
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Kaisun Energy Group Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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

This circular, for which the board of directors of **Kaisun Energy Group Limited** collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to **Kaisun Energy Group Limited**. The board of directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**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)****PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
REFRESHMENT OF THE EXISTING SCHEME LIMIT ON
THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Kaisun Energy Group Limited to be held at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Tuesday, 12 April 2011 at 10:30 a.m. is set out on pages 17 to 21 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.

* For identification purposes only

10 March 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Tuesday, 12 April 2011 at 10:30 a.m.
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Kaisun Energy Group Limited, an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Existing Scheme Limit”	the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the issued share capital of the Company as at 14 January 2010 (being the date of the EGM on which the scheme mandate under the Share Option Scheme was refreshed)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general and unconditional mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	8 March 2011, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication

DEFINITIONS

“Notice of AGM”	the notice of the AGM as set out on pages 17 to 21 of this circular
“Participants”	the eligible participants of the Share Option Scheme in accordance with the rules of the Share Option Scheme
“Repurchase Mandate”	the general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate
“Scheme Mandate”	the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Company’s issued share capital as at the date on which the dealings in the Shares first commenced on the Stock Exchange, which may be “refreshed” on and pursuant to the rules of the Share Option Scheme
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Shareholder(s)”	registered holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 9 December 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong
“%”	per cent.

The logo consists of the letters 'KEG' in a bold, white, sans-serif font, centered within a solid black square.

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)

Executive Directors:

Mr. CHAN Nap Kee, Joseph
(Chairman and Acting Chief Executive Officer)
Dr. CHOW Pok Yu, Augustine
Mr. YANG Yongcheng
Mr. LI Hong

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-executive Directors:

Mr. LIEW Swee Yean
Mr. SIU Siu Ling, Robert
Dr. WONG Yun Kuen
Mr. ANDERSON Brian Ralph

*Head Office and Principal Place
of Business in Hong Kong:*

5/F
31C-D Wyndham Street
Central
Hong Kong

10 March 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
REFRESHMENT OF THE EXISTING LIMIT ON
THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals for the Issue Mandate, the Repurchase Mandate, the Extension Mandate, the re-election of the retiring Directors and refreshment of the Scheme Mandate, the amendments to the Articles and to seek your approval at the AGM in connection with, inter alia, such matters.

* For identification purposes only

LETTER FROM THE BOARD

ISSUE MANDATE AND EXTENSION MANDATE

At the annual general meeting held on 30 July 2010, the Shareholders of the Company passed an ordinary resolution to grant a new general mandate to the Directors to allot, issue and deal with Shares. Such new general mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such general mandate at the AGM.

Ordinary resolutions will be proposed at the AGM to grant to the Directors the Issue Mandate and the Extension Mandate. The Issue Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Issue Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first. Details of the Issue Mandate and the Extension Mandate are set out in ordinary resolutions number 4 and 6 respectively in the Notice of AGM.

As at the Latest Practicable Date, a total of 2,114,383,750 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Issue Mandate to issue a maximum of 422,876,750 Shares.

REPURCHASE MANDATE

Also at the annual general meeting held on 30 July 2010, the Shareholders passed an ordinary resolution to grant a new general mandate to the Directors to exercise the powers of the Company to repurchase Shares. Such new general mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such general mandate at the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution number 5 in the Notice of AGM. The Repurchase Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Repurchase Mandate, is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of eight Directors, Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng, Mr. LI Hong, Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

LETTER FROM THE BOARD

In accordance with the Articles, Mr. LI Hong shall retire from office at the AGM and, being eligible, would offer themselves for re-election. Mr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng and Mr. ANDERSON Brian Ralph shall retire from office by rotation at the AGM, and being eligible, offer themselves for re-election.

Brief biographical details of the retiring Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

REFRESHMENT OF THE SCHEME MANDATE

Pursuant to the written resolution of the then Shareholders passed on 9 December 2003, the Share Option Scheme was adopted. The purpose of the Share Option Scheme is to provide the Participants, which include employees of the Group, with the opportunity to acquire equity interests in the Company and to encourage the Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

Pursuant to Chapter 23 of the GEM Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes of a listed issuer must not in aggregate exceed 10% of the relevant class of securities of the listed issuer in issue as at the date of approval of the scheme. The listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The GEM Listing Rules also provide that the limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer in issue from time to time.

