
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus 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 advisers.

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

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents Registered by the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance. Neither the SFC, nor the Stock Exchange nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of these documents.

This prospectus is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations. Distribution of the Prospectus Documents in or into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction, for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdictions where such release or distribution might be unlawful. The information in the Prospectus Documents have been made available to you on the basis that you are a person into whose possession such information may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the information, electronically or otherwise, to any other person.

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The logo for Kaisun Energy Group Limited, consisting 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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriters to the Rights Issue



KOALA Securities Limited
樹熊證券有限公司

Director

Mr. Chan Nap Kee, Joseph

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 6 January 2017. The procedure for acceptance and payment for the Rights Shares are set out in the paragraph headed "Procedure for acceptance and payment or transfer" of this prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on page 20–21 of this prospectus. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 22 December 2016 to Tuesday, 3 January 2017 (both dates inclusive). If the Underwriters terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil paid form up to the date when the conditions of the Rights Issue are fulfilled or waived (as applicable) (which is expected to be 4:00 p.m. on Wednesday, 11 January 2017) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

* 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>
EXPECTED TIMETABLE	iii
TERMINATION OF THE UNDERWRITING AGREEMENT	v
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	30
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION	33
APPENDIX III — GENERAL INFORMATION	39

EXPECTED TIMETABLE

Event	Date
	2016
Despatch of the Prospectus Documents	Tuesday, 20 December
First day of dealings in nil-paid Rights Shares	Thursday, 22 December
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 28 December
	2017
Last day of dealings in nil-paid Rights Shares	Tuesday, 3 January
Latest time for payment for and acceptance of the Rights Shares and application for excess Rights Shares	4:00 p.m. on Friday, 6 January
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 11 January
Announcement of results of the Rights Issue	Friday, 13 January
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before	Monday, 16 January
Share certificates of the Rights Shares to be posted	Monday, 16 January
Dealing in fully-paid Rights Shares commences	9:00 a.m. on Tuesday, 17 January

Note: All times and dates specified in this prospectus refer to Hong Kong local times and dates. Dates stated in this prospectus for events mentioned in the timetable are indicative only and may be extended or varied by the Company. Any change to the expected timetable for the Rights Issue will be announced as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no.8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 6 January 2017. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same business day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 6 January 2017. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Friday, 6 January 2017, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may jointly by notice in writing to the Company, served prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), to terminate the Underwriting Agreement if:

- (1) in the reasonable opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriters is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriters will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

If the Underwriters jointly give a notice for termination in writing to the Company as aforesaid, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. The obligations of all parties under the Underwriting Agreement (save in respect of certain provisions of the Underwriting Agreement) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriters.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 1 December 2016 in relation to, among other things, the Rights Issue
“Board”	the board of Directors or a duly authorised executive committee thereof
“Business Day”	any weekday (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date falling on the third business day after the Latest Time for Acceptance
“Committed Shares”	the aggregate of 68,160,880 Rights Shares which Mr. Chan has undertaken to accept pursuant to the Underwriting Agreement
“Company”	Kaisun Energy Group Limited (凱順能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Company (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended and supplemented from time to time
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholders whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong branch share registrar and transfer office”	Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch Share registrar located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Koala Securities”	Koala Securities Limited, a registered institution as defined in the SFO which is licensed to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Last Trading Day”	Wednesday, 30 November 2016, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement
“Latest Practicable Date”	16 December 2016, being the latest practicable date prior to the printing of this prospectus for inclusion of certain information in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 6 January 2017 or such other time or date as may be agreed between the Company and the Underwriters, being the latest time for acceptance of, and payment for the Rights Shares and (i) if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day at any time before 12:00 noon and no longer in force thereafter, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day; and (ii) if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Time for Termination”	4:00 p.m. on the next business day after the Latest Time for Acceptance
“Mr. Chan”	Mr. Chan Nap Kee, Joseph, an executive Director and chairman of the Company

DEFINITIONS

“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	this prospectus, the PAL and the EAF
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Friday, 16 December 2016 or such other date as may be agreed between the Company and the Underwriters in accordance with the relevant regulations or requirements
“Rights Issue”	the offer by the Company by way of rights of the Rights Shares at the Subscription Price pursuant to the Prospectus Documents and summarised in this prospectus
“Rights Share(s)”	1,884,202,850 new Shares, proposed to be allotted and issued by way of rights to the Qualifying Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.048 per Rights Share under the Rights Issue, being the closing price of the Shares on the date of the Announcement
“Underwriters”	collectively, Koala Securities and Mr. Chan

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 1 December 2016 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	1,816,041,970 Rights Shares, being the total number of Rights Shares to which holders of existing Shares are entitled pursuant to the Rights Issue less the number of Committed Shares
“Untaken Shares”	those (if any) of the Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

The logo for Kaisun Energy Group Limited, consisting of the letters 'KEG' in white on a black square background.

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

(Chairman and chief executive officer)

Dr. Chow Pok Yu Augustine

(retire with effect from 31 December 2016)

Mr. Yang Yongcheng

Independent non-executive Directors:

Mr. Liew Swee Yean

Mr. Siu Siu Ling Robert

Dr. Wong Yun Kuen

Mr. Anderson Brian Ralph

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Before 23 December 2016:

Unit A, 13th Floor

Two Chinachem Plaza

68 Connaught Road Central

Central, Hong Kong

From 23 December 2016 onwards:

Unit A, 23rd Floor

Two Chinachem Plaza

68 Connaught Road Central

Central, Hong Kong

20 December 2016

To the Qualifying Shareholders and, for information purpose only, the Excluded Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS
SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE
AT HK\$0.048 PER RIGHTS SHARE**

INTRODUCTION

On 1 December 2016, the Board announced, among other things, the Rights Issue. As stated in the Announcement, the Board proposed to raise approximately HK\$90.44 million before expenses by issuing 1,884,202,850 Rights Shares at the Subscription Price of

* *For identification purpose only*

LETTER FROM THE BOARD

HK\$0.048 per Rights Share (being the closing price of the Shares on the date of the Announcement) payable in full on acceptance by way of the Rights Issue, on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders.

The purpose of this prospectus is to provide you with, among other things, further details on the Rights Issue and financial information and other general information on the Group.

TERMS OF THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one Rights Share for every two Shares held on the Record Date by the Qualifying Shareholders
Number of Shares in issue as at the Latest Practicable Date	:	3,768,405,700 Shares
Number of Rights Shares	:	1,884,202,850 Rights Shares
Subscription Price	:	HK\$0.048 per Rights Share, being the closing price of the Shares on the date of Announcement
Number of Shares in issue immediately following the completion of the Rights Issue	:	5,652,608,550 Shares
Underwriters	:	(i) Koala Securities Limited; and (ii) Mr. Chan Nap Kee, Joseph
Number of Underwritten Shares to be underwritten by the Underwriters	:	1,816,041,970 Rights Shares, being the total number of Rights Shares to which holders of existing Shares are entitled pursuant to the Rights Issue less the number of Committed Shares
Amount to be raised	:	approximately HK\$90.44 million before expenses

Under the Rights Issue, 1,884,202,850 Rights Shares would be allotted, representing 50% of the existing total number of issued shares of the Company as at the Latest Practicable Date. The Rights Shares will have an aggregate nominal value of HK\$18,842,028.5.

