term Sheet does not have any legally binding effect.

Subject to the terms of the formal sale and purchase agreement, if the Proposed Acquisition is effected, the Proposed Acquisition may constitute a disclosable transaction for the Company under the GEM Listing Rules.

**As at the date of this announcement, no formal agreement in relation to the Proposed Acquisition has been entered into and the Proposed Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when making any decision related to dealing in the shares of the Company. Further announcement(s) will be made to inform Shareholders of any further developments in relation to the Proposed Acquisition as and when appropriate.**

## **DEFINITIONS**

*Unless the context requires otherwise, capitalized terms used herein shall have the following meanings:*

“associate(s)” as such term is defined under the GEM Listing Rules

“Board”	the board of Directors
“Company”	Kaisun Energy Group Limited (凱順能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM
“Consideration Shares”	collectively, the Initial Shares and the Further Shares
“connected person(s)”	as such term is defined under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Further Shares”	20,000,000 new Shares to be issued by the Company as part consideration for the Proposed Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Initial Shares”	360,000,000 new Shares to be issued by the Company as part consideration for the Proposed Acquisition
“Proposed Acquisition”	Proposed acquisition by the Company (or its subsidiary) of the entire issued share capital of the Target from the Vendor

“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Saddleback Mining Limited, a wholly owned subsidiary of the Vendor incorporated in England and Wales
“Term Sheet”	term sheet dated 11 November 2010 entered into between the Company and the Vendor
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Saddleback Corporation Limited, a limited liability company incorporated in England and Wales (registration number: 5060656)
“%”	per cent.

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

Hong Kong, 11 November 2010

*As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, Mr. Yang Yongcheng and Mr. Li Hong. 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 or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.8203.com.hk).*

*\* for identification purpose only*