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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)

Letter of Intent with

- 1. Laiwu iron and steel company Xinjiang branch**
- 2. Fujian Footwear & Headgear Import & Export Group Corporation**
- 3. Hao Tian Resources Group Limited**

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The board (the “Board”) of the directors (the “Directors”) of Kaisun Energy Group Limited (the “Company”) is pleased to announce that on 31 March, 2012, the Company and

- Laiwu iron and steel company Xinjiang branch
- Fujian Footwear & Headgear Import & Export Group Corporation
- Hao Tian Resources Group Limited

have entered into three letter of intents (the “Letter of Intents”) pursuant to which the parties, based on the general principles of leveraging the core competences of both parties, mutually benefiting each other, in order to accelerate the development of exploring mineral resources, the parties will cooperate with each other in good faith, with major terms as follows:

1. Laiwu iron and steel company Xinjiang branch (“Laiwu Xinjiang”)

Parties: (a) Kaisun Energy Group Limited (“Kaisun Energy”)

(b) Laiwu iron and steel company Xinjiang branch (“Laiwu Xinjiang”)

- i. Kaisun Energy will supply anthracite and coking coal according to the production requirement of Laiwu Xinjiang. Laiwu Xinjiang will purchase annually from Kaisun Energy a certain quantity of anthracite and coking coal, the quantity required and price will be negotiated in view of Laiwu Xinjiang’s production requirement and market price.
- ii. Laiwu Xinjiang intends to invest in establishing Storage Yard, and set up transport company in China to handle transport of coal business.
- iii. Laiwu Xinjiang intends to own equity interest in Saddleback Mining Limited, a wholly owned subsidiary of Kaisun Energy, by using cash or the intended investment in Storage Yard as stated in ii.
- iv. Both parties agreed to set up periodic communication channel to facilitate timely communication, so as to ease implementation of cooperation between both parties.

Laiwu Iron & Steel Group Co., Ltd (“Laiwu Steel”) was founded in January 1970. After 39 years of development, it has become a large-scale steel enterprise with an annual production capacity of more than 13 million tonnes of steel. In 2005, it is ranked number 6 of Chinese top 10 steel manufacturers. Laiwu Steel is also ranked number 31 of Chinese top 500 companies in the manufacturing sector. As at the end of 2008, Laiwu Steel has 64.3 billion RMB of total assets; 39,000 total employees in which 20,000 are from the iron and steel industry; 14 subsidiaries including Chi-lu Securities and two listed companies Laiwu Steel Corporation Limited and Luyin Investment Group Co., Ltd; 10 units in equity interest in secondary business reforms. Laiwu Steel has the largest along with the most specification comprehensive H-Shaped steel production base; the largest sales and production of steel used in gears production base and the largest powder metallurgy production base in China.

Laiwu Xinjiang is a subsidiary of Laiwu Steel. It is responsible for the construction, management and operation of Shandong Province’s Xinjiang aid key projects in Kashgar. Kashgar iron and steel project has a total investment of 9 billion RMB. An initial investment of 3 billion RMB to establish 1 million tonnes of iron and steel production capacity and ultimately reaching 3 million tonnes of iron and steel production capacity. This will gradually form an operation with a production development pattern that is based in Southern Xinjiang, but also with Central Asia in mind.

Laiwu Steel development in Xinjiang complements well with Kaisun Energy’s strategy of development in Xinjiang. Its large demand in coal provides a ready opportunity to take up Kaisun Energy’s coal supply upon cooperation by both parties.

2. Fujian Footwear & Headgear Import & Export Group Corporation (“FJF Group”)

- i. In compliance with PRC laws and government policies, both parties intends to cooperate to establish sale and purchase relationship, FJF Group will purchase from Kaisun Energy a certain quantity of anthracite and coking coal annually, the quantity required and price will negotiated in view of market condition and market price.
- ii. Based on the sale and purchase relationship established, at appropriate conditions and time, FJF Group intends to own equity interest in Saddleback Mining Limited, a wholly owned subsidiary of Kaisun Energy, by using cash. FJF Group will handle sale and distribution of coal

As the largest state-owned enterprise under Fujian Provincial Department of Foreign Trade and Economic Cooperation, Fujian Footwear & Headgear Import & Export Group Corporation (FJF Group) is a large corporation with diversified business in trading, manufacturing, retail, logistics and real estate. Based on current development of the Group, the Group has already expanded its business into selling minerals in the recent one and two years, with its turnover in business of selling minerals reaching RMB 1.93 billion. The existing distribution network of its minerals products will provide a useful network for distributing Kaisun Energy's coal upon cooperation by both parties.

3. Hao Tian Resources Group Limited (“Hao Tian”)

In compliance with PRC laws and government policies, both parties intends to cooperate to establish sale and purchase relationship, Hao Tian will purchase annually from Kaisun Energy a certain quantity of anthracite and coking coal, the quantity required and price will be negotiated in view of market condition and market price.

Hao Tian is a company listed on the Hong Kong Stock Exchange of Hong Kong Limited with core business in production and selling of coal. Its current strategy is business development in Xinjiang and endeavour in diversifying its products in coal industry. This strategy complements well with Kaisun Energy’s owning coal resources and its strategy of development in Xinjiang, and this letter of intent provides good basis for cooperation between both parties.

General

These three Letter of Intents are valid for three years, and effective upon the date of signing by both parties. The Letter of Intents sets out the general principles of cooperation between the parties. Detailed terms of further cooperation will be subject to definitive agreements to be entered into by both parties.

The entering into of the Letter of Intents are conducted in the usual and ordinary course of business of the Company and does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Kaisun Energy Group Limited is an investment holding company listed on the Growth Enterprise Market (“GEM”) board of the Hong Kong Stock Exchange of Hong Kong Limited (“Stock Exchange”). Currently, its main investment is Saddleback Mining Limited and own mining rights and interests in three mines in Tajikistan, including the Nazar-Aylok anthracite deposit, the Ziddi coal deposit and the Mienadu coal deposit. It also engages in the business of mining, processing and sale of coal.

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

Hong Kong, 31 March, 2012

The English names of the companies established in the PRC in this announcement are for identification purposes only. In case of inconsistency, the Chinese names prevail.

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*