As at the Latest Practicable Date, there was no other outstanding options, warrants, convertible notes or other rights to subscribe for Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.048 per Rights Share and is payable in full when a Qualifying Shareholder accepts the provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (a) the closing price of HK\$0.0480 per Share as quoted on the Stock Exchange on the date of the Announcement;
- (b) the closing price of HK\$0.0480 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 1.27% to the average closing price of HK\$0.0474 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 0.42% to the average closing price of HK\$0.0478 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 38.85% to the audited consolidated net asset value attributable to equity holders of the Company per Share (after taking into account minority interests) as at 31 December 2015 of approximately HK\$0.0785 (based on the audited consolidated net assets of the Group of approximately HK\$296,001,727) and 3,768,405,700 Shares in issue as at the Latest Practicable Date); and
- (f) theoretical ex-rights price of HK\$0.0480 based on the closing price of HK\$0.0480 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined by the Directors using the market price of the Shares (instead of any discount or premium of the market price) under the prevailing market conditions and the current financial position of the Group so as to bring least impact to the share price of the Company. The Board considers that the Subscription Price is fair and reasonable.

Basis of provisional allotments

The basis of the provisional allotment is one (1) Rights Share (in nil-paid form) for every two (2) Shares held by Qualifying Shareholders on the Record Date. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed “Fractional entitlement” below.

LETTER FROM THE BOARD

Fractional entitlements

The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil paid Rights Shares arising from such aggregation will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil paid Rights Shares will be made available for excess application by the Qualifying Shareholders. No odd lot matching services will be provided.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Rights Shares.

Qualifying Shareholders

The Prospectus Documents are being sent by the Company to the Qualifying Shareholders. Copies of this prospectus are being sent by the Company to the Excluded Shareholders for their information only.

To qualify for the Rights Issue, a Shareholder or an investor must: (i) be registered as a member of the Company on the register of members of the Company in Hong Kong on the Record Date; and (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company in its register of members in Hong Kong on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant title documents) for registration with the Hong Kong branch share registrar and transfer office by 4:30 p.m. on Thursday, 8 December 2016.

The latest time for payment for and acceptance of the Rights Shares is 4:00 p.m. on Friday, 6 January 2017.

Qualifying Shareholders who take up their pro rata entitlement under the Rights Issue in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up his, her or its entitlement in full under the Rights Issue, his, her or its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

Based on the register of members of the Company as at the Record Date, the Company had 15 Overseas Shareholders, of which 13 of them were in the United Kingdom, one of them was in the province of British Columbia (“**British Columbia**”) in Canada and one of them was in the Marshall Islands. In compliance with the requirement under Note 1 to Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the aforementioned overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Rights Shares to Shareholders situated in the aforementioned overseas jurisdictions.

Based on the legal advice on the applicable laws of the United Kingdom obtained by the Company, a number of securities exemptions are applicable to the Company according to the applicable laws of the United Kingdom. The Company has been advised that (i) the Company is not prevented by applicable laws of the United Kingdom from extending the Rights Issue to the Overseas Shareholders with registered address in the United Kingdom (the “**UK Shareholders**”); (ii) the Company is not restricted from making the communication to the UK Shareholders by sending the Prospectus Documents to such UK Shareholders; (iii) the Company is exempted from preparing and submitting the Prospectus or announcement in relation to the Rights Issue to the regulatory authority in the United Kingdom for approval. In view of this, the Directors have decided to extend the Rights Issue to the UK Shareholders.

Based on the legal advice on the applicable laws of the Marshall Islands obtained by the Company, there is no legal restriction or prohibition of any kind under the applicable Marshall Islands laws, including but not limited to requirements of any relevant regulatory body in the Marshall Islands, relating to (i) the offer of the Rights Issue by the Company to the Overseas Shareholder with registered address in the Marshall Islands (the “**Marshall Islands Shareholder**”); and (ii) the posting of the Prospectus Documents to the Marshall Islands Shareholder. In view of this, the Directors have decided to extend the Rights Issue to the Marshall Islands Shareholder.

Based on the legal advice on the applicable laws of Canada obtained by the Company and the fact that there is only one Overseas Shareholder with registered address in British Columbia (the “**Canadian Shareholder**”) and the shareholding of such Canadian Shareholder represents about 0.1% of the total issued Shares as at the Record Date, (i) extending the Rights Issue to the Canadian Shareholder is exempt from the prospectus requirements of the applicable securities laws (the “**BC Securities Laws**”) of British Columbia and the regulations and rules under such laws together with all applicable published policy statements, instruments, guidelines, notices and orders of the securities commission in British Columbia; (ii) no prospectus or other document, other than a written notice for the Company’s reliance on the aforementioned exemption, is required to be filed; (iii) no proceedings are required to be taken and no approvals, permits, consents, orders or authorisations of the securities commission or equivalent regulatory authorities in British Columbia are required to be obtained by the Company under the BC Securities Laws to permit such offering, issuance, sale and delivery. In view of this, the Directors have decided to extend the Rights Issue to the Canadian Shareholder.

LETTER FROM THE BOARD

As such, the Company did not have any Excluded Shareholders as at the Record Date.

Procedure for acceptance and payment or transfer

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on Friday, 6 January 2017. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Kaisun Energy Group Ltd — Right Issue A/C**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Hong Kong branch share registrar and transfer office by not later than 4:00 p.m. on Friday, 6 January 2017, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Wednesday, 28 December 2016 to the Hong Kong branch share registrar and transfer office, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Hong Kong branch share registrar and transfer office after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of

LETTER FROM THE BOARD

which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

Save as described under the paragraph headed "Rights of the Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this prospectus, a PAL or an EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself before acquiring any rights to subscribe for the provisionally allotted Rights Shares or excess Rights Shares as to the full observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their own professional advisers if in doubt. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" below is not satisfied and/or waived (if applicable) by the Latest Time for Acceptance, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Hong Kong branch share registrar and transfer office on or before Monday, 16 January 2017.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares. Application can be made by Qualifying Shareholders only and only by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will, upon consultation with the

LETTER FROM THE BOARD

Underwriters, allocate the excess Rights Shares at their discretion on a fair and equitable basis according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, but no reference will be made to the number of Rights Shares applied for under a PAL or the existing number of Shares held by such Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under the PALs is greater than the aggregate number of excess Rights Shares applied for through the EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on applications in respect of the excess Rights Shares being applied for with the Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:00 p.m. on Friday, 6 January 2017. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or cashiers orders must be issued by, licensed bank in Hong Kong and made payable to "**Kaisun Energy Group Ltd — Excess Application A/C**" and crossed "**Account Payee Only**". The Hong Kong branch share registrar and transfer office will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on Friday, 13 January 2017.

Investors with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save and except the beneficial owner(s) which the Company shall permit in its absolute discretion. Investors with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) on or prior to the Record Date.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, being 1,884,202,850 Rights Shares, such application (other than from a nominee company including HKSCC Nominees Limited) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Hong Kong branch share registrar and transfer office at his own risk on or before Monday,

LETTER FROM THE BOARD

16 January 2017. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Hong Kong branch share registrar and transfer office at his own risk on or before Monday, 16 January 2017.

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” below is not satisfied and/or waived (if applicable) by the Latest Time for Acceptance, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post at the risk of such applicants to their registered addresses by the Hong Kong branch share registrar and transfer office on or before Monday, 16 January 2017.

All cheques or cashiers orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation of the Company that all registration, legal and regulating requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. Completion and return of the EAF together with a cheque or a cashier’s order in payment for the excess Rights Shares applied will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or cashier’s order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier’s orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Hong Kong branch share registrar and transfer office. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the excess Rights Shares to satisfy itself/himself/herself before acquiring any rights to subscribe for the excess Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. The Company reserves the right to refuse to accept any application for the excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

LETTER FROM THE BOARD

Share certificates for the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be despatched by ordinary post on or before Monday, 16 January 2017 to those persons who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares to the registered address or, in case of joint applicants, to the registered address of the applicant whose name first appears in the register of members of the Company in Hong Kong or, as the case may be, the transfer form, at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched on or before Monday, 16 January 2017 by ordinary post to the addresses as aforesaid at the respective applicants' own risks.

