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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)

### **PROFIT WARNING**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The board of directors of Kaisun Energy Group Limited wishes to inform the shareholders of the Company and potential investors that it is expected that the results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2009 may experience a significant decline as compared to the interim results for the six-month period from 1 April 2008 to 30 September 2008 mainly due to the effect of the deferred tax in the preparation of the audited financial statements of the Group for the year ended 31 March 2009 in according to the generally accepted accounting policies in Hong Kong.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 17.10 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**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Kaisun Energy Group Limited (the “**Company**”) wishes to inform the shareholders of the Company and potential investors that it is expected that the results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2009 may experience a significant decline as compared to the interim results for the six-month period from 1 April 2008 to 30 September 2008.

As reported in the interim results for the six months ended 30 September 2008 (the “**Interim Results**”), excluding the effect of the related deferred tax that should have been taken into account by our associate, Inner Mongolia Mengxi Minerals Co., Ltd (“**Mengxi Minerals**”), the Group recorded a non-cash revenue of the share of the net fair value over the cost of acquisition amounting to HK\$60.72 million in respect of the acquisition of 49% equity interest in Mengxi Minerals by the Group which was completed in June 2008.

*\*For identification purpose only*

By taking into account the effect of the related deferred tax in the preparation of the audited financial statements of the Group for the year ended 31 March 2009 in accordance to the generally accepted accounting policies in Hong Kong, the non-cash revenue of the share of the net fair value over the cost of acquisition as disclosed in the Interim Results should have been fully eliminated. Such elimination may materially and adversely affect the annual results of the Group for the year ended 31 March 2009. However, there should have no material impact in the operation and cashflow of the Group.

The Board is now in discussion with the auditors of the Company to quantify the appropriate amount of deferred taxation to be recognized in the audited consolidated financial statements of the Group for the year ended 31 March 2009 in order to avoid any qualification in the auditors' report in relation to this matter.

As the Company is still in the process of finalizing the results for the year ended 31 March 2009, the information contained in this announcement is only based on the preliminary assessment by the Company's management according to the draft audited consolidated financial statements of the Group. Shareholders of the Company and potential investors should read the Group's financial results announcement for the year ended 31 March 2009 carefully, which will be published on 22 June 2009.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 17 June 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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (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.*

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