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KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8203)

CURRENT DEVELOPMENT ON KAISUN'S BELT AND ROAD STRATEGY: DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF RAILWAY PLATFORM IN CHOIR, MONGOLIA

THE ACQUISITION

The Board is pleased to announce that on 20 December 2018 (after trading hours), the Purchaser, entered into and completed the Agreement with the Vendor, pursuant to which the Vendor has agreed to sell the Sale Shares and assign the Debt and Purchaser has agreed to purchase the Sale Shares and Debt at consideration of HK\$30 million, which will be satisfied by cash in full by the Purchaser. The Sale Shares represent an aggregate of 100% equity interests in the Target Company.

The Target Company is an investment holding company which directly held 100% equity interests in the Mongolia Subsidiaries. The Mongolia Subsidiaries hold the Property which is under construction and a land use right in Bayanogol district, Ulaanbaatar, Mongolia. Upon completion of the Property, the Target Group intends to engage in coal transportation, logistics and storage services in Mongolia.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company. Hence, it is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 20 December 2018 (after trading hours), the Purchaser, entered into and completed the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares and to assign the Debt and Purchaser has conditionally agreed to purchase the Sale Shares and Debt at a consideration of HK\$30 million, which will be satisfied by cash in full by the Purchaser. The Sale Shares represent an aggregate of 100% equity interests in the Target Company.

THE AGREEMENT

Date 20 December 2018 (after trading hours)

Parties

Purchaser: World Dynasty Holdings Limited, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

Vendor: Mr. Yu Tsung Chin William

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

Consideration

The consideration for the Acquisition is HK\$30 million, which consists of the consideration for the Sale Shares and the assignment of the Debt, payable by the Purchaser to the Vendor. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the preliminary valuation of the Railway Platform as appraised by an independent valuer of approximately HK\$31 million in market approach.

The Purchaser shall pay the Consideration to the Vendor in the following manners:

- (a). first installment of HK\$20,000,000 by means of cashier order (or such other means to be agreed by the Vendor and the Purchaser) by the Purchaser to the Vendor or its designated party on the date of the Agreement (or such other date to be agreed between the Purchaser and the Vendor in writing); and
- (b). retention money of HK\$10,000,000 by means of cashier order (or such other means to be agreed by the Vendor and the Purchaser) by the Purchaser to the Vendor or its designated party falling on the first anniversary of the Completion Date (or such date to be agreed between the Purchaser and the Vendor in writing), subject to (i) the fulfilment of all post-completion undertakings; and (ii) there has been no breach of this Agreement by the Vendor.

Completion

The Completion took place at the office of the Purchaser on the Completion Date and was satisfaction of, among things, the following conditions:

- (a) the Vendor delivered to the Purchaser:
 - (i) a certified true copy of the audited consolidated account of the Target Group for the two financial years ended 31 December 2017 and consolidated management account of the Target Group for the nine months ended 30 September 2018;
 - (ii) an original legal opinion in the form and substance satisfactory to the Purchaser in the Purchaser's absolute discretion issued by the lawyers qualified to practice law in the Mongolia and at the costs of the Vendor;
 - (iii) the original signed valuation report on the Target Group issued by an independent valuer, in the form and substance satisfactory to the Purchaser; and
 - (iv) original of the certificate of incorporation, the business registration certificates, the statutory books and records duly written up to date, unissued share certificates, the constitutional documents, authorised chop and common seals of Target Company and Mongolia Subsidiaries;
- (b) the Vendor held a board meeting and a shareholders meeting of the Target Company, and delivered to the Purchaser the original of the minutes of such meetings;
- (c) the Purchaser delivered to the Vendor cashier order of first instalment of HK\$20,000,000.

Post-Completion Undertaking by the Vendor

The Vendor shall use its best endeavor and provide all necessary assistance and support as required by the Purchaser to procure:

- (a) the entry into a construction agreement by the Target Group with respect to the completion of construction of the Railway Platform, in the form and substance to be approved by the Purchaser in the Purchaser's absolute discretion, at any time on or before 30 April 2019; and
- (b) the entry into of an operation agreement by the Target Group with respect to the management of operation of the Railway Platform upon its completion, in the form and substance to be approved by the Purchaser in the Purchaser's absolute discretion, at any time on or before 30 April 2019.

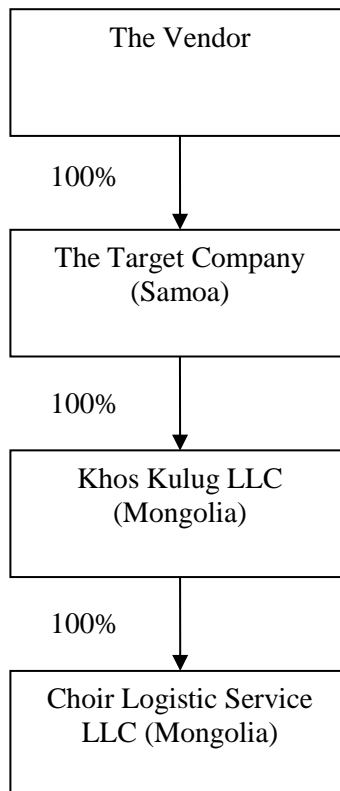
The Vendor shall deliver to the Purchaser on or before 20 January 2019 certified true copy of the consolidated management account of the Target Group up to 20 December 2018.