Application for listing

Subject to the listing of and permission to deal in the Rights Shares in both nil-paid and fully-paid form on the Stock Exchange being granted, the Rights Shares in both nil-paid and fully-paid form will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid form. None of the Shares is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought on any other stock exchange other than Stock Exchange. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which will be traded in board lots of 10,000, will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

UNDERWRITING AGREEMENT

The Rights Issue is fully underwritten by Koala Securities and Mr. Chan subject to the terms of the Underwriting Agreement. Set out below is a summary of the principal terms of the Underwriting Agreement and relevant information:

Date : 1 December 2016 (after trading hours)
Parties : (i) the Company;

LETTER FROM THE BOARD

(ii) Mr. Chan, an executive Director and chairman of the Company, being one of the Underwriters. The ordinary business of Mr. Chan does not include underwriting; and

(iii) Koala Securities, being one of the Underwriters

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Koala Securities and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Number of Underwritten Shares to be underwritten by the Underwriters : The Underwriters have conditionally agreed to severally underwrite up to an aggregate of 1,816,041,970 Rights Shares, being the total number of Rights Shares to which holders of existing Shares are entitled pursuant to the Rights Issue less the number of Committed Shares (i.e. 68,160,880 Rights Shares undertaken to be subscribed by Mr. Chan, details of which are set out in the paragraph headed "Mr. Chan's undertaking" below). The Rights Issue is therefore fully underwritten.

Pursuant to the Underwriting Agreement, the Underwriters have severally agreed that, if any of the Underwritten Shares has not been taken up by the Latest Time for Acceptance, they will subscribe for or procure the subscription for the Untaken Shares on the Closing Date on the following basis:

(i) Mr. Chan shall subscribe or procure subscribers for up to 1,452,833,576 (representing 80% of the number of Underwritten Shares), being the maximum number of Untaken Shares that Mr. Chan is obliged to take up pursuant to the Underwriting Agreement; and

LETTER FROM THE BOARD

- (ii) Untaken Shares not required to be subscribed or procured subscription for by Mr. Chan under (i) above shall be subscribed or procure subscription for by Koala Securities, provided that such number of Untaken Shares shall in no event be greater than 363,208,394 (representing 20% of the number of Underwritten Shares), being the maximum number of Untaken Shares that Koala Securities is obliged to take up pursuant to the Underwriting Agreement.

Underwriting Commission : The Company will pay:

- (i) Koala Securities an underwriting commission of 4% of the aggregate Subscription Price in respect of 20% (being the percentage of number of Underwritten Shares to be underwritten by Koala Securities pursuant to the Underwriting Agreement) of the actual number of the Underwritten Shares to be determined on the Record Date; and
- (ii) Mr. Chan an underwriting commission of 4% of the aggregate Subscription Price in respect of 80% (being the percentage of number of Underwritten Shares to be underwritten by Mr. Chan pursuant to the Underwriting Agreement) of the actual number of the Underwritten Shares to be determined on the Record Date,

accordingly and for illustration purpose only, the underwriting commission payable by the Company to each of Koala Securities and Mr. Chan can be expressed in the following formula:

$$U = (T \times P) \times S \times 4\%$$

where “U” is the amount of underwriting commission payable by the Company to each of Koala Securities and Mr. Chan;

where “T” is 1,816,041,970, being the actual number of Underwritten Shares determined on the Record Date;

LETTER FROM THE BOARD

where “P” is the percentage of number of Underwritten Shares to be underwritten by each of Koala Securities and Mr. Chan pursuant to the Underwriting Agreement. Accordingly, “P” is 20% for Koala Securities and “P” is 80% for Mr. Chan; and

where “S” is HK\$0.048, being the Subscription Price.

On the basis that there were 3,768,405,700 issued Shares as at the Record Date, the actual number of Underwritten Shares is 1,816,041,970. Therefore, the underwriting commission payable by the Company to each of Koala Securities and Mr. Chan is approximately HK\$697,360 and HK\$2,789,440, respectively.

by not later than the date of despatch of the share certificates in respect of the Rights Shares, save that the underwriting commission shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement. The underwriting commission has been determined among the parties after arm’s length negotiation, taken into account the Subscription Price, the aggregate amount of proceeds to be raised by the Company from the Rights Issue, the prevailing rate of underwriting commission of similar fundraising activities and the respective terms of the 20 recent rights issue undertaken by various listed issuers in Hong Kong prior to the entering into of the Underwriting Agreement and the underwriting arrangements thereof including the percentage of underwriting commission and the percentage of discount of the subscription price to market price of shares of such listed issuers (the “**Recent Rights Issues**”) as further set out below.

LETTER FROM THE BOARD

In addition, the Company shall bear the legal fees of the Underwriters. The Company shall forthwith upon request by the Underwriters reimburse the Underwriters for any expenses which the Underwriters may have properly paid or incurred on behalf of the Company relating to the issue of the Rights Shares and associated transactions.

Prior to entering into of the Underwriting Agreement with Koala Securities and Mr. Chan, the Company had approached various other independent underwriters regarding the proposed underwriting of the Rights Issue. However, in light of the financial position and share price of the Company and given the scale of the fund required to be raised by the Company, the Company had experienced difficulties in reaching agreement with any such independent underwriters in fully underwriting the Rights Shares at market price.

For the purpose of assessing whether the terms of the Underwriting Agreement (including the underwriting commission) would be on normal commercial term, fair and reasonable and in the interest of the Company and the shareholders as a whole, the Directors (including the independent non-executive Directors but excluding Mr. Chan who was required to abstain from voting on the Board resolution approving the Underwriting Agreement and the transactions contemplated thereunder due to his material interests therein) (the “**Disinterested Board**”) had taken into account the respective terms of the Recent Rights Issues and the underwriting arrangements thereof including the percentage of underwriting commission and the percentage of discount of the subscription price to market price of shares of such listed issuers. The Disinterested Board noted that the percentage of underwriting commission to the subscription price for the Recent Rights Issues ranges from approximately 1.5% to 4.0% and the applicable subscription price of the rights shares for the Recent Rights Issues is all at a discount (ranging from approximately 4.8% to 84.7%) to the closing price of shares of such issuers on the last trading day prior to the respective announcements for such Recent Rights Issues. Accordingly, even though the percentage of underwriting commission payable to the Underwriters is at the upper end of the Recent Rights Issues, taken into account the subscription price applicable to the Rights Issue (which is at market price of the Shares instead of discount to the market price), the existing financial position and business performance of the Group, the Disinterested Board considers the relatively higher rate of underwriting commission (but which is still within the range of underwriting commission charged by underwriters for the Recent Rights Issues) commercially justifiable, fair and reasonable. The Disinterested Board considers it commercially essential for underwriters of rights issue to receive underwriting commission, as these underwriters require financial resources and are taking up risks to be underwriters for rights shares. Despite that Mr. Chan is an executive Director and chairman of the Company and therefore a connected person of the Company, he does not take lesser risk as an Underwriter for underwriting the Rights Issue than Koala Securities. As Mr. Chan has agreed to underwrite a larger proportion of Rights Shares than that of Koala Securities pursuant to the Underwriting Agreement, Mr. Chan would need more financial resources for underwriting the proposed Rights Issue. Under the Underwriting Agreement, the rate of the underwriting commission payable to Mr. Chan is the same as

LETTER FROM THE BOARD

that of Koala Securities. On the above basis, the Disinterested Board is of the view that the terms of the Underwriting Agreement, including the rate of commission payable to each of Koala Securities and Mr. Chan, accord with the market practice, are on normal commercial terms and in the ordinary course of business of the Group, fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, none of the Underwriters has entered into any sub-underwriting arrangements or agreements.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. The obligations of the Underwriters under the Underwriting Agreement are subject to certain conditions, including, among others:

- (a) the issue by the Stock Exchange of a certificate of authorisation for the registration in respect of the Prospectus Documents, and the registration with the Registrar of Companies in Hong Kong the Prospectus Documents and all other documents required to be attached thereto and otherwise in compliance with the GEM Listing Rules, the Companies Ordinance and the Companies (WUMP) Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus to the Excluded Shareholders, if any, for information purpose only;
- (c) the listing committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms); and
- (d) all the representations, warranties and undertakings of the Company under the terms of the Underwriting Agreement remain true and correct.

