KAISUN ENERGY GROUP LIMITED
凱順能源集團有限公司*

(formerly known as CHALLENGER GROUP HOLDINGS LIMITED 挑戰者集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8203)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high 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.

This announcement, for which the directors (the "Directors") of Kaisun Energy Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**51,087**	304,630	299,298	252,033	161,635
Profit before tax	**8,785**	70,635	15,943	20,971	3,052
Income tax (expense)/credit	**(23)**	(531)	(69)	(23)	55
Less: Profit attributable to minority interests	**(53)**	(993)	–	–	–
Profit attributable to equity holders	**8,709**	69,111	15,874	20,948	3,107

ASSETS AND LIABILITIES

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,040,403**	152,005	143,168	108,129	70,096
Total liabilities	**(721,207)**	(11,691)	(87,551)	(70,529)	(53,975)
Equity holders' funds	**279,489**	127,962	55,617	37,600	16,121

RESULTS

On behalf of the Board of Kaisun Energy Group Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present the audited consolidated results for the year ended 31 March 2009 (the "Year"). The Group's consolidated turnover for the Year was amounting HK$51.1 million and profit for the Year attributable to equity holders was amounting HK$8.7 million.

BUSINESS REVIEW

On 10 June 2008, the Group repositioned itself as an integrated coke producer in China by completing the Sales and Purchase Agreement to acquire (the "Acquisition"); (i) a 49% interest in Inner Mongolia Mengxi Minerals Limited ("Mengxi Minerals"), a Sino-foreign joint venture company set up to own and to operate a coking coal mine with 99.6 million tonnes of reserve (based on the estimation under the PRC coal reserves standard); and (ii) a 70% stake in Ordos GEM Coal & Chemical Co., Limited ("Mengxi Chemical"), another Sino-foreign joint venture company established to build and to operate coal processing plants. Details of the Acquisition are set out in the Circular dated 30 April 2008. The Group's coal reserve consists primarily of hard coking coal (an essential raw material in steel making) and can be mined utilizing both the open pit and underground extraction methods. Being vertically integrated will assure the Group access to precious feed stock and provide the Group with the ability to scale production of upstream, midstream and downstream coal products in accordance to prevailing market trend to optimize profit.

The consideration for the Acquisition (which amounted to HK$900 million) was satisfied by: (i) HK$170 million of Consideration Convertible Bonds; (ii) HK$546 million of cash; and (iii) HK$184 million of consideration shares (through the allotment of 230 million of shares at HK$0.80 each). The HK$546 million cash payment was financed from the proceeds of the HK$600 million Placing Convertible Bonds completed on 10 June 2008.

During the year under review, severe competitions continued to pressure the profit margin of the Group's auto subsidiary, Challenger Auto Services Limited ("CASL"). However, CASL perserved by offering industry leading products and services at competitive prices. In 2008, CASL's excellence was recognized and celebrated when CASL became a proud recipient of the prestigious 2008 Hong Kong Top Services Brand Award, an event jointly sponsored by the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong. It is to be noted that CASL is the first and only auto service company to have been named as an award recipient in the history of this annual event. On 7 August 2008, CASL launched a co-branded credit card with the Bank of Communications Co., Limited. This campaign is aimed at increasing the Group's market penetration into the auto beauty and repairs industry.

The Group's subsidiary, Global On-Line Distribution Limited will continue to operate as an on-line distributor of office supplies and equipment by providing multi-channel and cross-border trade solutions to both corporate and individual on-line buyers.

BUSINESS OUTLOOK

In the last quarter of 2008, the effect of "industrial de-stocking" created an unprecedented price pressure on coal and processed coal products. However, it would appear the worst of this down turn is over. Raw coal prices in the Ordos/Wuhai region have rebounded and stabilized. Raw coal in the region has been trading in the RMB350/tonne range since February of 2009. Given the current uptrend in all key industrial indicators and the continuing influence of the RMB4.0 trillion stimulus package introduced in early November 2008, we are optimistic that the normalized trading range of RMB 450/tonne is achievable during the second half of 2009.

The outsourced model that we have adopted for mining the open pit proved to be an excellent strategy for the Group. We terminated our extraction operation in the north open pit mine shortly after activation in October of 2008 when it became apparent that the destocking effect would be longer lasting than we had hoped for. Accordingly, the Group, having eliminated the burden of fixed operating overhead, weathered the financial crisis well. This ability to scale production in response to emerging economic conditions reaffirms the Group's belief that full integration in the production chain is the right business decision for the Group.