Pursuant to the Existing Scheme Limit, the Directors may grant options not exceeding 200,567,500 Shares, representing 10% of the issued share capital of the Company as at 14 January 2010, being the date of the EGM on which the scheme mandate under the Share Option Scheme was refreshed. As at the Latest Practicable Date, options carrying the rights to subscribe for 133,013,174 Shares have been granted to the grantees under the Share Option Scheme, 31,563,750 of such options have been exercised, and 16,792,500 of such options have lapsed. As at the Latest Practicable Date, 84,656,924 options remained outstanding (representing approximately 42.21% of the Existing Scheme Limit). Accordingly, the Directors can only grant further options carrying the rights to subscribe for 84,346,826 Shares (representing approximately 42.05% of the Existing Scheme Limit) under the Existing Scheme Limit.

The Directors consider that the Company should refresh the Scheme Mandate so that the Company could have more flexibility to provide incentives to the Participants by way of granting share options to them. If the refreshment of the Scheme Mandate is approved at

LETTER FROM THE BOARD

the AGM, based on the 2,114,383,750 Shares in issue as at the Latest Practicable Date and assuming that the issued share capital of the Company remains unchanged on the date of the AGM, the Company will be allowed under the refreshed Scheme Mandate to grant options carrying the rights to subscribe for up to a total of 211,438,375 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM.

Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

None of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company in the 12-month period up to and including the respective dates of grant as set out in Rule 23.03(4) of the GEM Listing Rules.

As at the Latest Practicable Date, the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted under the Share Option Scheme is 84,656,924, representing approximately 4.00% of the Shares in issue as at the Latest Practicable Date. If the refreshment of the Scheme Mandate is approved at the AGM, the existing outstanding options granted under the Existing Scheme Limit and the options to be granted under the refreshed Scheme Mandate will not in aggregate exceed 30% of the issued share capital of the Company.

The Directors consider that the refreshment of the Scheme Mandate is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other Participants under the Share Option Scheme.

The refreshment of the Scheme Mandate is conditional upon:

- (i) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed Scheme Mandate, being 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the AGM.

Application has been made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed Scheme Mandate, being 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the AGM.

AGM

The notice convening the AGM, which contains, inter alia, ordinary resolutions to approve the Issue Mandate, the Repurchase Mandate, the Extension Mandate and the re-election of the retiring Directors are set out on pages 17 to 21 of this circular.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

The Notice of AGM is set out on pages 17 to 21 of this circular. A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM, or any adjourned meeting, should they so wish.

VOTING BY POLL

Under Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATION

The Directors believe that the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the re-election of the retiring Directors, are in the best interests of the Company as well as to the Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the resolutions set out in the Notice of AGM.

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

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide you with requisite information for your consideration of the Repurchase Mandate.

1. GEM LISTING RULES RELATING TO REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. EXERCISE OF THE REPURCHASE MANDATE

Subject to the passing of the resolution granting the Repurchase Mandate and assuming that no further Shares are issued or repurchased prior to the AGM, exercise in full of the Repurchase Mandate, on the basis of 2,114,383,750 Shares in issue at the Latest Practicable Date, could result in up to 211,438,375 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

3. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's latest published audited financial statements for the year ended 31 March 2010) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates (as defined in the GEM Listing Rules), have any present intention, if the Repurchase Mandate is exercised, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the substantial Shareholders (as defined in the GEM Listing Rules) and their respective interests in the issued Share:

Name of substantial Shareholder	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Zhang Zhi Ping (<i>Note 1</i>)	215,640,000	10.20%	11.33%
Zhang Gaobo (<i>Note 1</i>)	215,640,000	10.20%	11.33%
Oriental Patron Financial Group Limited (“OPFGL”) (<i>Note 1</i>)	215,640,000	10.20%	11.33%
OP Financial Investments Limited (“OPFIL”) (<i>Note 1</i>)	129,260,000	6.11%	6.80%
Profit Raider Investments Limited (“PRIL”) (<i>Note 1</i>)	129,260,000	6.11%	6.80%
Oriental Patron Financial Services Group Limited (“OPFSGL”) (<i>Note 1</i>)	86,380,000	4.09%	4.54%
GEM Global Yield Fund Limited (“GEM Global”) (<i>Note 2</i>)	230,000,000	10.88%	12.09%

Notes:

1. OPFGL holds 215,640,000 Shares and 314,490,000 underlying Shares. OPFGL is 51% owned by Zhang Zhi Ping and is 49% owned by Zhang Gaobo.

Of these 215,640,000 Shares and 314,490,000 underlying Shares of the Company, 86,380,000 Shares and 108,420,000 underlying Shares are held by Pacific Top Holdings Limited (“PTHL”). PTHL is wholly-owned by OPFSGL, OPFSGL is 95% held by OPGFL. Zhang Zhi Ping, Zhang Gaobo, OPFGL and OPFSGL are deemed to be interested in the interests held by PTHL under the SFO.

