
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 a licensed securities dealer, 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 accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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 disclaim 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)

PROPOSED REFRESHMENT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND PROPOSED REFRESHMENT OF EXISTING SCHEME LIMIT

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

A notice convening the extraordinary general meeting of Kaisun Energy Group Limited to be held at 27/FI., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Thursday, 14 January 2010 at 10:00 a.m. is set out on pages 21 to 24 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 Shops 1712-1716, 17th 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.

21 December 2009

* For identification purpose only

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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Introduction	4
General mandate to issue shares	5
General mandate to repurchase shares	7
Refreshment of Existing Scheme Limit	7
The EGM	8
Voting by poll	9
Recommendations	9
Letter from the Independent Board Committee	10
Letter from Ample Capital	11
Appendix – Explanatory statement	18
Notice of EGM	21

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 31 July 2009
“Ample Capital”	Ample Capital Limited, a licensed corporation to carry out business in types 4, 6 and 9 regulated activities (advising on securities, advising on corporate finance and asset management) under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the New Issue Mandate
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“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
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 27/FI., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Thursday, 14 January 2010 at 10:00 a.m. or any adjournment thereof
“Existing General Mandate”	the general and unconditional mandate approved and granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with up to 240,000,000 Shares, representing 20% of the issued share capital of the Company of 1,200,000,000 Shares as at the date of the AGM
“Existing Repurchase Mandate”	the general and unconditional mandate approved and granted to the Directors to exercise the power of the Company to repurchase up to 120,000,000 Shares, representing 10% of the issued share capital of the Company of 1,200,000,000 Shares as at the date of the AGM

DEFINITIONS

“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 31 July 2009 (being the date of the AGM on which the scheme mandate under the Share Option Scheme was refreshed)
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the New Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the New Issue Mandate
“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
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Mr. LIEW Swee Yean, Mr. SIU Siu Ling, Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph, established for the purpose of advising the Independent Shareholders on the New Issue Mandate
“Independent Shareholders”	the Shareholders other than Mr. YANG Geyan, being an executive Director and his associates
“Latest Practicable Date”	17 December 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“New Issue Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of EGM
“New Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to exercise the power of the Company to repurchase Shares on GEM up to 10% of the issued share capital of the Company on the date of the EGM

DEFINITIONS

“Placing”	the placing of 240,000,000 Shares at the placing price of HK\$0.70 per Share pursuant to the terms of a placing agreement dated 14 August 2009 and entered into between the Company and Kingston Securities Limited, being the placing agent
“SFO”	the Securities and Futures Ordinance (Chapter 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 lawful currency in Hong Kong

LETTER FROM THE BOARD

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*)
Mr. YEAP Soon P, Jonathan (*Chief Executive Officer*)
Dr. CHOW Pok Yu, Augustine
Mr. YANG Geyan
Mr. YANG Yongcheng

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

21 December 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES AND
PROPOSED REFRESHMENT OF EXISTING SCHEME LIMIT**

INTRODUCTION

The purpose of this circular is (i) to provide the Shareholders with information on the proposed refreshment of general mandates to allot or issue new Shares, to repurchase Shares and to extend the general mandate to the Directors to issue Shares by adding the number of Shares that may be repurchased by the Company, (ii) to refresh the 10% limit of the Existing Scheme Limit, (iii) to set out the recommendation of the Independent Board Committee and the advice of Ample Capital in relation to the proposed granting of the New Issue Mandate, and (iv) to give you the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the necessary resolutions in relation to the above proposals.

* *For identification purpose only*

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

At the AGM held on 31 July 2009, the Directors were granted the Existing General Mandate to allot, issue and deal with new Shares up to 20% of the aggregate issued share capital of the Company as at the date of such meeting. As at the date of AGM, 1,200,000,000 Shares were in issue and accordingly, a maximum of 240,000,000 new Shares can be issued under the Existing General Mandate. The Company has not refreshed the Existing General Mandate since the date of AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been fully utilized by way of the Placing, details of which were disclosed in the announcement of the Company dated 14 August 2009. Net proceeds of approximately HK\$159.1 million was raised by the Placing which was intended to be used for future business development and general working capital of the Group. As at the Latest Practicable Date, the Group had not utilized any of such proceeds, the Group intends to use the said proceeds for its general working capital purpose as well as for possible future business development and investment opportunities, which would be in line with the intended use of the same as disclosed in the Company's announcement dated 14 August 2009.

