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KAISUN ENERGY GROUP LIMITED

凱順能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8203)

ADDENDUM TO THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

Taking into account the audit adjustments including the Deferred Tax and the Merger Reserve, which increased and reduced the Excess Net Fair Value respectively, at the consolidation level, the net effect would be that they reversed the Excess Net Fair Value of Mengxi Minerals of approximately HK\$60.72 million as disclosed in the Interim Report to a goodwill (i.e. an excess of cost of Acquisition over its net fair value) arising from the Acquisition amounted to approximately HK\$124.67 million as disclosed in the Annual Report 2009.

Reference is made to the annual results announcement for the year ended 31 March 2009 (the “**Annual Results Announcement**”) dated 22 June 2009 and the annual report for the year ended 31 March 2009 issued by Kaisun Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Group completed the indirect acquisition of 49% equity interest of Inner Mongolia Mengxi Minerals Co., Ltd. (“**Mengxi Minerals**”) on 10 June 2008 (the “**Acquisition Completion Date**”).

For the purpose of preparation of the Company’s consolidated financial statements, the Company is required to perform a valuation of Mengxi Minerals as at the Acquisition Completion Date in compliance with the Hong Kong Financial Reporting Standards. The Company has engaged an independent valuer to perform such valuation.

As disclosed in the profit warning announcement issued by the Company dated 17 June 2009, as reported in the interim report of the Company for the six months ended 30 September 2008 (the “**Interim Report**”), the Group recorded a non-cash revenue of the share of the net fair value over the cost of acquisition (the “**Excess Net Fair Value**”) amounting to approximately HK\$60.72 million in respect of the indirect acquisition of 49% equity interest in Mengxi Minerals by the Group (the “**Acquisition**”). Such Excess Net Fair Value did not take into account the effect of the related deferred tax (the “**Deferred Tax**”) that should have been taken into account by Mengxi Minerals.

* *for identification purpose only*

During the audit of the financial statements of the Group for the year ended 31 March 2009 (the “**Annual Report 2009**”), the auditors of the Company (the “**Auditors**”), advised that, among others, (i) the Deferred Tax amounted to approximately HK\$244.53 million is required to be taken into account when preparing for the Group’s consolidated financial statements for the reason that the tax effect of Excess Net Fair Value on Mengxi Minerals is a temporary difference; and (ii) the merger reserve arising from the Acquisition (the “**Merger Reserve**”) amounted to approximately HK\$57.50 million as disclosed in the consolidated statement of changes in equity in the Interim Report should be reclassified as the part of the investment cost of the Acquisition.

The directors of the Company (the “**Directors**”) had originally considered the tax effect of Excess Net Fair Value on Mengxi Minerals a permanent difference and thus did not take into account when preparing the Interim Report. As the Directors were of the view that it would be in the best interests of the Company to avoid any qualifications issued by the Auditors in relation to the Deferred Tax and Merger Reserve issues, the Directors resolved to take the advice of the Auditors and accounted for the Deferred Tax and reclassified the Merger Reserve as part of the investment cost of the Acquisition in the Company’s audited consolidated financial statements for the year ended 31 March 2009.

Taking into account the audit adjustments including the Deferred Tax and the Merger Reserve as mentioned above, which increased and reduced the Excess Net Fair Value respectively, at the consolidation level, the net effect would be that they reversed the Excess Net Fair Value of Mengxi Minerals of approximately HK\$60.72 million as disclosed in the Interim Report to a goodwill (i.e. an excess of cost of Acquisition over its net fair value) arising from the Acquisition amounted to approximately HK\$124.67 million as disclosed in the Annual Report 2009.

For the management discussions and analysis of other items for the assessment of the Group’s financial position, please refers to the Annual Report 2009.

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

Hong Kong, 13 July 2009

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Mr. Yeap Soon P Jonathan, Dr. Chow Pok Yu Augustine, Mr. Wu Kam Hung, Mr. Yang Geyan and Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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