Of these 215,640,000 Shares and 314,490,000 underlying Shares, 129,260,000 Shares and 206,280,000 underlying Shares are held by PRIL. PRIL is wholly-owned by OPFIL, OPFIL is 42.07% held by Ottness Investments Limited (“OIL”). Zhang Zhi Ping, Zhang Gaobo, OPFGL, OIL and OPFIL are deemed to be interested in the interests held by PRIL under the SFO.

2. These 1,021,000,000 Shares and underlying Shares represent the aggregate of: (i) the 230,000,000 Shares held by Grand Pacific Source Limited (“Grand Pacific”), which was a wholly-owned subsidiary of GEM Global; and (ii) 170,000,000 underlying Shares held by Grand Pacific and 621,000,000 underlying Shares held by GEM Global. Accordingly, GEM Global is deemed to be interested in those Shares and underlying Shares held by Grand Pacific under the SFO.

The Directors are unable to ascertain the interests of GEM Global as at the Latest Practicable Date, and confirm whether the interests of GEM Global as at the Latest Practicable Date, have been accurately shown. The interest of GEM Global as shown was disclosed in the corporate substantial notice of GEM Global filed on 3 April 2008 and recorded in the register of substantial shareholders maintained by the Company under Section 336 of the SFO. As set out in the Company’s announcement dated 3 June 2008, the Company received default notification from GEM Global in

relation to HK\$540 Million Placing Convertible Bonds (as defined in such announcement). Theoretically, the interests of GEM Global should have decreased and updated corporate substantial notice should have been filed with the Company and the Stock Exchange by GEM Global as a result of such default. In addition to the default of the Placing Convertible Bonds mentioned above, as set out in the Company's announcements dated 3 June 2008 and 11 June 2008, on 10 June 2008, 230 million Consideration Shares (as defined in such announcements) were allotted and issued to Grand Pacific, the entire equity interests of which were acquired by Glimmer Stone Investments Limited ("Glimmer") from GEM Global on the same day, and 60 million Consideration Shares were transferred from Grand Pacific to GEM Global as consideration for such acquisition. Theoretically, the interests of GEM Global should have decreased and updated corporate substantial notice should have been filed with the Company and the Stock Exchange by GEM Global as a result of the acquisition of Grand Pacific by Glimmer mentioned above. The Company has not received any updated corporate substantial notice of GEM Global after 3 April 2008. However, the Directors cannot exclude the possibility that GEM Global may have acquired or disposed of any interests in shares or underlying shares of the Company after the above announcements.

The Directors are also unable to ascertain the shareholding of GEM Global from the register of members of the Company as the information contained therein may not reflect the actual beneficial shareholdings of the shareholders (i.e. the registered shareholders may be have trustee or holding some shares of the Company on behalf of the others and this kind of interest is not required to be disclosed under the SFO).

On the above basis, the exercise of the Repurchase Mandate in full would not trigger any general offer obligation under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

6. SHARE PURCHASED BY THE COMPANY

The Company has not purchased any of its Shares (whether on GEM or otherwise) in the six months preceding the Latest Practicable Date.

7. SHARE PRICES

The table below is a summary of the highest and lowest prices at which Shares are traded on the Stock Exchange in each of the previous twelve calendar months prior to the Latest Practicable Date.

	Highest Traded Price	Lowest Traded Price
	<i>HK\$</i>	<i>HK\$</i>
2010		
March	1.15	0.97
April	1.31	1.08
May	1.19	0.90
June	1.05	0.97
July	1.00	0.70
August	0.73	0.51
September	0.57	0.51
October	0.57	0.50
November	0.63	0.50
December	0.51	0.48
2011		
January	0.50	0.37
February	0.39	0.315
1–8 March	0.36	0.325

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the Directors proposed to be re-elected at the AGM:

Mr. Li Hong

Mr. Li Hong, aged 47, was appointed as executive director and chief operating officer of the Company with effect from 3 September 2010. He joined the Group in July 2009 as the Vice Operation Director of China District of the Group, and took up the role of General Manager of Mengxi Minerals since October 2009. In order to raise effectiveness in site operation and administration, Mr. Li has been appointed as the director and chief executive officer of Mengxi Minerals effective from August 2010, and President of Mengxi Minerals effective from October 2010.

Mr. Li holds a graduate degree in economics of Guangdong Academy of Social Sciences of the People's Republic of China. He has over 20 years of solid experience in financial and administrative management of various industries and also over 5 years experience in the mining industry.