As such, an ordinary resolution will be proposed as set out in resolution no. 1 in the notice of the EGM whereby if passed, the Directors will be given a general and unconditional mandate to allot or issue new Shares, representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue as on the date of passing such resolution.

On the basis of a total of 2,005,675,000 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased between the Latest Practicable Date and the EGM, the refreshment of the Existing General Mandate (if granted by the Independent Shareholders at the EGM) will empower the Directors to allot, issue or otherwise deal with up to a maximum of 401,135,000 Shares under the New Issue Mandate.

In addition, subject to the granting of the New Repurchase Mandate, an ordinary resolution will be proposed as set out in resolution no. 3 in the notice of the EGM whereby if passed, the aggregate nominal amount of any Share of the Company repurchased by the Company pursuant to the authority granted to the Directors under the New Repurchase Mandate shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the Directors pursuant to resolution no. 1 in the notice of the EGM provided that the amount of share capital repurchased by the Company shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution.

On 30 April 2008, the Company (then known as Challenger Group Holdings Limited) issued a circular in connection with, amongst others, the very substantial acquisition ("First Acquisition") in respect of indirect 49% interest in Inner Mongolia Mengxi Minerals Limited ("Mengxi Minerals") and indirect 70% interest in Ordos GEM Coal & Chemical Co., Ltd. ("Mengxi Chemical"). The principal business of Mengxi Minerals is the building of early stage infrastructure for sale of coal, exploitation of sagger, washing and choosing of mine run coal and processing of coke. The principal business of

LETTER FROM THE BOARD

Mengxi Chemical is the washing and choosing of mine run coal, the processing of coking coal and coke and their related coal by-products. As stated in the Company's 1st quarterly report for the 3 months ended 30 June 2008, the First Acquisition completed on 10 June 2008. On 17 August 2009, the Company issued a circular in connection with, amongst others, the discloseable and connected transaction (the "Second Acquisition") in respect of the acquisition of 21% interest in Mengxi Minerals. As disclosed in the Company's announcement dated 15 December 2009, the Second Acquisition completed on 10 December 2009. As at the Latest Practicable Date, both of Mengxi Minerals and Mengxi Chemical were held as to 70% by the Group. As disclosed in the Company's announcement dated 15 December 2009, the Board proposed that following completion of the possible merger of Mengxi Minerals with Mengxi Chemical, the Group will acquire the remaining 30% of equity interest in Mengxi Minerals.

The refreshment of the Existing General Mandate would provide discretion to the Directors to issue new Shares under the refreshed limit as and when necessary, and without seeking further approval from the Shareholders. This could give the Company the flexibility and ability to capture any capital raising, investment or business opportunity as and when it arises. As disclosed in the Company's announcement dated 15 December 2009, the Group proposed to consolidate its interests in Mengxi Minerals and Mengxi Chemical. The Group would require fund to finance such intended acquisition, if materialized. Further, the Group would also need fund to finance (i) construction of plant and mine of Mengxi Minerals and (ii) the repayment of bank loan with China Construction Bank (the principal amount which was drawn down by the Group as at the Latest Practicable Date amounted to approximately RMB200 million) as it becomes due.

Apart from equity financing, the Company has also considered other financing alternatives, such as debt financing and bank borrowings. The Company will carefully choose an appropriate method of financing for the Group, in light of cost of its funding requirements, capital structure, financial position, etc. which will maximise the benefit to the Shareholders. In addition, the Directors are of the view that other financing alternatives such as debt financing and bank borrowings would involve lengthy due diligence and negotiations, which also incur interest expenses payable by the Group and ultimately require repayment of the principal amount upon maturity of the debt instrument. As for other forms of equity financing such as rights issue and open offer, the Directors consider that a rights issue or open offer would involve the issue of a prospectus and offer period which are not associated with, for example, a placing of Shares issued under the New Issue Mandate. As such, the time required for the completion of a rights issue or open offer would be substantially longer. Furthermore, the Directors are of the view that Shareholders' response to a rights issue or open offer is uncertain. Accordingly, securing underwriting arrangement for a rights issue or open offer is comparatively more difficult than, for example, a placing of Shares issued under the New Issue Mandate.