The Underwriters may at any time by notice in writing to the Company jointly waive the condition precedent (d) above, while the other conditions precedent are incapable of being waived. If the conditions of the Underwriting Agreement are not satisfied and/or waived in whole or in part jointly by the Underwriters by the Latest Time for Termination or such other date as the Company and the Underwriters may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

The Underwriters may jointly by notice in writing to the Company, served prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), to terminate the Underwriting Agreement if:

- (1) in the reasonable opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriters is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriters will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

LETTER FROM THE BOARD

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the reasonable opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

If the Underwriters jointly give a notice for termination in writing to the Company as aforesaid, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. The obligations of all parties under the Underwriting Agreement (save in respect of certain provisions of the Underwriting Agreement) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriters.

Mr. Chan's undertaking

Mr. Chan is an executive Director and chairman of the Company. As at the Latest Practicable Date, Mr. Chan was interested in 136,321,760 Shares, representing approximately 3.62% of the Company's current total number of issued Shares. Pursuant to the Underwriting Agreement, Mr. Chan has irrevocably and unconditionally undertaken to Koala Securities and the Company that, among others:

- (1) to accept or procure the acceptance by the Latest Time for Acceptance of the 68,160,880 Rights Shares (the "**Committed Rights Shares**") which will be provisionally allotted to him or his nominees) in respect of the 136,321,760 Shares registered in the name of HKSCC Nominees Limited for credit to the stock account of Mr. Chan's designated CCASS participant (the "**Nominees**") on the date of the Underwriting Agreement (the "**Current Shares**");
- (2) to procure that provisional allotment letter in respect of these Committed Rights Shares shall be lodged with the branch share registrar of the Company in Hong Kong with payment in accordance with the terms of the Prospectus Documents by the Latest Time for Acceptance;

LETTER FROM THE BOARD

- (3) the Current Shares will remain registered in his Nominees until the close of business on the Record Date; and
- (4) that Mr. Chan shall procure that his nominees and/or companies controlled by him or by any of his nominees (whether directly or indirectly) shall not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, without the prior written consent of the Company and Koala Securities, dispose of (including without limitation the creation of any option, charge or other encumbrances or rights over or inspect of) or transfer or acquire (except in circumstances which do not contravene the rules of the Stock Exchange) any Shares or any interests therein (except the acceptance of Committed Rights Shares) and notwithstanding the foregoing unless any third party to whom such Shares or interests are to be transferred shall undertake to give similar undertakings in favour of the Company and Koala Securities in accordance with the Underwriting Agreement.

Save for the undertaking from Mr. Chan, the Board has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

WARNING OF RISKS OF DEALING IN SHARES

Existing Shares have been dealt in on an ex-rights basis from Wednesday, 7 December 2016. The Rights Shares in their nil-paid form are expected to be dealt in from Thursday, 22 December 2016 to Tuesday, 3 January 2017 (both days inclusive). If the Underwriters terminate the Underwriting Agreement, or the conditions are not fulfilled, the Rights Issue will not proceed. Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the Rights Shares in their nil-paid form during the aforesaid period who is in any doubt about his/her positions is recommended to consult their own independent professional advisers.

Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (which is expected to be 4:00 p.m. on Wednesday, 11 January 2017) will accordingly bear the risk that the Rights Issue could not become unconditional and may not proceed.

LETTER FROM THE BOARD

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved which includes, but does not limit to, the following:

Risk factors relating to the mining industry and supply chain management business

- a. *The business operations of the Group are subject to regulatory controls. The mining industry is a highly regulated industry and may become more regulated in the future.*

Various aspects of the mining industry are currently subject to governmental regulation. As such, the Group must ensure compliance at all times with numerous applicable laws, regulations and codes in PRC and countries covered by the "Belt and Road" initiatives of the PRC government. In the event of any breach of relevant laws and regulations, the business of the Group may be subject to regulatory actions by the relevant authorities depending on the nature, extent and severity of the breach and as a result, the Group's business, financial condition and operating results may be adversely affected.

- b. *The business of the Group may be adversely affected by coal market of PRC.*

The revenue of the Group can be affected by the coal market of PRC. If demand for mining and metallurgical products is reduced significantly because of downturn in coal market in the PRC and the Group is unable to divert its business to new areas, the business, financial condition and operating results of the Group will be affected.

- c. *The Group may not be able to adapt its supply chain management business in a timely manner.*

The supply chain management business is a rapidly changing business depending on the commodities market which follow changes in worldwide economy and supply and demand of various commodities such a coal, iron ore, etc. Even though the Group regularly reviews and adapts its business strategy to meet the changing demands of the commodities markets in which it operates in order to retain existing customers and suppliers and to attract new ones, there may be uncertainties regarding such changes which pose difficulties for the Group to adapt to. In the event that the Group is unable to foresee such changes and not be able to adapt its business strategy accordingly, such failure could adversely impact the Group's business, financial condition and operating results.

LETTER FROM THE BOARD

Risk factors relating to the Group

- a. *The Directors, senior management and staff are essential to the continued business operation of the Group.*

The performance of the Group largely depends on the continuing service and performance of the Directors and its management personnel and its ability to retain and motivate its Directors and management personnel. As the successful operation of the Group is attributable to the expertise and experience of the Directors and its senior management as well as other staff, the loss of services of any of the above key personnel may affect the daily business operation of the Group and the Group may face difficulties in identifying suitable replacements in a timely manner or at all. The loss of the services of key personnel or the inability to identify and retain qualified managerial personnel in the future may adversely affect the business, financial condition and operating results of the Group.

- b. *Failure to obtain additional capital for further business development.*

The Group's ability to raise additional capital also depends on the financial success of the current business of the Group. There is no assurance that the Group will be successful in raising any required additional working capital if and when needed in the future. In the event that the Group does not have sufficient working capital for taking up new business venture when suitable opportunities arise because of its failure to raise additional capital, its ongoing business development may be hindered.

Risk factor relating to the Rights Issue

The Underwriter may terminate the arrangement set out in the Underwriting Agreement.

The Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The major business of the Group includes (i) mining and metallurgical machineries production; (ii) provision of supply chain management for mineral business in various countries and regions, including those covered by the "Belt and Road" initiatives of the PRC government; (iii) exploitation and production of coal; and (iv) securities investment.

The "Belt and Road" initiative, refers to the "Silk Road Economic Belt" and "21st Century Maritime Silk Road", a significant development strategy launched by the PRC government with the intention of promoting economic co-operation among countries along the proposed Belt and Road routes. The "Belt and Road" initiative aims to connect Asia, Europe and Africa along five routes. The "Silk Road Economic Belt" focuses on: (1) linking China to Europe through Central Asia and Russia; (2) connecting China with the Middle East through Central Asia; (3) bringing together China and Southeast Asia, South Asia and

LETTER FROM THE BOARD

the Indian Ocean. The “21st Century Maritime Silk Road”, meanwhile, focuses on using Chinese coastal ports to: (4) link China with Europe through the South China Sea and Indian Ocean; and (5) connect China with the South Pacific Ocean through the South China Sea. Focusing on the above five routes, the “Belt and Road” will take advantage of international transport routes as well as core cities and key ports to further strengthen collaboration and build six international economic co-operation corridors, namely the New Eurasia Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar.