There is no service contract entered into between the Company and Mr. Li in respect of his appointment as the executive director and chief operating officer. There is no proposed length of service with Mr. Li and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company ("Articles"). He will be entitled to an annual director fee of RMB350,000, which was determined by the remuneration committee of the Company with reference to his duties and responsibilities within the Group, the Company's remuneration policy and the prevailing market condition.

Save as disclosed above, Mr. Li did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Li was interested in share options of the Company with the right to subscribe for 3,000,000 Shares at an exercise price of HK\$1.184, representing approximately 0.14% of the issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, Mr. Li did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Dr. Chow Pok Yu, Augustine

Dr. Chow Pok Yu, Augustine, aged 58, was appointed as an executive director in November 2008. He is a director of Harmony Asset Limited (stock code: 0428), a publicly listed investment company specializing in China and Hong Kong and the shares of which are listed on the Stock Exchange. He is also a chairman of Harmony Asset Management Limited which is the investment manager of Harmony Asset Limited. Dr. Chow is a non-executive director of Jian ePayment Systems Limited (stock code: 8165), the shares of which are listed on the GEM. He is also a director and independent director of two overseas listed companies namely Celsion Corporation (AMEX: CLN) and Augyva Mining Resources Inc. (CDNX: AUV.V) respectively.

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Dr. Chow has vast experience in managing public listed companies that are involved in manufacturing, marketing and financial services, and specializes in mergers and acquisitions.

Dr. Chow holds professional memberships in the Institute of Marketing (HK), Institute of Financial Accountants (UK), and Hong Kong Securities Institute. He also holds an Honorary Fellowship from Bolton University. In addition, he serves on the Global Advisory Council of London Business School.

Dr. Chow holds a MSc from London Business School and PhD from University of South Australia. He also holds MPhil and Engineering Doctorate from City University of Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, Dr. Chow did not have other major appointments and professional qualifications, did not hold any positions in the Group and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

No service contract has been entered into between the Company and Dr. Chow and there is no proposed length of service of Dr. Chow with the Company. He is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is not entitled to receive any director's fee from the Company.

Save as disclosed above, Dr. Chow did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Dr. Chow was interested in 990,000 shares, representing approximately 0.05% of the issued share capital of the Company and share options of the Company with the right to subscribe for 4,925,000 Shares at an exercise price of HK\$0.394 each, representing approximately 0.23% of the issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, Mr. Chow did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Yang Yongcheng

Mr. Yang Yongcheng, aged 42. He was appointed as an executive director in February 2009. He graduated from the Yikezhao League School of Finance (伊盟財經學校) in Inner Mongolia of the PRC and the China Central Radio & TV University, majoring in financial accounting. He is currently studying at the Zhongnan University of Economics and Law, majoring in EMBA.

Mr. Yang was appointed as the chief of the finance division of Inner Mongolia Hangjinqi Materials Company (內蒙古杭錦旗物資公司) in September 1989; a manager of Eqianqi Coke-oven Plant of Inner Mongolia Yimei Group (內蒙古伊煤集團鄂前旗焦化廠) in January 2001; a deputy general manager of Inner Mongolia Mengxi Building Materials Company (內蒙古蒙西建材公司) in July 2003; the chairman of Inner Mongolia Mengxi Kaolin Co., Ltd. in August 2005; and the chairman and general manager of Inner Mongolia

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Mengxi Coal Limited (內蒙古蒙西煤炭有限公司) in January 2008. He has been serving as a director of the joint venture Inner Mongolia Mengxi Minerals Co., Limited since the joint venture was established in September 2008.

Mr. Yang has been involved in senior positions for corporate management for a long period of time, has profound knowledge of the human and economic development environment in the Mengxi region of Inner Mongolia of the PRC, and possesses extensive experience in corporate investment, product and market development as well as operation of minerals enterprises.

No service contract has been entered into between the Company and Mr. Yang and there is no proposed length of service of Mr. Yang with the Company. He is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is not entitled to receive any director's fee from the Company. He received an annual salary of RMB650,000 from the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Yang did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Yang did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Yang was interested in 100,000 Shares, representing approximately 0.01% of the issued share capital of the Company and in share options of the Company with the right to subscribe for 4,925,000 Shares at an exercise price of HK\$0.762, representing approximately 0.23% of the issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, Mr. Yang did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Anderson Brian Ralph

Mr. Anderson Brian Ralph, aged 68. He was appointed as an independent non-executive director on 23 January 2009 under a service contract commencing on the same date for a term of one year and thereafter may be extended for such period as the Company and Mr. Anderson may agree in writing.