For the above reasons, the Directors (including the independent non-executive Directors) believe that it is in the interests of the Company and its Shareholders as a whole if the Existing General Mandate is refreshed which allows the Directors to raise further funds by way of issuing of new Shares as and when funds are required.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM held on 31 July 2009, the Directors were granted the Existing Repurchase Mandate to repurchase up to 10% of the aggregate issued share capital of the Company as at the date of such meeting. As at the date of the AGM, 1,200,000,000 Shares were in issue and accordingly, a maximum of 120,000,000 Shares can be repurchased under the Existing Repurchase Mandate. The Company has not refreshed the Existing Repurchase Mandate since the date of AGM.

Due to the increase in the issued share capital of the Company as a result of the Placing, the conversion of certain convertible bonds into Shares and exercise of share options during the period from the date of the AGM to the Latest Practicable Date, a total of 2,005,675,000 Shares were in issue as at the Latest Practicable Date. Accordingly, the Existing Repurchase Mandate represents approximately 5.98% of the issued share capital of the Company as at the Latest Practicable Date.

An ordinary resolution will therefore be proposed to refresh the Existing Repurchase Mandate at the EGM, that the Directors be granted the New Repurchase Mandate to repurchase Shares, representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution. The New Repurchase Mandate will allow the Company to make purchases only during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by its Articles or any applicable law; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

Subject to the granting of the New Repurchase Mandate and assuming that no other Shares will be issued or repurchased between the Latest Practicable Date and the EGM, the Company will be allowed to repurchase a maximum of 200,567,500 Shares under the New Repurchase Mandate.

An explanatory statement as required under the GEM Listing Rules is attached to provide the requisite information to you to make an informed decision in relation to the New Repurchase Mandate.

REFRESHMENT OF EXISTING SCHEME LIMIT

The Board also proposes to seek the approval of the Shareholders to refresh the Existing Scheme Limit. Pursuant to the Existing Scheme Limit, the Directors may grant options which carry rights to subscribe for not exceeding 120,000,000 Shares, representing 10% of the issue share capital of the Company as at the date of the AGM. Under the Share Option Scheme, options which carry rights to subscribe for 53,005,000 Shares were granted by the Company which had not yet been exercised immediately prior to the date of the AGM. During the period from the date of the AGM to the Latest Practicable Date, options which carry rights to subscribe for 16,668,750 Shares were granted by the Company and options which carry rights to subscribe for 29,755,000 Shares were exercised, options which carry rights to subscribe for 60,000 Shares were lapsed and none of the outstanding options was cancelled. As at the Latest Practicable Date, among the options which had been granted by the Company (i.e. options which carry rights to subscribe for 69,673,750 Shares (inclusive of the 60,000 options which were lapsed)), options which carry rights to subscribe for 39,858,750 Share (exclusive of the 60,000 options which were lapsed) had not yet been exercised (which represents approximately 1.99% of the issued share capital of the Company as at the Latest Practicable Date).

LETTER FROM THE BOARD

The purpose of the Share Option Scheme is to provide the eligible participants of the Share Option Scheme, which include employees of the Group, with the opportunity to acquire equity interests in the Company and to encourage those eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. In order to provide the Company with more flexibility in granting share options to eligible persons under the Share Option Scheme, upon the approval of the refreshment of the Existing Scheme Limit, the Directors will be authorized to grant options to subscribe for a total of 200,567,500 Shares, based on the 2,005,675,000 Shares in issue as at the Latest Practicable Date (assuming that no other Shares will be issued or repurchased between the Latest Practicable Date and the EGM), which represents 10% of the total number of Shares of the Company as at the date of the EGM.

The refreshment of the Existing Scheme Limit is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the refreshment of the Existing Scheme Limit at the EGM; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme under the refreshed Existing Scheme Limit not exceeding 10% of the number of Shares in issue as at the date of approval by the Shareholders.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares, representing 10% of the total number of Shares in issue as at the date of the EGM, but in any event the Company shall comply with the Rule 23.03(3) of the GEM Listing Rules that the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares of the Company (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the Company (or the subsidiary) if this will result in the limit being exceeded.

THE EGM

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the New Issue Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution.

