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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: SECOND EXTENSION LETTER

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

Reference is made to the announcement of the Company dated 11 November 2010 in relation to the Proposed Acquisition and the announcement of the Company dated 9 December 2010 in relation to, amongst others, the extension of the date for completion of due diligence review and the Exclusivity Period of the Proposed Acquisition. The Board announces that further to the Term Sheet dated 11 November 2010 and the First Extension Letter dated 9 December 2010, the Second Extension Letter has been entered into between the Company and the Vendor on 28 January 2011, pursuant to which the parties to the Term Sheet and the First Extension Letter have agreed to further extend

- (i) the date for completion of the due diligence review to 28 February 2011; and
- (ii) the expiry date of the Exclusivity Period to 28 February 2011.

Save for the foregoing, no other amendment of the material terms of the Term Sheet was made.

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.

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

Reference is made to the announcement of the Company dated 11 November 2010 in relation to the Proposed Acquisition (“**Announcement**”) and the announcement of the Company dated 9 December 2010 in relation to, amongst others, the extension of the date for completion of due diligence review and the Exclusivity Period of the Proposed Acquisition (“**First Extension Announcement**”). Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

As disclosed in the First Extension Announcement, the Company and Saddleback Corporation Limited, being the Vendor have entered into an extension letter on 9 December 2010 (“**First Extension Letter**”) to extend the date for completion of due diligence review and the Exclusivity Period to 28 January 2011. The Board announces that after arm’s length negotiation with the Vendor, as additional time is required for both parties to conduct due diligence reviews, in relation to, among other things, the legal, financial and business aspects of the Vendor’s and the Company’s subsidiaries, a further extension letter (“**Second Extension Letter**”) was entered into between the Company and the Vendor on 28 January 2011, pursuant to which the parties to the Term Sheet and the First Extension Letter agreed to further extend (i) the date for completion of the due diligence review to 28 February 2011; and (ii) the expiry date of the exclusivity period (during which the Company has the exclusive right to negotiate with the Vendor the detailed terms and conditions of the Proposed Acquisition (“**Exclusivity Period**”) to 28 February 2011. Save for the foregoing, no other amendment of the material terms of the Term Sheet was made.

Upon completion by the Company of such due diligence review, the Company and the Vendor will be in a position to enter into a formal sale and purchase agreement in relation to 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.

The Board considers the entering into of the Second Extension Letter to be in the interests of the Company and the Shareholders as a whole.

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.

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

Hong Kong, 28 January 2011

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, Mr. Li Hong 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 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 <http://www.hkgem.com> for at least 7 days from the date of its publication and on the Company's website at <http://www.kaisunenergy.com>.

** for identification purpose only*