Mr. Anderson holds a Bachelor of Science Degree in Metaliferous Mining Engineering from the Camborne School of Mines, the University of Exeter and a Master of Science Degree in Petroleum Reservoir Engineering from the University of London.

Mr. Anderson has more than 45 years of global experience (of which 32 years with Shell International) in the mining and energy resources industries.

During his tenure as a Chairman of Royal Dutch/Shell Group of Companies ("Shell") in North East Asia, he was responsible for developing Shell's future business, in particular through the formation of important strategic alliances with two of the major state-owned

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Chinese petroleum corporations, which have since led to multi-billion dollar investment commitments in the petroleum and petrochemicals sectors in China, including important new business opportunities in coal gasification.

Mr. Anderson's China experience also includes a 6-year involvement with the prestigious China Council for International Co-operation on the Environment and Development and which includes Ministerial and Vice-Ministerial level appointees from within the PRC government, and top-level international members from government and global multilateral organization and businesses. He represented the Shell's group of companies as a council member for 4 years, and has participated as a member of two taskforces involved with energy and sustainable development policy for China.

Mr. Anderson is a founding member and a director of Acura Limited, an energy marketing and consulting firm, founding member and Chairman of CleanCoalGas Limited, a firm focusing on clean coal project development, both registered in Hong Kong, and is the chairman and managing director of Anderson Energy (Hong Kong) Limited, an energy consulting firm advising corporate clients globally.

Mr. Anderson is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Anderson's director's fee is fixed at HK\$60,000 per annum, which is commensurate with his duties and responsibilities as independent non-executive director, member of the audit committee and the remuneration committee of the Board and the prevailing market situation and subject to shareholders' approval. Save as disclosed, Mr. Anderson did not hold any position within the Group as at the Latest Practicable Date. Save as disclosed, he did not have any relationships with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the Latest Practicable Date.

Save as disclosed above, Mr. Anderson did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Anderson was interested in share options of the Company with the right to subscribe for 1,200,000 Shares at an exercise price of HK\$0.762 each, representing approximately 0.06% of the issued share capital of the company. Save as disclosed above, as at the Latest Practicable Date, Mr. Anderson did not have any interest in the shares of the Company within the Meaning of Part XV of the SFO.



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Tuesday, 12 April 2011 at 10:30 a.m. for the following purposes:

1. To receive and consider the financial statements and the report of the directors and independent auditor's report for the period ended 31 December 2010.
2. To re-elect the retiring directors and to authorize the board of directors to fix the remuneration of the directors.
3. To re-appoint the auditors and to authorize the board of directors to fix the remuneration of the auditors.

ORDINARY RESOLUTIONS

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

* For identification purposes only

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares of the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iv) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

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5. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.01 each in the capital of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules (as defined in ordinary resolution in item 4 of the notice convening the meeting) or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution; and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“THAT subject to the passing of Resolutions in items 4 and 5 of the notice convening the meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Resolution in item 4 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the

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authority granted pursuant to Resolution in item 5 of the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

7. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 9 December 2003 (“**Share Option Scheme**”), representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, pursuant to clause 8.2 of the Share Option Scheme:

- (a) approval be and is hereby granted for refreshing the 10% mandate under the Share Option Scheme (“**Refreshed Scheme Mandate**”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company and its subsidiaries (“**Group**”) under the Refreshed Scheme Mandate shall not exceed 10% of the total number of issued shares of the Company as at the date on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Group (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and
- (b) the directors of the Company or a duly authorised committee thereof be and they are hereby authorised: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

By Order of the Board
CHAN Nap Kee, Joseph
Chairman

Dated the 10 March 2011

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Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited with the Hong Kong branch share registrars of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. With regard to item no. 2 in this notice, the board of directors of the Company proposes that the retiring Directors, namely, Mr. LI Hong, Dr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng and Mr. Anderson Brian Ralph be re-elected as directors of the Company. Biographical details of these directors are set out in Appendix II to the Company's circular dated 10 March 2011.
4. An explanatory statement as required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in connection with the proposed repurchase mandate as ordinary resolution in item 5 above is set out in Appendix I to the Company's circular dated 10 March 2011.
5. The 2010 Annual Report containing, inter alia, the financial statements and the report of the directors and independent auditor's report for the period ended 31 December 2010 has been despatched to shareholders of the Company on or about 28 February 2011. The 2010 Annual Report is available for download on the website of the Company at www.kaisunenergy.com.
6. As at the date of this notice, the board of directors of the Company comprises four executive directors, namely, Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng and Mr. LI Hong and four independent non-executive directors, namely, Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.