As at the Latest Practicable Date, there was no controlling Shareholder of the Company and, Mr. Yang Geyan, an executive Director, held a total number of 118,345,000 Shares, representing approximately 5.90% of the total issued share capital of the Company. Accordingly, Mr. Yang Geyan and his associates will abstain from voting in favour of the resolutions in connection with the refreshment of the general mandates and the Extension Mandate as set out in resolutions nos. 1 and 3 in the notice of the EGM. Other than the above, no Shareholder is required to abstain from voting in connection with the matters to be resolved at the EGM.

LETTER FROM THE BOARD

The notice convening the EGM to be held on 14 January 2010 for the purpose of considering and, if thought fit, approving the refreshment of the Existing General Mandate and the Existing Repurchase Mandate, the Extension Mandate and the Existing Scheme Limit is set out on pages 21 to 24 of this circular.

A proxy form for use at the EGM is enclosed in 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 Shops 1712-1716, 17th 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.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on page 10 of this circular which contains its recommendation to the Independent Shareholders on the New Issue Mandate. Your attention is also drawn to the letter from Ample Capital as set out on pages 11 to 17 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the above.

The Directors consider that resolutions as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend the Shareholders to vote in favour of the resolutions referred to above to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of Ample Capital, considers the terms of the New Issue Mandate are fair and reasonable and in the interests of the Group and the Shareholders so far as the Independent Shareholders as a whole are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the relevant resolution to be proposed at the EGM to approve the New Issue Mandate.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the proposed New Issue Mandate:

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)

21 December 2009

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

We refer to the circular of the Company dated 21 December 2009 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the New Issue Mandate. Ample Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors they have taken into consideration in giving such advice, are set out on pages 11 to 17 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the New Issue Mandate and the advice of Ample Capital, in particular the principal factors set out in its letter, we consider that the terms of the New Issue Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the granting of the New Issue Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the granting of the New Issue Mandate.

Yours faithfully,
for and on behalf of

the Independent Board Committee

**Mr. LIEW Swee
Yean**

**Mr. SIU Siu Ling,
Robert**

**Dr. WONG Yun
Kuen**

**Mr. ANDERSON
Brian Ralph**

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM AMPLE CAPITAL

The following is the full text of the letter of advice from Ample Capital in respect of the New Issue Mandate and is prepared for the purpose of incorporation into this circular.



Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

21 December 2009

*To the Independent Board Committee and
the Independent Shareholders of
Kaisun Energy Group Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New Issue Mandate, the particulars of which have been set out in a circular to the Shareholders dated 21 December 2009 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Circular.

Ample Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to (i) give our recommendation as to whether terms of the proposed grant of the New Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned; (ii) give our recommendations as to whether the proposed grant of the New Issue Mandate is in the interest of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the EGM. Details of the reasons for the proposed grant of the New Issue Mandate are set out in the section headed “Letter from the Board” in the Circular (the “**Board Letter**”).

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the New Issue Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution.

LETTER FROM AMPLE CAPITAL

As at the Latest Practicable Date, there was no controlling Shareholder of the Company and Mr. Yang Geyan, an executive Director, held a total number of 118,345,000 Shares, representing approximately 5.90% of the total issued share capital of the Company. Accordingly, Mr. Yang Geyan and his associates will abstain from voting in favour of the resolutions in connection with the refreshment of the general mandates and the Extension Mandate as set out in resolutions nos. 1 and 3 in the notice of the EGM. Other than the above, no Shareholder is required to abstain from voting in connection with the matters to be resolved at the EGM.

BASIS OF ADVICE

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the GEM Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the proposed grant of the New Issue Mandate.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM AMPLE CAPITAL

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the New Issue Mandate we have taken into consideration the following factors:

1. Background information

The Company is incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM. The Group is principally engaged in trading of raw coal, provision of auto beauty and repairs operations services. The table below summarises the certain key financial information as extracted from the Group's interim report for the six months ended 30 September 2009 (the "Interim Report").

