

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

COMPLETION OF DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% OF THE ENTIRE ISSUED SHARE CAPITAL OF XINJIANG TURPAN XINGLIANG MINING LIMITED (“XINGLIANG”) BY SHANDONG KAILAI ENERGY LOGISTICS COMPANY LIMITED (“KAILAI”), THE COMPANY’S 70% INDIRECT SUBSIDIARY

THE AGREEMENT

The Board is pleased to announce that on 10 October 2016, Kailai, the Company’s 70% indirect subsidiary, as purchaser, entered into the Agreement with the Vendors, pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the Sale Shares, representing 100% of the entire issued share capital of the Xinjiang Turpan Xingliang Mining Limited (“Xingliang”), at the Consideration of RMB10 million, which was satisfied in full by cash payment by Kailai and completed on 8 February 2017. (“Acquisition”)

The principal asset of the Xingliang is the mining license of the Coal Mine Xingliang held. The Coal Mine is located in Turpan, Xinjiang Province, the PRC.

LISTING RULES IMPLICATION

As one of the applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, on a consolidated basis, the Acquisition triggers a discloseable transaction for the Company at Group level, despite the fact that the Acquisition was by Kailai, the Company’s 70% indirect subsidiary. Hence, it is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE AGREEMENT

The Board is pleased to announce that on 10 October 2016, Kailai, the Company's 70% indirect subsidiary, as purchaser, entered into the Agreement with the Vendors, pursuant to which the Purchaser agreed to purchase and the Vendors agreed to sell the Sale Shares, representing 100% of the entire issued share capital of the Xinjiang Turpan Xingliang Mining Limited ("Xingliang"), at a Consideration of RMB10 million, which was satisfied in full by cash payment by Kailai and completed on 8 February, 2017.

The principal terms of the Agreement are as follows:

Date 10 October 2016

Parties

- (i) 周星亮先生 (Mr. Zhou Xinliang) and 閔維花 (Ms. Yan Weihua) as vendors; and
- (ii) Shandong Kailai Energy Logistics Company Limited ("Kailai"), the Company's 70% indirect subsidiary, as purchaser.

The Vendors are Independent Third Parties.

Assets acquired

The Sale Shares, representing an aggregate of 100% of the entire issued share capital of Xinliang, of which 90% and 10% was acquired from Mr. Zhou Xinliang and Ms. Yan Weihua, respectively.

Consideration

The Consideration was RMB\$10 million. It was satisfied in full by cash payment by Kailai and completed on 8 February 2017, after all relevant approvals from the Xinjiang local government authorities in the PRC have been obtained on the transfer of shares and transfer of valid mining license.

The Consideration was determined after arm's length negotiations between Kailai and the Vendors with reference to, among others, its coal mining license with annual coal production capacity of 90,000 tonnes.

Completion

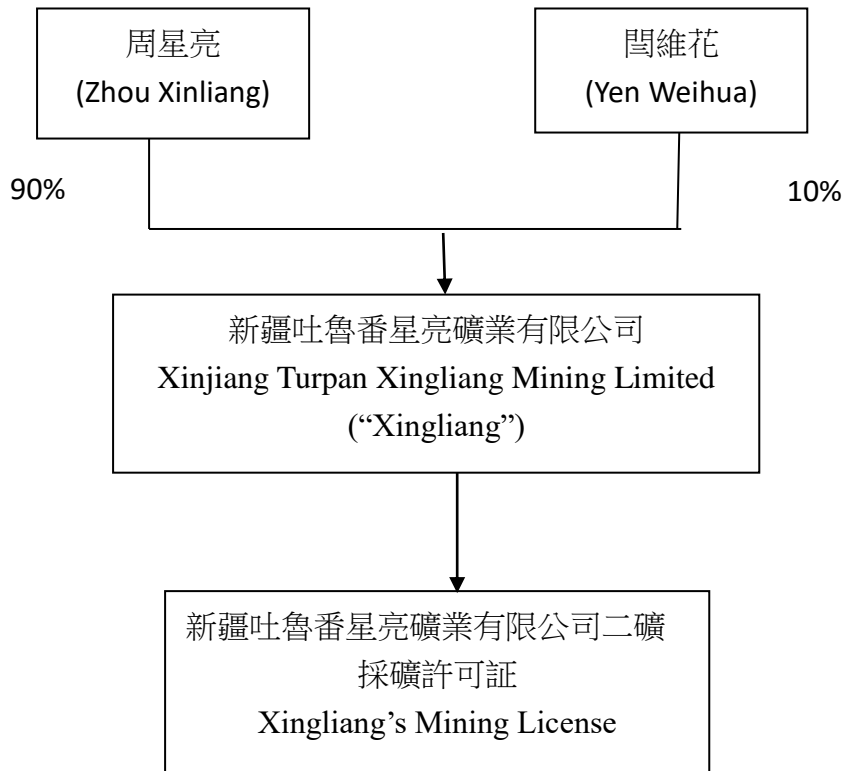
Completion took place on 8 February 2017, the date when Sale shares had been transferred to Kailai after obtaining all relevant approval from the Xinjiang local government authorities in the PRC and the vendors have received full payment on completion. .