The five major goals of the “Belt and Road” initiative are: policy co-ordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. Under the “Belt and Road” initiative, existing bilateral and multilateral co-operation mechanisms will be utilised to promote the integration of the development strategies of the countries along the route. Steps will be taken to advance the signing of co-operation memorandums of understanding or co-operation plans for the establishment of a number of bilateral co-operation demonstration projects. Efforts will also be made to set up a sound bilateral joint work mechanism, and to devise an implementation plan and action roadmap for advancing the Belt and Road strategy.

In short, the “Belt and Road” initiative has been designed to enhance the orderly free flow of economic factors and the efficient allocation of resources. It is also intended to further market integration and create a regional economic co-operation framework of benefit to all. Therefore, the “Belt and Road” initiative can bring more infrastructure, professional services, investment opportunities, etc. to a wide scope of business in countries and areas it covers, including businesses of trading and manufacture of commodities. Please refer to the website of Hong Kong Trade and Development Council for the initiative at <http://beltandroad.hktdc.com> for further details.

The estimated net proceeds from the Rights Issue of approximately HK\$86.29 million after deduction of estimated expenses of the Rights Issue of about HK\$4.15 million will be used in the following manner:

- (1) approximately 25% of the net proceeds, or HK\$21.57 million, will be used for expansion of mining and metallurgical machineries production, and supply chain management services for mineral business, including:
 - (i) the purchase of production equipments and machineries for the establishment of an additional production line for, and the improvement of the existing production facilities for, the metallurgical machineries production in Shandong, the PRC and the recruitment of additional staff for operating the additional production line, which would use approximately 9.5% of the net proceeds. It is expected that upon the completion of such purchase and improvement by the third quarter in 2017, the production volume of metallurgical machineries of the Group will increase by approximately 80% as compared with the current production volume. The Company considers that such purchase and improvement are essential to the Group as the existing production facilities of the Group cannot meet the

LETTER FROM THE BOARD

increasing demand for metallurgical machineries in the market and an additional production line and improvement of the existing production facilities can enable the Group enlarge its scale of operation in the metallurgical machineries production which may in turn bring additional revenue to the Group;

- (ii) the construction of windbreak wall in the open yard of the Group in Shandong, the PRC for dust suppression and dust pollution control, which would use approximately 12.5% of the net proceeds. It is expected that the surfacing work on the open yard for preparation of the construction will be completed by the second quarter in 2017 while the construction will be completed by the third quarter in 2017. As the construction of windbreak wall would enable the Group to store coal in such yard in compliance with the applicable environmental protection laws in the PRC, the Group can enlarge its coal trading volume with additional storage and obtain additional revenue by renting out the storage space;
- (2) approximately 35% of the net proceeds, or HK\$30.20 million, will be used for business or investment opportunities in countries and regions covered by the “Belt and Road” initiatives of the PRC government, including businesses of trading of commodities or commodities manufacturers or buyers. Such business opportunities are mainly in relation to the Group’s role as “super-connector” between buyers and manufacturers of commodities including zircon, coal and iron ore and other commodities depending on the market demands, and investment or acquisition opportunity available from time to time. In the event that there are suitable commodities manufacturers or buyers for investment purpose, the Company would consider to acquire such companies. As at the Latest Practicable Date, the Company did not have any identifiable acquisition or investment target; and
- (3) approximately 40% of the net proceeds, or HK\$34.52 million, will be used for the Group’s general working capital with (i) 5% of the net proceeds to be used in improving the management and internal approval process of the business of the Group (i.e. the professional expenses for external internal control consultant, legal advisers and other professionals for improving the internal control systems, ongoing compliance and corporate governance of the Group); (ii) 10% of the net proceeds to be used in recruiting qualified personnel in light of the expansion of business of the Group as contemplated after obtaining the proceeds from the Rights Issue; and (iii) 25% of the net proceeds to be used in administrative expenses of the Group.

The Company has considered other fund raising alternatives for the Group, including issuance of debt securities, Share placements and external borrowing and the benefit and

LETTER FROM THE BOARD

costs of each alternative. Nevertheless, the Directors consider that these alternatives to the Rights Issue are not feasible and favourable to the Company and its Shareholders as a whole for the following reasons:

- (1) the amount of fund required to be raised by the Company would not be able to be satisfied by way of the share placement pursuant to the 20% general mandate granted by the Shareholders in the last general meeting of the Company, while it would not be time-efficient to arrange for convening extraordinary general meeting of the Company for seeking the specific mandate from the Shareholders for larger scale share placement, exposing the Company to extended risks of adverse market development during the additional period of time;
- (2) share placement would result in the dilution in the shareholdings of the existing Shareholders in the Company, irrespective of the scale of such share placement, which would in turn lead to decline in share price and the Company's share price;
- (3) external borrowings, or issuance of debt securities, by the Company would increase the financing costs of the Group and thereby adversely affecting the profitability and operating cashflow of the Group. Taken into account the existing financial position and business performance of the Group, the Group had experienced difficulties in obtaining external borrowings or issuing debt securities on favourable commercial terms and in such scale as required by the Group for the purpose; and
- (4) the Rights Issue on the basis of one Rights Shares for every two existing Shares at a Subscription Price equals to the closing price per Share on the Last Trading Day (i) would allow the Company to complete the fund raising exercise in a timely manner without having to obtain shareholders' approval under Rule 10.29 of the GEM Listing Rules; (ii) would provide a good opportunity for the Group to strengthen its capital base, enhance its financial position and raise sufficient fund to meet the Group's business requirements with lower financing costs; (iii) would enable all Shareholders to participate in the future development of the Company on equal terms and would allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and avoid dilution; and (iv) would bring least impact to the existing share price of the Shares.

Accordingly, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The estimated expenses of the Rights Issue are about HK\$4.15 million, which include underwriting commission and professional fees payable to the lawyers, financial printer and other parties involved in the Rights Issue and will be borne by the Company.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

Save for the Rights Issue, there had been no fund raised on any issue of Shares in the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Shareholders taking up their respective entitlements to the Rights Issue in full		Immediately after completion of the Rights Issue assuming no Shareholders (other than Mr. Chan) taking up any of Underwritten Shares and all Underwritten Shares are taken up by the Underwriters	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Connected persons						
Chan Nap Kee, Joseph (Note 1)	136,321,760	3.62	204,482,640	3.62	1,657,316,216	29.32
Chow Pok Yu, Augustine (Note 2)	4,000,000	0.11	6,000,000	0.11	4,000,000	0.07
Yang Yongcheng (Note 3)	4,100,000	0.11	6,150,000	0.11	4,100,000	0.07
Liew Swee Yean (Note 4)	2,040,000	0.05	3,060,000	0.05	2,040,000	0.04
Siu Siu Ling, Robert (Note 5)	2,040,000	0.05	3,060,000	0.05	2,040,000	0.04
Wong Yun Kuen (Note 6)	3,500,000	0.09	5,250,000	0.09	3,500,000	0.06
Anderson Brian Ralph (Note 7)	1,500,000	0.04	2,250,000	0.04	1,500,000	0.03
Sub-total:	153,501,760	4.07	230,252,640	4.07	1,674,496,216	29.62
Public						
Koala Securities	—	—	—	—	363,208,394	6.43
Other public Shareholders	3,614,903,940	95.93	5,422,355,910	95.93	3,614,903,940	63.95
Sub-total:	3,614,903,940	95.93	5,422,355,910	95.93	3,978,112,334	70.38
Total	3,768,405,700	100.00	5,652,608,550	100.00	5,652,608,550	100.00

Notes:

- Mr. Chan Nap Kee, Joseph is a connected person of the Company by virtue of him being an executive Director.
- Dr. Chow Pok Yu, Augustine is a connected person of the Company by virtue of him being an executive Director. Dr. Chow will retire with effect from 31 December 2016.
- Mr. Yang Yongcheng is a connected person of the Company by virtue of him being an executive Director.
- Mr. Liew Swee Yean is a connected person of the Company by virtue of him being an independent non-executive Director.
- Mr. Siu Siu Ling, Robert is a connected person of the Company by virtue of him being an independent non-executive Director.
- Dr. Wong Yun Kuen is a connected person of the Company by virtue of him being an independent non-executive Director.
- Mr. Anderson Brian Ralph is a connected person of the Company by virtue of him being an independent non-executive Director.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2015, the three months ended 31 March 2016, the six months ended 30 June 2016 and the nine months ended 30 September 2016, respectively is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kaisunenergy.com):

- (i) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2013 (pages 34 to 88);
- (ii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2014 (pages 33 to 84);
- (iii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2015 (pages 33 to 88);
- (iv) the unaudited consolidated financial statements included in the Company's first quarterly report for the three months ended 31 March 2016 (pages 2 to 11);
- (v) the unaudited consolidated financial statements included in the Company's interim report for the six months ended 30 June 2016 (pages 2 to 17); and
- (vi) the unaudited consolidated financial statements included in the Company's third quarterly report for the nine months ended 30 September 2016 (pages 2 to 13).

2. STATEMENT OF INDEBTEDNESS

Borrowings and securities

As at the close of business on 31 October 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding borrowings of approximately HK\$21,000 which are secured by the Group's bank deposits of approximately HK\$23,000.

Save as aforesaid, the Group did not have any other bank loans, bank overdrafts and liabilities under acceptance or other similar indebtedness, debenture or other loan capital, mortgages, charges, guarantees or other material contingent liability outstanding as at the close of business on 31 October 2016.

3. FINANCIAL AND TRADING PROSPECTS

The major business of the Group includes (i) mining and metallurgical machineries production; (ii) provision of supply chain management for mineral business in various countries and regions, including those covered by the "Belt and Road" ("B&R") initiatives of the PRC government; (iii) exploitation and production of coal; and (iv) securities investment.

One of the current key developments of the Group is business related to B&R which has been introduced by the PRC government three years ago. China's investment towards countries covered by B&R has increased since then. Moreover, RMB has been included in the Special Drawing Rights basket by the International Monetary Fund with effect from October 2016. The Company believes these developments can deepen economic integration, reduce financial risks and lower transaction costs among the emerging countries in which the Group has business relationship and/or connection.

Prior to the introduction of the B&R initiative in 2013, the Group has exemplified the "going-out strategy" by entering Tajikistan of Central Asia back in 2011 through acquisition of a company with mining assets (details of which are set out in the announcement of the Company dated 15 March 2011). Although the Group has encountered obstacles when it explores business opportunities in Xinjiang, Tajikistan, Kyrgyzstan, Georgia, Vietnam, Mongolia, etc, the Company believes that these challenges enable the Group to establish strong working relationship with local government officials, state-owned enterprises, and international organizations which in turn enable the Group to achieve Hong Kong's vision as being a "super-connector".

Kaisun's role as "super-connector" in B&R is reflected in the recent signing of sale and purchase agreement for zircon sand and zircon flour between the Company, Daiichi Kigenso Kagaku Kogyo Co. Ltd. ("**DKK**") (a Japanese company established in 1950s which engages in manufacturing of Zirconium products) and Mineral Land Holdings Limited ("**MLHL**") in November 2016. Pursuant to such agreement, the Company will act as "super-connector" between DKK and MLHL regarding the supply and procurement of zircon sand. Please refer to the announcement of the Company dated 25 November 2016 for further details.

With such experience, the Company believes that the Group is in a prime position to take advantage of the rapid development in countries and regions covered by the B&R initiative. The Group's focus will continue to be connecting investments between countries and companies, private or public, - in the energy, minerals, logistics, infrastructure, agriculture, financial or any other sectors depending on the market demands, and investment opportunity available from time to time.

In order to achieve the Group's vision, it is in the Group's interest to attract more investors because many B&R projects are still at government to government levels and their project investments size is huge. Hence, the participation in the investment by the Group even as a minority will strengthen the Group's role as a "super connector".

Current focus of development of business of the Group is in energy, minerals and logistics sectors. Going forward, the Group aims at further exploring infrastructure, financial and agriculture sectors with its business partners.

As at the Latest Practicable Date, the Company did not have a concrete plan regarding any acquisition, disposal and/or fundraising activities and no agreement in relation to the above has been entered into by the Company. The Company will make further announcement(s) as and when appropriate pursuant to the GEM Listing Rules.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's present available financial resources of the Group (including its available banking facilities) and the net cash proceeds from the Rights Issue which will be used in such manner as set out in the paragraph headed "Letter from the Board — Reasons for the Rights Issue and use of proceeds" in this prospectus, the working capital available to the Group is sufficient for the Group's requirements for at least the next 12 months from the date of this prospectus.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

6. FOREIGN EXCHANGE

As at the Latest Practicable Date, most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi, Sterling Pound, United States dollars and Tajikistan Somoni. As at the Latest Practicable Date, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives and the Company has no exposure to foreign exchange liabilities.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the proposed Rights Issue on the consolidated net tangible assets of the Group as if the proposed Rights Issue had taken place on 30 June 2016.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the proposed Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2016, adjusted as described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2016 <i>HK\$'000</i>
<u>290,958</u>	<u>86,292</u>	<u>377,250</u>
Unaudited consolidated net tangible assets per Share immediately before completion of the Rights Issue <i>(Note 3)</i>		<u>HK\$0.077</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue <i>(Note 4)</i>		<u>HK\$0.067</u>

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 are based on the consolidated net assets in the unaudited consolidated statement of financial position of the Group as at 30 June 2016 as set out in the interim report of the Company for the six months ended 30 June 2016.
2. The estimated net proceeds from the proposed Rights Issue of approximately HK\$86,292,000 are based on 1,884,202,850 Rights Share(s) at the Subscription Price of HK\$0.048 per Rights Share, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$4,150,000.
3. The calculation of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 per Share is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$290,958,000 divided by 3,768,405,700 Shares in issue as at 30 June 2016 before the Rights Issue.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 per Share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of approximately HK\$377,250,000 divided by 5,652,608,550 Shares, which represents (i) 3,768,405,700 Shares in issue as at 30 June 2016; and (ii) 1,884,202,850 Rights Shares to be issued pursuant to the Rights Issue had become effective as at 30 June 2016.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from the independent reporting accountants of the Company, RSM Hong Kong, Certified Public Accountants, Hong Kong, prepared for the sole purpose of inclusion in this prospectus, in respect of the unaudited pro forma financial information of the Group.



RSM Hong Kong
中瑞岳華(香港)會計師事務
Certified Public Accountants

29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

20 December 2016

The Board of Directors
Kaisun Energy Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Kaisun Energy Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2016 as set out on pages 33 to 34 of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on page 33.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 30 June 2016 as if the transaction had been taken place at 30 June 2016. As part of this process, information about the Group’s unaudited consolidated net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements as included in the published interim report for the six months ended 30 June 2016.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been

undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and use of proceeds" set out on pages 24 to 27 of the prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

(a) Share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date to the completion of the Rights Issue) will be as follows:

As at the Latest Practicable Date

<i>Authorised</i>	<i>HK\$</i>
<u>50,000,000,000</u> Shares	<u>500,000,000</u>

Issued and fully paid

<u>3,768,405,700</u> Shares	<u>37,684,057</u>
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Upon completion of the Rights Issue

<u>1,884,202,850</u> Rights Shares to be allotted and issued under the Rights Issue	<u>18,842,028.5</u>
<u>5,652,608,550</u> Shares in issue immediately after completion of the Rights Issue	<u>56,526,085.5</u>

No part of the equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for such equity or debt securities to be listed or dealt in on any other stock exchange.