Consequential and in accordance to the normalization of market conditions, the Group has re-activated its north open pit operation in May 2009. We are targeting production of 1.5 to 2.0 mt of raw coal in 2009 from our north and south open pits. Accordingly, we have executed 1.9 mt of contracted sales of our raw coal, delivery of which are subjected to acceptable market prices. This provision effectively allows the Group to vary production based on anticipated market prices.

The Group has activated the construction of the 1.5 mt/annum beneficiation (washing) plant. Completion is targeted for December of 2009 with a revised favorable capital expenditure estimate of RMB50 million. We are targeting production of 750,000 tonnes of coking coal for the 2010 calendar year.

Construction of the 1.5 mt/annum underground mine will commence in July of 2009 with the first eleven months being dedicated to the task of building the three underground shafts. Six additional months are required to establish the production work faces, however during this phase of the construction, we will start generating trial production coal. 100,000 tonnes of raw coal is targeted to be produced from our underground mine in the 2010 calendar year. Total capital cost is estimated at approximately RMB380 million.

We have secured a RMB300 million bank loan with an effective term of 89 months to provide partial funding to construct the underground mine and the beneficiation plant. We are one of the only two enterprises in the region to have been approved for a loan allocation on the strength of mining reserves. The balance of capital expenditure requirement will be funded from cashflow generated from our open pit operation.

We are targeting the construction of the 1.0 mt/annum coking plant to start in 2010. Construction will require 12 months to complete at an anticipated capital expenditure of approximately RMB300 million. We anticipate that the bank will provide about RMB200 million of financing with the balance to come from our operating cashflow.

We believe the current retracement in prices in raw coal is presenting the Group with an excellent opportunity to buy high quality coal assets at attractive prices in Inner Mongolia. Accordingly, we are actively seeking out acquisition opportunities to increase our coal reserve and production capacity. This will enable us to achieve greater economies of scale and to become a leading cost effective coking coal producer in China.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

On 10 June 2008, the Group completed the Sales and Purchase Agreement to acquire (the "Acquisition"); (i) a 49% interest in Inner Mongolia Mengxi Minerals Limited ("Mengxi Minerals"), a Sino-foreign joint venture company set up to own and to operate a coking coal mine with 99.6 million tonnes of reserve (based on the estimation under the PRC coal reserves standard); and (ii) a 70% stake in Ordos GEM Coal & Chemical Co., Limited ("Mengxi Chemical"), another Sino-foreign joint venture company established to build and to operate coal processing plants. Details of the Acquisition are set out in the Circular dated 30 April 2008.

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PROSPECTS

As the coking coal industry is closely connected to steel production, we look toward crude steel production forecast as a barometer of the health of our industry.

China's steel industry (which accounts for 48% of the world crude steel output) was resilient in its ability to withstand the global economic downturn. According to the "Analysis of World Steel Production (January to April 2009)" released by the Ministry of Industry Information and Technology of China, China registered a relatively mild 7.5% MoM drop from its peak production month in 2008 while some other member nations experienced a drop of up to 48% during the same period. It is therefore of no surprise that China produced more crude steel in 2008, ending the year with a 10 million tonnes increase over 2007's level of 490 million tonnes. This momentum continued into the first four months of 2009 with production for the period managing a small but significant increase of 0.1% over the same period in 2008. We are optimistic that China's steel industry, fueled by the continuing effect of the RMB4.0 trillion stimulus package, will maintain its strong performance into 2009.

The Group chose the autonomous region of Inner Mongolia to launch our coking coal business in China because it is to our advantage to locate close to the steel manufacturers, our ultimate off-takers. Inner Mongolia, which has outperformed the nation's impressive GDP growth in the last few years, has the necessary industrial strength to sustain a robust steel manufacturing sector (Baotou Iron & Steel (Group) Co. Ltd., the area's largest steel producer ended 2008 with an YoY increase of 11.3%) and hence continue to generate a healthy demand for our coking coal.

In order to counteract weakening consumer spending in auto repairs and beautification, the Group's auto division will introduce a new touchless car washing service whereby vehicles can be externally cleaned without the typical abrasive effect of traditional brush based car wash machines. We believe this advanced technology will attract new customers and help generate traffic for the Group's auto repair and beautification business.

