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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)

PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 3.75% CONVERTIBLE BONDS DUE 2013

Reference is made to the circular of the Company dated 17 August 2009 and the announcement of the Company dated 10 September 2009 in relation to, among other things, the Replacement Bonds.

As disclosed in the 2009 Announcement and the 2009 Circular, the Company has issued the Replacement Bonds in the aggregate principal amount of HK\$426,680,000 in satisfaction of its obligation on redemption of one or more of the Previous Bonds. The Replacement Bonds provide that the Company has no right to require the early cancellation or redemption of any of the Replacement Bonds prior to the Maturity Date of 10 June 2013.

The Board is pleased to announce that on 30 August 2012, the Company entered into the conditional Amendment Deed with the Bondholders to amend certain Conditions of the Replacement Bonds to enable the Company to cancel and to redeem all the Replacement Bonds before the Maturity Date.

Reference is made to the circular of the Company dated 17 August 2009 and the announcement of the Company dated 10 September 2009 in relation to, among other things, the Replacement Bonds.

THE REPLACEMENT BONDS

As disclosed in the 2009 Announcement and the 2009 Circular, the Company has issued the Replacement Bonds in the aggregate principal amount of HK\$426,680,000 in satisfaction of its obligation on redemption of one or more of the Previous Bonds.

As at the date of this announcement, the aggregate outstanding principal amount of the Replacement Bonds is HK\$217,660,000, which are held by the Bondholders. The Replacement Bonds bears interest at a rate of 3.75% per annum and may be converted into Shares at an initial conversion price of HK\$0.70 per Share, subject to adjustments. A summary of the principal terms of the Replacement Bonds has been disclosed in the 2009 Circular.

The Replacement Bonds provide that the Company has no right to require the early cancellation or redemption of any of the Replacement Bonds prior to the Maturity Date of 10 June 2013.

THE AMENDMENT DEED

The Board is pleased to announce that on 30 August 2012, the Company entered into the conditional Amendment Deed with the Bondholders to amend certain Conditions of the Replacement Bonds to enable the Company to cancel and to redeem all the Replacement Bonds before the Maturity Date. Following is the summary of the principal terms of the Amendment Deed:

Date:

30 August 2012

Parties:

- (1) The Company
- (2) Pacific Top Holding Limited
- (3) Profit Raider Investments Limited

Pacific Top and Profit Raider are each an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save that Pacific Top and Profit Raider hold approximately 3.30% and approximately 5.05%, respectively, of the issued share capital of the Company as at the date of this announcement, Pacific Top and Profit Raider and their respective ultimate beneficial owners are independent of the Company and its connected persons.

Proposed Amendments:

The Parties agreed that subject to fulfillment of the Conditions Precedent, the Conditions shall be amended so that the Company shall be entitled to cancel and to redeem in cash all the Replacement Bonds at any point in time prior to the Maturity Date at a redemption amount equal to the principal amount of the Replacement Bonds then outstanding together with the interest accrued thereon on the condition that a Bondholder or Bondholders together (or represented by proxy) holding not less than 51% of the aggregate principal amount of the Replacement Bonds then outstanding approve(s) such early redemption in writing or in a Bondholders' meeting. No redemption premium shall be payable by the Company.

Condition Precedent:

The transactions contemplated under the Amendment Deed and the coming into effect of the Proposed Amendments are subject to the Company having obtained from the Stock Exchange and other relevant authorities all requisite approval or consent to the Proposed Amendments and the consummation of the transactions contemplated under the Amendment Deed.

The above Condition Precedent may not be unilaterally waived by any of the Parties. If the above Condition Precedent is not fulfilled on or before the Long Stop Date, the Amendment Deed shall lapse and be of no further effect and, save for any antecedent breaches, no Party shall have any claim against or liability to the other Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AMENDMENT DEED

As disclosed in the Company's latest interim report for the six months ended 30 June 2012, the Company had finance cost of approximately HK\$10.4 million for the six months ended 30 June 2012, of which approximately HK\$10.1 million was attributable to the interests on the Replacement Bonds. The Company intends to utilise part of the cash proceeds generated from the very substantial disposal in respect of the sale of the Company's equity interest in Inner Mongolia Mengxi Minerals Limited for the early redemption of the Replacement Bonds in order to save interest expense of 3.75% per annum on the Replacement Bonds.

Under the existing Conditions, the Company has no right to require the early cancellation or redemption of any of the Replacement Bonds prior to the Maturity Date of 10 June 2013. The Proposed Amendments will enable the Company to cancel and redeem all the Replacement Bonds prior to the Maturity Date so as to reduce the interest expenses of the Company. The Directors (including all the independent non-executive Directors) consider that the Proposed Amendments on the terms of the Amendment Deed are on normal commercial terms and are fair and reasonable, and that the entering into of the Amendment Deed is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to GEM Rule 22.03, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities. Accordingly, the Company has applied to the Stock Exchange for the approval of the Proposed Amendments to the Replacement Bonds.

DEFINITIONS

In this announcement, unless the context requires otherwise, capitalised terms used herein shall have the following meanings:

“2009 Announcement”	the announcement of the Company dated 10 September 2009 in relation to, among other things, the Replacement Bonds
“2009 Circular”	the announcement of the Company dated 17 August 2009 in relation to, among other things, the Replacement Bonds
“Amendment Deed”	the deed of amendment dated 30 August 2012 and entered into by the Parties in respect of the Proposed Amendments
“Board”	the board of Directors
“Bondholders”	collectively, Pacific Top and Profit Raider, and a “Bondholder” means any of them
“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 the Shares are listed on the GEM
“Conditions”	the terms and conditions of the Replacement Bonds as currently in force
“Condition Precedent”	the condition precedent to which the Amendment Deed is subject, as more particularly set out in the section headed “Condition Precedent” of this announcement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Long Stop Date”	5:00 p.m. on 31 October 2012 or such later date and time as the Parties may agree in writing
“Maturity Date”	10 June 2013, being the maturity date of the Replacement Bonds
“Pacific Top”	Pacific Top Holding Limited, a company incorporated in the British Virgin Islands and one of the Bondholders
“Parties”	the parties to the Amendment Deed, being the Company and the Bondholders
“Previous Bonds”	the HK\$920,000,000 1% convertible bonds due 2013 of HK\$1,000,000 principal amount each convertible into Shares in the original aggregate principal amount of HK\$770,000,000 issued by the Company on 10 June 2008
“Profit Raider”	Profit Raider Investments Limited, a company incorporated in the British Virgin Islands and one of the Bondholders
“Proposed Amendments”	the amendments agreed by the Parties under the Amendment Deed to be made to the Conditions and as summarised in the section headed “Proposed Amendments” of this announcement
“Replacement Bonds”	3.75% convertible bonds due 2013 convertible into Shares in the aggregate principal amount of HK\$426,680,000 issued by the Company on 2 September 2009
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“very substantial disposal”	has the meaning ascribed to it in Rule 19.06 of the GEM Listing Rules
“%”	per cent

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

Hong Kong, 30 August, 2012

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.

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 www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.kaisunenergy.com

** for identification purpose only*