INFORMATION ON THE TARGET GROUP

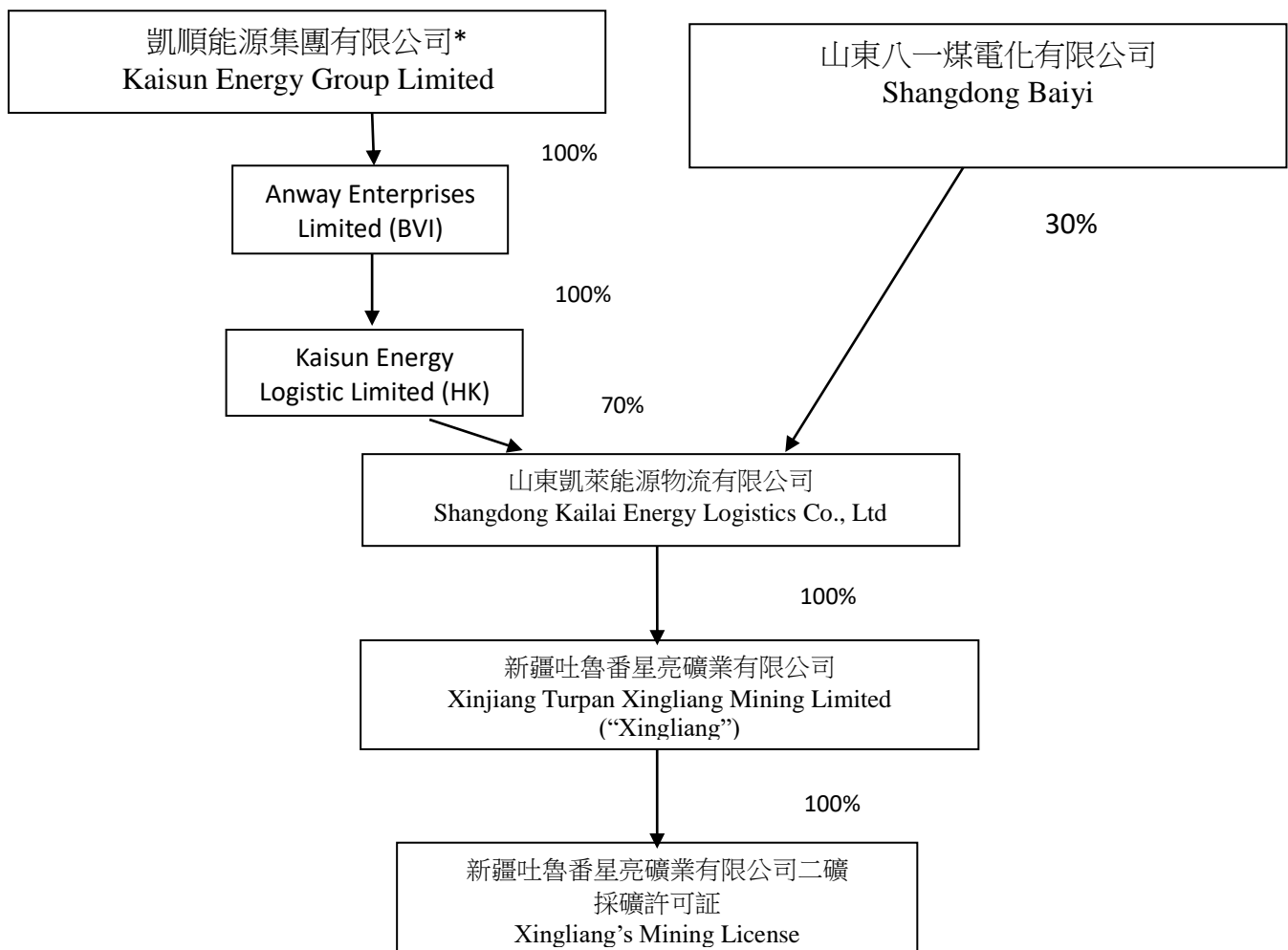
Shareholding structure of the Target Group – Xingliang

Set below is the shareholding structure of the Target Group – Xingliang

Before completion



(ii) Upon completion



Xinjiang Turpan Xingliang Mining Limited (「新疆吐魯番星亮礦業有限公司」) (“Xingliang”) is a Xinjiang mining company in PRC incorporated on 4 May 2011. Since incorporation to the date of this announcement, it has registered capital of RMB 10 million.