FINANCIAL REVIEW

Turnover of the Group for the Year amounted to approximately HK$51.1 million (2008: HK$304.6 million), representing a decrease of approximately 83.2% as compared to last year.

Correspondingly, gross profit of the Group for the Year amounted to approximately HK$37.0 million (2008: HK$29.9 million). The gross profit margin increase to 72.4%.

For the Year, the total administrative and other operating expenses amounted to approximately HK$62.4 million (2008: HK$34.6 million). These expenses included (i) the impairment of intangible assets (HK$8.2 million) and (ii) the recognition of share options issued on 24 June 2008 and 8 January 2009 to the officers of the Group as share payment (independently valued at HK$4.07 million and HK$3.32 million respectively) in accordance with HKFRS 2 (Share Based Payment). These share payments did not represent cash outflows; however, they had to be charged against the Group's earnings.

For the Year, the total finance costs amounted to approximately HK$32.8 million (2008: HK$28,535), which mainly included an accrued bond interest payable on the Convertible Bonds and cost of Convertible Bonds placement were amounted approximately to HK$29.8 million and HK$3.0 million respectively.

During the period, as there was a significant decrease in the share price of the Company, the fair value of derivative components of the convertible notes increased accordingly, resulting in a fair value gain of HK$79.3 million which was credited in the consolidated income statement.

Net profit attributable to equity holders of the Company for the Year amounted to approximately HK$8.7 million (2008: HK$69.1 million). The results incorporated the effect of noncash charges included the stock option payments, an accrued bond interest payable on the Convertible Bonds, impairment of intangible assets and fair value gain on derivative components of convertible bonds.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group's bank and cash balances amounted to approximately HK$37.7 million (2008: HK$119.2 million). There are no short term bank loans and current portion of bank loan and obligations under finance leases at the year ended 31 March 2009.

To finance the acquisition of the Group's coal business in Inner Mongolia of the PRC ("the Acquisition"), on 10 June 2008, the Group issued: (1) in aggregate HK$770 million of Convertible Bonds and (2) 230 million Shares as consideration shares (at HK$0.8 per share to raise a net capital fund of HK$184 million). The Convertible Bonds are unsecured, carry a maturity date of 10 June 2013 and bear interest at the rate of 1% per annum.

As at 31 March 2009, the Group has been granted banking facilities in the aggregate amount of HK$1.5 million (2008: HK$1.5 million).

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the Year (2008: HK$Nil).

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's total liabilities over the Group's total assets, was 0.69 as at 31 March 2009 (2008: 0.08).

CAPITAL STRUCTURE

On 10 June 2008, the Group increased its share capital from 540 million ordinary shares of HK$0.01 each ("Share(s)") to 770 million Shares as a result of the issuance of 230 million of consideration Shares to satisfy the Acquisition. Total equity attributable to equity holders of the Group as at 31 March 2009 was approximately HK$279.5 million (2008: HK$128.0 million).

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi ("RMB"). As at 31 March 2009, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the treatment of the Group's income tax expense for the Year are set out in note 6.

HUMAN RESOURCES

As at 31 March 2009, the Group had approximately 161 (2008: 135) staff in Hong Kong and China. The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$31.5 million (2008: HK$56.0 million) for the Year.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2009.

LITIGATION

As at 31 March 2009, the Group had no significant pending litigation.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of the shares of the Company ("Shares") during the year under review. Neither the Company nor any of its subsidiaries has purchased or sold any Shares during the year under review.

AUDIT COMMITTEE

The Company has established the audit committee ("Audit Committee") on 9 December 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and C3.3 of Appendix 15. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee comprises four independent non-executive Directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, and Mr. Liew Swee Yean is the chairman of the Audit Committee.

During the Year, the audit committee held four meetings to review and supervise the financial reporting process. The annual results for the year have been reviewed by the Audit Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interest of its Shareholders.