The Shares are primarily listed on the Stock Exchange and all of the Rights Shares will be listed on the Stock Exchange. There is no arrangement under which future dividends are waived or agreed to be waived as at the Latest Practicable Date.

(b) Share option and convertible securities

As at the Latest Practicable Date, there were no outstanding options, warrants, equity or debt securities or other similar rights that are convertible or exchangeable into Shares or confer any right on any person to convert into or subscribe for Shares.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under section 344 of the SFO) or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity	Approximate percentage of interest in	
		Number of Shares (Note 1)	Shares (Note 2)
Mr. Chan Nap Kee, Joseph	Beneficial owner	1,657,316,216 (L) (Note 3)	43.98%
Dr. Chow Pok Yu Augustine (retire with effect from 31 December 2016)	Beneficial owner	4,000,000 (L)	0.11%
Mr. Yang Yongcheng	Beneficial owner	4,100,000 (L)	0.11%
Mr. Liew Swee Yean	Beneficial owner	2,040,000 (L)	0.05%
Mr. Siu Siu Ling Robert	Beneficial owner	2,040,000 (L)	0.05%
Dr. Wong Yun Kuen	Beneficial owner	3,500,000 (L)	0.09%
Mr. Anderson Brian Ralph	Beneficial owner	1,500,000 (L)	0.04%

Notes:

- The letter "L" denotes long position in the Shares.
- The percentage is calculated on the basis of that the number of issued Shares of 3,768,405,700 as at the Latest Practicable Date.
- Among these 1,657,316,216 Shares, 136,321,760 of which represented the Shares registered in the name of Mr. Chan, 1,452,833,576 of which represented the maximum number of Rights Shares to be underwritten by Mr. Chan pursuant to the Underwriting Agreement, and 68,160,880 of which represented the number of Committed Shares to be subscribed by Mr. Chan in the Rights Issue pursuant to the irrevocable undertaking he made in favour of the Company and Koala Securities pursuant to the Underwriting Agreement.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under section 344 of the SFO) or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save for Mr. Chan's interest in the Underwriting Agreement, none of the Directors were materially interested in any contract or arrangement subsisting as at the date of this prospectus entered into by any member of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors, controlling Shareholder or, so far as is known to them, their respective close associates has any interest in any business apart from the Group's business that competes or may compete, either directly or indirectly, with the business of the Group.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in Shares (Note 2)
Zhang Zhi Ping	Interest of a controlled corporation	218,490,000 (L) (Note 3)	5.80%
Zhang Gaobo	Interest of a controlled corporation	218,490,000 (L) (Note 3)	5.80%
Oriental Patron Financial Group Limited (“OPFGL”)	Interest of a controlled corporation	218,490,000 (L) (Note 3)	5.80%
Koala Securities	Beneficial owner	363,208,394 (L) (Note 4)	9.64%
Prime Paradise Limited (“PPL”)	Interest of a controlled corporation	363,208,394 (L) (Note 4)	9.64%
Leading Nation Investment Limited (“LNIL”)	Interest of a controlled corporation	363,208,394 (L) (Note 4)	9.64%
Sunrise (China) Technology Group Limited (“STGL”)	Interest of a controlled corporation	363,208,394 (L) (Note 4)	9.64%
Yeung Po Yee, Bonita	Interest of spouse	1,657,316,216 (L) (Note 5)	43.98%

Notes:

1. The letter “L” denotes long position in the Shares.
2. The percentage is calculated on the basis of that the number of issued Shares of 3,768,405,700 as at the Latest Practicable Date.

3. So far as the Directors were aware of and based on the disclosure of interests notices filed by Zhang Zhi Ping, Zhang Gaobo and OPFGL on 19 June 2015, which were the last notices filed by each of them, among these 218,490,000 Shares, 86,380,000 Shares were beneficially owned by Pacific Top Holding Limited and 132,110,000 Shares were beneficially owned by Profit Raider Investments Limited. Pacific Top Holding Limited was wholly owned by Oriental Patron Financial Services Group Limited, which was in turn owned as to 95% by OPFGL. Profit Raider Investments Limited was wholly owned by OP Financial Investments Limited, which was owned as to 35.05% by Ottness Investments Limited. Ottness Investments Limited was wholly owned by OPFGL. OPFGL was owned as to 51% by Zhang Zhi Ping and 49% by Zhang Gaobo. Accordingly, Zhang Zhi Ping and Zhang Gaobo were taken to be interested in the Shares in which Pacific Top Holding Limited and Profit Raider Investments Limited were interested by virtue of the SFO.
4. These Shares represented the maximum number of Rights Shares to be underwritten by Koala Securities pursuant to the Underwriting Agreement. So far as the Directors were aware of, based on the disclosure of interests notices filed by each of Koala Securities, PPL, LNIL and STGL on 2 December 2016 (which were the last notices filed by each of them) and as confirmed by Koala Securities, Koala Securities was wholly owned by PPL, which was in turn owned as to 80% by LNIL. LNIL was wholly owned by STGL. Accordingly, PPL, LNIL and STGL were taken to be interested in the Shares in which Koala Securities was interested by virtue of the SFO.
5. These Shares were beneficially owned by Mr. Chan, the spouse of Ms. Yeung Po Yee, Bonita. She was taken to be interested in the Shares in which Mr. Chan was interested by virtue of the SFO.

Save as disclosed above, there was no person (not being a Director or chief executive of the Company) known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest audited consolidated financial statements of the Group were made up.

8. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**(a) Names and address of the Directors and senior management of the Group**

Name	Business address
<i>Executive Directors</i>	
Mr. Chan Nap Kee, Joseph	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
Dr. Chow Pok Yu Augustine <i>(retire with effect from 31 December 2016)</i>	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
Mr. Yang Yongcheng	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Liew Swee Yean	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
Mr. Siu Siu Ling Robert	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
Dr. Wong Yun Kuen	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong
Mr. Anderson Brian Ralph	Unit A, 23rd Floor Two Chinachem Plaza 68 Connaught Road Central Central, Hong Kong

As all the executive Directors of the Company are respectively responsible for various aspects of the business and operation of the Group, the Company considers that all executive Directors are regarded as members of the senior management team of the Group.

(b) Brief biographies of the Directors and senior management of the Group

Executive Directors

Mr. Chan Nap Kee, Joseph, aged 56, is the chairman and chief executive officer, member of remuneration committee and nomination and corporate governance committee of the Group. He was appointed as an executive Director in September 2008. He received his master degree majoring in international marketing from the University of Strathclyde and a diploma in China Investment and Trade from Peking University.

Mr. Chan has 30 years of experience in commercial and investment banking, and asset management. From 1994 to now, Mr. Chan has been a founding partner of Oriental Patron Financial Group where he is also an executive director of Oriental Patron Asia Limited. Oriental Patron Asia Limited is the investment manager of OP Financial Investments Limited (Stock Code: 1140), a company listed on the Main Board of the Stock Exchange. Mr. Chan is also a non-executive director of HNA Infrastructure Company Limited (Stock Code: 357), a company listed on the Main Board of the Stock Exchange since October 2007. He was appointed as a non-executive director of North Asia Strategic Holdings Limited (Stock Code: 8080), a company listed on the Growth Enterprise Market of the Stock Exchange from February 2013 until 4 March 2016, and redesignated as an independent non-executive director and further appointed an additional member of each of audit committee, remuneration committee, and nomination committee of the Company.

He holds licenses respectively of Type 1 (dealing in securities), Type 6 (advising on corporate finance), and Type 9 (asset management) under the Securities and Futures Ordinance (cap. 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date, Mr. Chan 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.

