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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE PLACING AGENT



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 27 April 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, the Placing Shares comprising up to 523,400,000 new Shares at the Placing Price of HK\$0.089 per Placing Share to not less than six independent Placees.

The maximum number of 523,400,000 Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$ 46.58 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$44 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be applied for as general working capital of the Group in particular the business development in the Central Asia part of the Silk Road.

GENERAL

The Placing Shares are to be issued under the General Mandate and therefore the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 27 April 2015 (after trading hours)

Parties: (1) Issuer: the Company

(2) Placing agent: CNI Securities Group Limited

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Parties.

The Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees which will be institutional, professional and/or private investors who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any Placee will become a Substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

The Placing Shares shall be up to 523,400,000 new Shares, representing approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement, and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.089 per Placing Share, representing:

- (i) a discount of approximately 19.82% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on 27 April 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.96% to the average of the closing prices of approximately HK\$0.1112 per Share as quoted on the Stock Exchange for the last five Trading days immediately prior to the date of the Placing Agreement;

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Placing, the net Placing Price is approximately HK0.08455 per Placing Share.

Assuming the 523,400,000 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$5,234,000.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is equal to 5% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilised since it was granted on 19 May 2014 and the number of new Shares that could be issued by the Company under the General Mandate is 523,401,140 Shares. The maximum of 523,400,000 Placing Shares to be allotted and issued will utilize approximately 100% of the General Mandate. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon:

- (i) the granting by the Listing Division of the listing of, and permission to deal in, all of the Placing Shares; and
- (ii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable;

Completion of the Placing

Completion of the Placing will take place on the fourth Business Day after the fulfillment of the conditions of the Placing or such other date agreed by the Company and the Placing Agent.

Termination

The Placing Agent has the right to terminate the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date, if in its reasonable opinion, the success of the Placing would be materially and adversely affected by the force majeure events provided in the Placing Agreement.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above mentioned factors, all obligations of the Company and the Placing Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

Application for listing

Application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING

The Company is an investment holding company principally engaged in three main businesses and they are exploitation of coal in Tajikistan of Central Asia, production of mining and metallurgical machineries and parts in Shandong, and provision of supply chain management services for mineral business. Given the recent development of China's Silk Road strategy and the Group's experience in the Silk Road countries and regions such as Tajikistan and Xinjiang, management of the Group would like to explore on all potential Silk Road related business and investments. The Directors are of the view that the Placing represents a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base as well as to explore the Silk Road related business and investments.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$46,582,600 and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$44,253,470 after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be used as general working capital of the Group, in particular the business development in the Central Asia part of the Silk Road.

EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,617,005,700 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of shares	Approximate percentage (%)	Number of shares	Approximate percentage (%)
Zhang Zhi Ping (<i>Note 1</i>)	218,490,000	8.35%	218,490,000	6.96%
Zhang Gaobo (<i>Note 1</i>)	218,490,000	8.35%	218,490,000	6.96%
Oriental Patron Financial Group Limited (<i>Note 1</i>)	218,490,000	8.35%	218,490,000	6.96%
Ottness Investments Limited (<i>Note 1</i>)	132,110,000	5.05%	132,110,000	4.20%
OP Financial Investments Limited (“OPFIL”) (<i>Note 1</i>)	132,110,000	5.05%	132,110,000	4.20%
Profit Raider Investments Limited (“PRIL”) (<i>Note 1</i>)	132,110,000	5.05%	132,110,000	4.20%
Mr. Chan Nap Kee Joseph (<i>Note 2</i>)	66,941,760	2.56%	66,941,760	2.13%
Mr. Yang Yongcheng (<i>Note 2</i>)	100,000	0.00%	100,000	0.00%
Mr. Liew Swee Yean (<i>Note 2</i>)	540,000	0.02%	540,000	0.02%
Mr. Siu Siu Ling, Robert (<i>Note 2</i>)	540,000	0.02%	540,000	0.02%
Mr. Wong Yun Kuen (<i>Note 2</i>)	2,000,000	0.08%	2,000,000	0.06%
Other public shareholders	2,328,393,940	88.97%	2,328,393,940	74.14%
Placees			<u>523,400,000</u>	<u>16.67%</u>
Total	<u>2,617,005,700</u>	<u>100%</u>	<u>3,140,405,700</u>	<u>100%</u>

Note 1: OPFGL holds 218,490,000 Shares. OPFGL is 51% owned by Zhang Zhi Ping and 49% owned by Zhang Gaobo.

Of these 218,490,000 Shares, 86,380,000 Shares are held by Pacific Top Holding Limited (“PTHL”). PTHL is wholly owned by Oriental Patron Financial Services Group Limited (“OPFSGL”), OPFSGL is 95% held by OPFGL. Zhang Zhi Ping, Zhang Gaobo, OPFGL and OPFSGL are deemed to be interested in the interests held by PTHL under the SFO.

Of these 218,490,000 Shares, 132,110,000 Shares are held by PRIL. PRIL is wholly owned by OPFIL, OPFIL is 35.05% held by OIL. Zhang Zhi Ping, Zhang Gaobo, OPFGL, OIL and OPFIL are deemed to be interested in the interests held by PRIL under the SFO.

* This paragraph is not applicable in the case of capitalisation issues.

Note 2 Mr. Chan Nap Kee Joseph, Mr. Yang Yongcheng, Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert and Mr. Wong Yun Kuen are all Directors of the Company

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors of the Company
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours.
“Company”	Kaisun Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8203)
“Completion Date”	the date of completion of the Placing which will take place on the third Business day after the fulfillment of the conditions of the Placing or such other date agreed by the Company and Placing Agent
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 19 May 2014 to issue and allot up to 523,401,140 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Group”	the Company and its subsidiaries
“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

“Independent Third Party(ies)”	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates.
“Listing Division”	the Listing Division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional, professional and/or private investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to an aggregate of 523,400,000 new Shares to be allotted and issued to the Placees pursuant to the terms of the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, licensed to carry out type 1,2,4,regulated activity (dealing in securities, dealing in future contracts, advising on securities) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	The placing agreement dated 27 April, 2015 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.089 per Placing Share
“Placing Shares”	up to an aggregate of 523,400,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder” has the meaning as ascribed thereto under the Listing Rules

“%” per cent.

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

Hong Kong, 27 April, 2015

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, 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*