	Six months ended	
	30 September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Turnover	23,284	27,246
(Loss) attributable to Shareholders	(94,069)	(13,911)

	As at	
	30 September	31 March
	2009	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Total assets	1,196,452	1,040,403
Total liabilities	531,136	721,207
Net assets	665,316	319,196

We note that the Company recorded a consolidated turnover of approximately HK\$23,284,000 for the six months ended 30 September 2009, representing an approximately 14.54% decrease when compared with the consolidated turnover of approximately HK\$27,246,000 recorded during the six months ended 30 September 2008. During the six months ended 30 September 2009, the Company also recorded a consolidated loss attributable to Shareholders of approximately HK\$94,069,000 which represents an approximately 576.22% increase over the loss attributable to Shareholders of approximately HK\$13,911,000 recorded during the six months ended 30 September 2008. As at 30 September 2009, the Company had consolidated total assets, total liabilities and net assets of approximately HK\$1,196,452,000, HK\$531,136,000 and HK\$665,316,000 respectively.

LETTER FROM AMPLE CAPITAL

2. Reasons for the grant of the New Issue Mandate

It is stated in the Board Letter that as at the AGM held on 31 July 2009, the Directors were granted the Existing General Mandate to allot, issue and deal with new Shares up to 20% of the aggregate issued share capital of the Company as at the date of such meeting. As at the date of the AGM, 1,200,000,000 Shares were in issue and accordingly, a maximum of 240,000,000 new Shares can be issued under the Existing General Mandate since the date of AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been fully utilized by way of the Placing, details of which were disclosed in the announcement of the Company dated 14 August 2009. Net proceeds of approximately HK\$159.1 million was raised by the Placing which was intended to be used for future business development and general working capital of the Group. As at the Latest Practicable Date, the Group had not utilized any of such proceeds.

As such, an ordinary resolution will be proposed as set out in resolution no. 1 in the notice of the EGM whereby if passed, the Directors will be given a general and unconditional mandate to allot or issue new Shares, representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue as on the date of passing such resolution.

The refreshment of the Existing General Mandate would provide discretion to the Directors to issue new Shares under the refreshed limit as and when necessary, and without seeking further approval from the Shareholders. This could give the Company the flexibility and ability to capture any capital raising, investment or business opportunity as and when it arises.

For these reasons, the Directors (including the independent non-executive Directors) believe that it is in the interests of the Company and its Shareholders as a whole if the Existing General Mandate is refreshed.

3. Terms of the New Issue Mandate

On the basis of a total of 2,005,675,000 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased between the Latest Practicable Date and the EGM, the refreshment of the Existing General Mandate (if granted by the Independent Shareholders at the EGM) will empower the Directors to allot, issue or otherwise deal with up to a maximum of 401,135,000 Shares under the New Issue Mandate.

From the terms mentioned above, the New Issue Mandate is in compliance with the requirements of the GEM Listing Rules, and thus we are of the view that the terms of the New Issue Mandate are fair and reasonable to the Company and are in the interest of the Company and the Shareholders as a whole.

LETTER FROM AMPLE CAPITAL

4. Current financial resources and financing requirements

As stated in the Interim Report, the Group had bank and cash balances of approximately HK\$196,111,000 and HK\$37,647,000 as at 30 September 2009 and 31 March 2009 respectively. The Group's management advised the increase in the Group's cash and bank balances was the result of the Placing.

On 30 April 2008, the Company (then known as Challenger Group Holdings Limited) issued a circular in connection with, amongst others, the very substantial acquisition (the "**First Acquisition**") in respect of indirect 49% interest in Inner Mongolia Mengxi Minerals Limited ("**Mengxi Minerals**") and indirect 70% interest in Ordos GEM Coal & Chemical Co., Ltd. ("**Mengxi Chemical**"). The principal business of Mengxi Minerals is the building of early stage infrastructure for sale of coal, exploitation of sagger, washing and choosing of mine run coal and processing of coke. The principal business of Mengxi Chemical is the washing and choosing of mine run coal, the processing of coking coal and coke and their related coal by-products. As stated in the Company's 1st quarterly report for the 3 months ended 30 June 2008, the First Acquisition completed on 10 June 2008. On 17 August 2009, the Company issued a circular in connection with, amongst others, the discloseable and connected transaction (the "**Second Acquisition**") in respect of the acquisition of 21% interest in Mengxi Minerals. As disclosed in the Company's announcement dated 15 December 2009, the Second Acquisition completed on 10 December 2009. As at the Latest Practicable Date, both of Mengxi Minerals and Mengxi Chemical were held as to 70% by the Group. As stated in the Company's announcement dated 15 December 2009, the Board proposed that following completion of the possible merger of Mengxi Minerals and Mengxi Chemical, the Group will acquire the remaining 30% of equity interest in Mengxi Minerals (the "**Proposed Acquisition**").