Mr. Chan 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.

Dr. Chow Pok Yu, Augustine, aged 64, was appointed as an executive Director in November 2008. He was director of Harmony Asset Limited (Stock Code: 0428), a company listed on the Main Board of the Stock Exchange, until 26 May 2015. He is director of two overseas listed companies namely Celsion Corporation (AMEX: CLSN) and Medifocus Inc. (TSX Venture: MFS). He is chairman of Harmony Asset Management Limited.

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 a MSc from London Business School and PhD from University of South Australia. He also holds PhD 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.

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.

Dr. Chow will retire with effect from 31 December 2016. Please refer to the announcement of the Company dated 26 October 2016 for details.

Mr. Yang Yongcheng, aged 47, 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 holds an EMBA from the Zhongnan University of Economics and Law.

Save as disclosed above, as at the Latest Practicable Date, Mr. Yang did not have other major 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.

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.

Independent non-executive Directors

Mr. Liew Swee Yean, aged 53, is the chairman of audit committee and member of nomination and corporate governance committee of the Board. He was appointed as an independent non-executive Director in November 2006.

Mr. Liew has over 20 years of experience in finance and general management and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Liew holds a Master of Business Administration (Executive) Degree from the City University of Hong Kong. He was an independent non-executive director of Siberian Mining Group Company Limited (Stock Code: 1142), a company listed on the Main Board of the Stock Exchange, until 18 February 2014.

Save as disclosed above, as at the Latest Practicable Date, Mr. Liew 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.

Mr. Liew 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.

Mr. Siu Siu Ling, Robert, aged 64, is the chairman of nomination and corporate governance committee and member of audit committee. He was appointed as an independent non-executive Director in December 2002. He is a sole proprietor of the firm Messrs. Robert Siu & Co., Solicitors. Mr. Siu is an independent non-executive director of Finet Group Limited (Stock Code: 8317), Future World Financial Holdings Limited (previous name: Central Wealth Financial Group Limited) (Stock Code: 572) and Skyway Securities Group Limited (Stock Code: 1141), all of which are listed on the Hong Kong Stock Exchange.

He was an independent non-executive director of DT Capital Limited (Stock Code: 0356), a company listed on the Main Board of the Stock Exchange, until 29 July 2014. Mr. Siu was appointed as a director of MBMI Resources Inc., a company listed on Toronto Stock Exchange (TSX-V: MBR) from December 2012 to March 2015.

Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He also holds a Master of Laws from the University of Greenwich. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His main legal practice is in the field of commercial and corporate finance.

Save as disclosed above, as at the Latest Practicable Date, Mr. Siu 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.

Mr. Siu 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.

Dr. Wong Yun Kuen, aged 59, is the chairman of remuneration committee and member of audit committee. He was appointed as an independent non-executive Director in September 2004. He received two B.S. degrees in Geology and Mathematics from University of Wyoming, and Ph.D. degree in Geophysics from Harvard University, and was “Distinguished Visiting Scholar” in finance at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities and Investment Institute and a life member of American Geophysical Union.

He is the Chairman and executive director of UBA Investments Limited (Stock Code: 0768), an independent non-executive director of Bauhaus International (Holdings) Limited (Stock Code: 0483), Kingston Financial Group Limited (Stock Code: 1031), DeTai New Energy Group Limited (Stock Code: 0559), GT Group Holdings Limited (Stock Code: 0263), Sincere Watch (Hong Kong) Limited (Stock Code: 0444) and Far East Holdings International Limited (Stock Code: 0036) and a non-executive director of China Sandi Holdings Limited (Stock Code: 0910), all listed on the Stock Exchange. He was also an independent non-executive director of Huajun Holdings Limited (Stock Code: 0377) until 25 September 2014, Huge China Holdings Limited (Stock Code: 0428) until 1 January 2015, Kong Sun Holdings Limited (Stock Code: 0295) until 7 November 2014 and KuangChi Science Limited (Stock Code: 0439) until 23 August 2014, all listed on the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, Dr. Wong 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.

Dr. Wong 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.

Mr. Anderson Brian Ralph, aged 73, is member of audit committee and remuneration committee. He was appointed as an independent non-executive Director in January 2009. He 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.

Save as disclosed above, as at the Latest Practicable Date, Mr. Anderson Brian Ralph did not have other major 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.

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.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the issue of this prospectus and are or may be material:

- (a) a placing agreement dated 27 April 2015 entered into between the Company and CNI Securities Group Limited as placing agent pursuant to which CNI Securities Group Limited shall procure not less than six placees to subscribe for up to 523,400,000 new Shares at the placing price of HK\$0.089 per share;
- (b) a placing agreement dated 2 June 2015 entered into between the Company and Orient Securities (Hong Kong) Limited as placing agent pursuant to which Orient Securities (Hong Kong) Limited shall procure not less than six placees to subscribe for up to 628,000,000 new Shares at the placing price of HK\$0.14 per share; and
- (c) the Underwriting Agreement.

10. CORPORATE INFORMATION**Registered office**

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

Head office and principal place of business in Hong Kong

Before 23 December 2016:

Unit A, 13th Floor
Two Chinachem Plaza
68 Connaught Road Central
Central, Hong Kong

From 23 December 2016 onwards:

Unit A, 23rd Floor
Two Chinachem Plaza
68 Connaught Road Central
Central, Hong Kong

Principal share registrar and transfer office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal bankers

Wing Hang Bank Limited
Bank of Communications Co., Limited

Auditors

RSM Hong Kong

Authorised representatives

Mr. Chan Nap Kee, Joseph
Mr. Leung Lit For

11. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has provided its respective advice which is contained in this prospectus:

Name	Address	Qualification
RSM Hong Kong	29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong	Certified Public Accountants

RSM Hong Kong has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and the references to its name in the form and context in which they are included. As at the Latest Practicable Date, RSM Hong Kong was not interested beneficially or otherwise in any shares or securities in any member of the Group and did not have any right, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any shares or securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. DOCUMENTS REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG

Copies of the Prospectus Documents and the written consent by RSM Hong Kong have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the head office and principal place of business of the Company in Hong Kong at (before 23 December 2016) Unit A, 13th Floor, Two Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong or (from 23 December 2016 onwards) Unit A, 23rd Floor, Two Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong up to and including 4 January 2017:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2015;
- (c) the letter from RSM Hong Kong relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;

- (d) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (e) the written consent referred to in the paragraph headed “Expert’s qualification and consent” in this appendix; and
- (f) this prospectus.

14. MISCELLANEOUS

- (i) The joint company secretaries of the Company are Mr. Leung Lit For and Ms. Young Helen.

Mr. Leung Lit For is a fellow member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants. He holds Master of Accountancy from Lingnan University and Postgraduate Diploma in Corporate Accounting Compliance from HKU SPACE.

Ms. Helen Young holds a Master of Business Administration Degree from The University of Hong Kong, and is an associate member of the Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Chartered Secretaries and fellow member of the Institute of Chartered Secretaries and Administrators

- (ii) The principal share registrar and transfer office of the Company is Codan Trust Company (Cayman) Limited of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (iv) The compliance officer to the Company appointed pursuant to Rule 5.19 of the GEM Listing Rules is Dr. Chow Pok Yu, Augustine, an executive Director. Dr. Chow holds a MSc from London Business School and PhD from University of South Australia. He also holds PhD and Engineering Doctorate from City University of Hong Kong.
- (v) The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. As at the Latest Practicable Date, the Audit Committee members are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, all being independent non-executive Directors, and Mr. Liew Swee Yean is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting

process and internal control and risk management systems of the Group, maintain an appropriate relationship with the Company's auditors and provide advice and comments to the Board.

- (vi) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.