INFORMATION ON THE TARGET GROUP

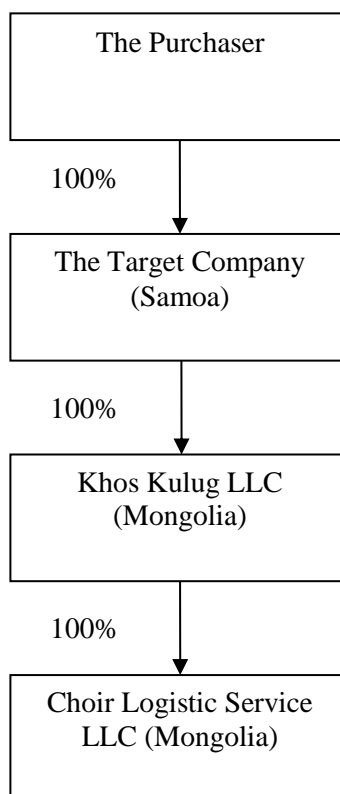
Shareholding structure of the Target Group

Set below is the shareholding structure of the Target Group

i) Before completion



ii) Upon completion



The Target Company is an investment holding company in Samoa incorporated on 10 June 2013 with issued share capital of USD100. Since incorporation to the date of this announcement, save for the aforesaid investment holding, the Target Company has not carried on other businesses and has no other material assets.

Khos Khulug LLC was wholly-owned by the Target Company. It was incorporated in Mongolia on 25 January 2010 with registered capital of MNT200,562,000. The principal asset of Khos Khulug LLC is the Property which is under construction in Bayanogol district, Ulaanbaatar, Mongolia. Upon completion of the Property, Khos Khulug LLC intends to engage in coal storage, transportation and logistics services in Mongolia.

Choir Logistic Service LLC was wholly-owned by Khos Khulug LLC directly and the Target Company indirectly. It was incorporated in Mongolia on 21 October 2014 with registered capital of MNT196,676,000. Since 13 April 2015, Choir Logistic Service LLC has obtained a land use right in Bayanogol district, Ulaanbaatar, Mongolia where the docking railway station is located.

Before completion, the Target Company was wholly-owned by the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the members of the Target Group and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Financial information of the Target Group

Set out below is a summary of the audited consolidated financial information of the Target Group for the two financial years ended 31 December 2017 and 2016:

	For the year ended 31 December	
	2017	2016
	(audited)	(audited)
	<i>USD</i>	<i>USD</i>
Net loss before taxation	46,890	26,488
Net loss after taxation	46,890	26,488

The audited total assets value of the Target Group as at 31 December 2017 and 31 December 2016 were USD9,467,278 (equivalent to approximately HK\$73,845,000) and USD9,467,255 (equivalent to approximately HK\$73,845,000) respectively. The audited net liability value of the Target Group as at 31 December 2017 and 31 December 2016 were USD89,938 (equivalent to approximately HK\$702,000) and USD43,048 (equivalent to approximately HK\$336,000) respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Being a pioneer in the Belt and Road, the Group started off to plan seeds along the now called Belt and Road region as early as 2011. As discussed in our interim report 2018, Mongolia and Russia are located in the north of Asia and are countries along Belt and Road. In 2015, China, Mongolia and Russia have formulated “the Plan on Establishing the China-Mongolia-Russia Economic Corridor” which includes promoting the development of transportation and infrastructure.

As Mongolia is located on the Belt and Road, the Group began to explore the logistics market in Mongolia in 2016 and planned to acquire the Railway Platform. The Railway Platform would provide loading and unloading services, warehousing, customs declaration and logistics services. The ground construction of the Railway Platform includes administrative centre, railway scales, dormitories, security offices.

The Group planned to complete the infrastructure after the planned acquisition so as to put the Railway Platform into operation as soon as practicable. The Board is of the view that the Acquisition would enhance its supply chain management business in Mongolia and enable the Group to become a fully-fledged supply chain management player in the north western part of the PRC after the Railway Platform is put into operation. Leveraging on the Group’s experience and business in Shandong Kalai Logistic Centre, the Directors are optimistic to the future business development of the Target Group.

Taking into account the above factors and the trading prospects of the Target Group, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company. Hence, it is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and Debt by the Purchaser from the Vendor, pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 20 December 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Kaisun Holdings Limited (凱順控股有限公司*), 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”	the date on which Completion takes place

“Consideration”	HK\$30 million, being settle by cash in full, pursuant to the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Debt”	all aggregate entire amounts (whether principal, interest or otherwise) which the Target Group owe to the Vendor and Golden Pogada LLC (a company indirectly wholly owned by the Vendor) as at the Completion Date
“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
“MNT”	the lawful currency of Mongolia
“Mongolia Subsidiaries”	Khos Kulung LLC and Choir Logistic Service LLC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Purchaser”	World Dynasty Holdings Limited, an indirect wholly-owned subsidiary of the Company
“Railway Platform”	the railway platform located in Choir, Mongolia
“Sale Shares”	an aggregate of 100% of the entire issued share capital of the Target Company to be acquired by the Purchaser from the Vendor
“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
“Target Company”	Double Up Group Limited
“Target Group”	Double Up Group Limited and its Mongolia Subsidiaries
“USD”	the lawful currency of United States
“Vendor”	Mr. Yu Tsung Chin William
“% ”	per cent

(Note: Exchange rate as at 31 December 2017: USD1 = HK\$7.8

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 Holdings Limited
Chan Nap Kee, Joseph
Chairman

Hong Kong, 20 December 2018

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 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.kaisun.hk

** for identification purpose only*