We also note from the Interim Report that China Construction Bank has provided a RMB300 million loan facility (the "**Loan**") to the Group to partially fund the construction of the beneficiation plant and the underground mine of Mengxi Minerals. The Group is funding the balance of the capex (capital expenditure) requirements with its internal resources. It is stated in the Board Letter that as at the Latest Practicable Date, the Group has drawn down approximately RMB200 million.

LETTER FROM AMPLE CAPITAL

We have been advised by the Group's management that, having taken into account the Group's bank and cash balances of approximately HK\$196,111,000 as at 30 September 2009, the Group's management is of the view that it is beneficial for the Company to seek for the New Issue Mandate to finance in whole or in part (i) the Proposed Acquisition if materialized; (ii) the repayment of the interest bearing Loan (the portion which has been drawn down is larger than the Group's bank and cash balances as at 30 September 2009) therefore reducing the Group's gearing at the same time; (iii) the aforementioned balance of the capex requirements of the beneficiation plant and the underground mine; and/or (iv) other possible projects in the future. The AGM was held on 31 July 2009. In the event that (i) the Existing General Mandate is not renewed before the next annual general meeting; and (ii) the next annual general meeting of the Company is held in 2010 at around the same date and month as the AGM, the Company will have to wait over 7 months until the Existing General Mandate can be renewed. After considering that the Existing General Mandate has been fully utilized, the Group's management is of the view that the grant of the New Issue Mandate would allow greater flexibility for the Group in meeting its financing needs for the aforementioned purposes.

Having considered the above and in particular: (i) the Group has bank and cash balances of approximately HK\$196,111,000 as at 30 September 2009; (ii) the Group is expected to require funding to finance the Proposed Acquisition (if materialized), the repayment of the Loan, the balance of the capex requirements of the beneficiation plant and the underground mine, and/or other possible projects in the future; and (iii) the bank and cash balances of approximately HK\$196,111,000 as at 30 September 2009 is insufficient to repay the drawn down portion of the Loan in the amount of RMB200 million, we concur with the view of the Group's management that the grant of the New Issue Mandate would provide the Company with additional flexibility in reaching its funding requirements. Grasping possible business and/or investment opportunities in a timely manner is important to the growth and development of the Group, and the reduction of the Group's gearing is beneficial to its overall financial position. Accordingly, we are of the view that the grant of the New Issue Mandate is in the interests of the Company and the Shareholders as a whole.

5. Other financing alternatives

The Group's management advised that apart from equity financing, the Company has also considered other financing alternatives, such as debt financing and bank borrowings. The Company will carefully choose an appropriate method of financing for the Group, in light of cost of its funding requirements, capital structure, financial position, etc. which will maximise the benefit to the Shareholders. In addition, the Group's management also advised that other financing alternatives such as debt financing and bank borrowings would involve lengthy due diligence and negotiations. Furthermore, debt financing would inevitably incur interest expenses payable by the Group and would ultimately require repayment of the principal amount upon maturity of the debt instrument. As for other forms of equity financing such as rights issue and open offer, the Group's management does not consider these methods of fund raising to be desirable. Firstly, a rights issue or open offer would involve the issue of a prospectus and offer period which are not associated with, for example, a placing of Shares issued under the New Issue Mandate. As such, the time required for the completion of a rights issue or open

LETTER FROM AMPLE CAPITAL

offer would be substantially longer. Furthermore, the Group's management is of the view that Shareholders' response to a rights issue or open offer is uncertain. Accordingly, securing underwriting arrangement for a rights issue or open offer is comparatively more difficult than, for example, a placing of Shares issued under the New Issue Mandate.

Having considered the aforementioned assessments of the Group's management to which we concur, we are of the view that the grant of the New Issue Mandate will provide the Company with an additional financing alternative in meeting its funding requirements. Accordingly, we are of the view that the proposed grant of the New Issue Mandate is in the interests of the Company and the Shareholders as a whole.