The principle asset of Xingliang is the mining license of the Coal Mine with long flame coal which Xingliang held. The Coal Mine available for commercial production, which has an estimated resource of coal of 8.06 million tonnes according to PRC mining standard stated in a geological report prepared by 「江西省地質礦產勘查開發局贛東北大隊」 (“Jiangxi geological bureau for mineral resources northeast division”), is located in 七泉湖鎮 (“Qi Quan Hu Zhen”), Turpan, Xinjiang, the PRC. The mining license permit mining right of coal output of 90,000 tonnes per year, expired in March 2018 and can be renewed on application. It was planned that production can start in early 2018 subject to preliminary works on site and finalized production plan.

Before completion, Xingliang was owned 90% by Mr. Zhou Xinliang and 10% by Ms. Yen Weihua respectively, and both are Independent Third Parties.

Financial information of Xingliang

Set out below is a summary of the financial information of Xingliang for the two financial years ended 31 December 2014 and 31 December 2015, prepared in accordance with the PRC Generally Accepted Accounting Principles:

	For the year ended 31 December	
	2016	2015
	(audited)	(audited)
	<i>Approximate</i>	<i>Approximate</i>
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation and extraordinary items	161,731	Nil
Net loss after taxation and extraordinary items	161,731	Nil

Xingliang was dormant during 2015 and 2016. The audited net liability value of the Xingliang as at 31 December 2016 was approximately RMB 6,909,562 (equivalent to approximately HK\$7,746,863).

Upon Completion, the Xingliang will become a wholly owned subsidiary of Kailai and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

REASONS FOR THE ACQUISITION

The major business of the Group includes coal mining and trading, supply chain management services, mining and metallurgical machineries production in Shandong, listed securities investment. Kailai, the Company’s 70% subsidiary, is a coal trader and a logistic provider in Shandong. The Kailai Board considered the coal market bottomed out and coal assets are now relatively cheap.

Our fellow shareholder in Kailai, ie. Shandong Baiyi, a member of State-owned-enterprise 山東能源棗莊礦業(集團)有限責任(Shandong Energy Zaozhuang Mining Group Co., Ltd) website: (www.zkjt.com.cn), have capabilities and proven record to lead our Kailai team to develop Xinliang.

Hence, it is hoped that through this Acquisition, the income base of Kailai can be broadened, thereby enhancing Kailai’s and the Group’s future financial performance and profitability.

The Board of Kailai is of the view that the Acquisition provides a good opportunity for Kailai and the Group to acquire coal asset at a low cost and will increase the revenue stream of Kailai and the Group in future, which is expected to increase the Shareholders’ value and benefit Kailai, the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, on a consolidated basis, the Acquisition triggers a discloseable transaction for the Company at Group level, despite the fact that the Acquisition was by Kailai, the Company's 70% indirect subsidiary. Hence, it is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

This was an Acquisition by our 70% indirect subsidiary "Kailai" in Shandong, and the Acquisition was stated in the annual results announcement of the Company and on P.41-42 in our Annual Report 2016. The Company did not timely disclose the Acquisition on the date of signing the conditional agreement due to inadvertent oversight. The Company had engaged Moore Stephens Consulting Limited to conduct a review of our internal control system to strengthen it.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares by Kalai, the Purchaser, from the Vendors pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 10 October 2016 entered into between the Purchaser and the Vendors in relation to the Acquisition
"Board"	the board of Directors
"Coal Mine"	The coal mine is located in 七泉湖鎮 ("Qi Quan Hu Zhen"), Turpan, Xinjiang, the PRC. Its mining license permit mining right of coal output of 90,000 tonnes per year, and is held by Xingliang
"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, the Shares of which are listed on GEM
"Completion"	Completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	8 February 2017
"Consideration"	RMB10 million, being the total cash paid by Kailai, as consideration for the Acquisition pursuant to the Agreement
"connected person(s)"	has the meaning ascribed to it under 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 on the GEM Board of Stock Exchange

“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons
“Kailai”	Shangdong Kailai Energy Logistics Co., Ltd, a 70% indirect subsidiary of the Company
“Purchaser”	Kailai
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Sale Shares”	an aggregate of 100% of the entire issued share capital of the Xingliang to be acquired by the Purchaser from the Vendors
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively 周星亮先生(Mr. Zhou Xinliang) and 閔維花女士(Ms. Yan Weihua)
“Xingliang”	「新疆吐魯番星亮礦業有限公司」(Xinjiang Turpan Xingliang Mining Limited *), a limited liability company established in the PRC
“Xingliang’s Mining License”	「新疆吐魯番星亮礦業有限公司二礦」採礦許可証, Mining License of the Coal Mine located In Turpan, Xinjiang, the PRC held by Xingliang
“% ”	per cent

(Note: Exchange rate as at 31 December 2016: RMB1 = HK\$1.12118

For the purpose of this announcement, the above exchange rate is for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.)

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

Hong Kong, 11 April 2017

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph 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*