CONCLUSION

Having considered the above principal factors, we are of the opinion that the terms of the proposed grant of the New Issue Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend (1) the Independent Board Committee to advise the Independent Shareholders and (2) the Independent Shareholders, to vote in favour of the ordinary resolution to approve the proposed grant of the New Issue Mandate at the EGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

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 New 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 NEW REPURCHASE MANDATE

Subject to the passing of the resolution granting the New Repurchase Mandate and assuming that no further Shares are issued or repurchased on or after the Latest Practicable Date and up to the EGM, exercise in full of the New Repurchase Mandate, on the basis of 2,005,675,000 Shares in issue at the Latest Practicable Date, could result in up to 200,567,500 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 New 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. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the New 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.

6. DISCLOSURE OF INTERESTS

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, have any present intention, if the New 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 New Repurchase Mandate is granted.

7. EFFECT OF THE TAKEOVERS CODE

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, to the best of the knowledge and belief of the Directors, (i) VMS Investment Group Limited held 150,000,000 Shares, representing approximately 7.48% of the issued share capital of the Company as at the Latest Practicable Date and (ii) Pacific Top Holding Limited (a wholly-owned subsidiary of Oriental Patron Financial Services Group Limited, which is 95% owned by Oriental Patron Financial Group Limited ("OPFG")) and Profit Rider Investments Limited (a wholly-owned subsidiary of OP Financial Investments Limited, which is 42.07% owned by Otness Investments Limited, and in turn, being a wholly-owned subsidiary of OPFG) held an aggregate number of 215,640,000 Shares, representing approximately 10.75% of the issued share capital of the Company as at the Latest Practicable Date.

On the basis that there were 2,005,675,000 Shares in issue as at the Latest Practicable Date and assuming that there are no issue or repurchase of Shares prior to the date of the EGM, if the New Repurchase Mandate were exercised in full, (i) the shareholding of VMS Investment Group Limited would increase to approximately 8.31% of the then issued share capital of the Company and (ii) the aggregate shareholding of Pacific Top Holding Limited and Profit Rider Investments Limited would increase to approximately 11.95% of the then issued share capital of the Company.

On the above basis, the exercise of the New Repurchase Mandate in full would not trigger any general offer obligation on the part of VMS Investment Group Limited or Pacific Top Holding Limited and Profit Rider Investments Limited under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the New 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%.

8. 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.

9. 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 HK\$	Lowest traded price HK\$
2008		
December	0.430	0.300
2009		
January	0.415	0.275
February	0.370	0.280
March	0.385	0.295
April	0.355	0.265
May	0.420	0.275
June	0.810	0.410
July	0.900	0.620
August	0.890	0.690
September	1.230	0.750
October	1.620	0.980
November	1.250	0.990
1 December 2009 to 17 December 2009	1.100	0.870

10. 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 2009) in the event that the New Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the New 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.

NOTICE OF EGM

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 extraordinary general meeting of Kaisun Energy Group Limited (the “**Company**”) will be held at 27/FI., Two Exchange Square, 8 Connaught Place, Central, Hong Kong, on Thursday, 14 January 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

Ordinary Resolutions

1. “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 (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 during the Relevant Period 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;
- (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 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; (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; (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;

* *For identification purpose only*

NOTICE OF EGM

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(e) 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 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 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).”

2. “THAT:

(a) subject to paragraph (b) below, the exercise by the Directors 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 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 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;

NOTICE OF EGM

(c) subject to the passing of each of the paragraphs (a) and (b) of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(d) 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.”

3. “**THAT** subject to the passing of resolutions in items 1 and 2 of the notice convening the meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to resolution in item 1 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 authority granted pursuant to resolution in item 2 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.”

4. “**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

NOTICE OF EGM

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 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
LEUNG Lit For
Secretary

Dated the 21 December 2009

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 Shops 1712-1716, 17th 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. An explanatory statement as required by the GEM Listing Rules in connection with the proposed new repurchase mandate as ordinary resolution in item 2 above is set out in the Appendix to the Company’s circular dated 21 December 2009.
4. As at the date of this notice, the board of directors of the Company comprises five executive directors, namely, Mr. CHAN Nap Kee Joseph, Mr. YEAP Soon P Jonathan, Dr. CHOW Pok Yu Augustine, Mr. YANG Geyan and Mr. YANG Yongcheng 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.