Save for the breach of Code Provision A.4.2, the Company has complied with all the code provisions each a "Code Provision" as set out in Appendix 15, Code on Corporate Governance Practices ("the Code") of the GEM Listing Rules during the Year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors ("Directors") of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the Year. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

The Board is pleased to announce the audited results of the Group for the year ended 31 March 2009 together with the audited comparative figures for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Note	**2009** **HK$**	2008 *HK$*
Continuing operations			
Turnover	*3*	**51,087,316**	39,172,566
Cost of goods sold and services rendered		**(14,101,423)**	(9,292,951)
Gross profit		**36,985,893**	29,879,615
Other income	*4*	**81,411,206**	2,056,678
Selling and distribution costs		**(1,570,289)**	(1,700,866)
Administrative and other operating expenses		**(62,392,215)**	(34,630,851)
Profit/(loss) from operations		**54,434,595**	(4,395,424)
Finance costs	*5*	**(32,754,793)**	(28,535)
Share of losses of an associate	*13*	**(12,894,394)**	–
Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary		**–**	1,822,816
Impairment loss on goodwill	*11*	**–**	(24,035)
Profit/(loss) before tax		**8,785,408**	(2,625,178)
Income tax expense	*6*	**(23,048)**	(431,852)
Profit/(loss) for the year from continuing operations		**8,762,360**	(3,057,030)
Discontinued operations			
Profit for the year from discontinued operations	*7*	**–**	73,161,336
Profit for the year	*8*	**8,762,360**	70,104,306
Attributable to:			
Equity holders of the Company		**8,708,612**	69,111,488
Minority interests		**53,748**	992,818
		8,762,360	70,104,306
Dividend	*9*	**–**	–
Earnings/(loss) per share (cents)	*10*		
From continuing and discontinued operations			
– basic		**1.20**	12.80
– diluted		**(2.29)**	N/A
From continuing operations			
– basic		**1.20**	(0.75)
– diluted		**(2.29)**	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Note	2009 HK$	2008 HK$
Non-current assets			
Fixed assets		**1,068,209**	1,435,702
Prepaid land lease payments		**–**	–
Goodwill	*11*	**124,671,293**	–
Intangible assets	*12*	**10,000,000**	18,234,000
Investment in an associate	*13*	**761,416,167**	–
Deferred tax assets		**347,300**	170,503
		897,502,969	19,840,205
Current assets			
Inventories		**330,856**	372,172
Trade receivables	*14*	**1,146,881**	973,400
Deposits, prepayments and other receivables		**74,884,000**	11,607,167
Amount due from a minority shareholder		**27,219,120**	–
Current tax assets		**171,144**	–
Pledged bank deposits		**1,500,485**	–
Bank and cash balances		**37,647,050**	119,211,934
		142,899,536	132,164,673
Current liabilities			
Trade payables	*15*	**465,689**	1,347,622
Other payables and accruals		**6,505,052**	3,765,523
Sales deposits received and receipts in advance		**3,331,354**	3,948,018
Amount due to minority shareholders		**1,168,733**	2,575,834
Derivative component of convertible bonds	*16*	**73,920,000**	–
Current tax liabilities		**–**	53,829
		85,390,828	11,690,826
Net current assets		**57,508,708**	120,473,847
Total assets less current liabilities		**955,011,677**	140,314,052
Non-current liabilities			
Loan from a minority shareholder		**1,273,875**	–
Convertible bonds	*16*	**634,542,149**	–
		635,816,024	–
NET ASSETS		**319,195,653**	140,314,052
Capital and reserves			
Share capital	*17*	**7,700,000**	5,400,000
Reserves		**271,789,074**	122,562,059
Equity attributable to equity holders of the Company		**279,489,074**	127,962,059
Minority interests		**39,706,579**	12,351,993
TOTAL EQUITY		**319,195,653**	140,314,052

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company								
	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Foreign currency translation reserve *HK$*	Share-based payment reserve *HK$*	Retained profits *HK$*	Total *HK$*	Minority interests *HK$*	Total equity *HK$*
At 1 April 2007	5,400,000	9,536,387	(122,000)	2,625,495	–	38,176,948	55,616,830	–	55,616,830
Translation difference	–	–	–	1,835,221	–	–	1,835,221	–	1,835,221
Net income recognised directly in equity	–	–	–	1,835,221	–	–	1,835,221	–	1,835,221
Profit for the year	–	–	–	–	–	69,111,488	69,111,488	992,818	70,104,306
Total recognised income and expense for the year	–	–	–	1,835,221	–	69,111,488	70,946,709	992,818	71,939,527
Share-based payments	–	–	–	–	5,859,236	–	5,859,236	–	5,859,236
Disposal of subsidiaries	–	–	122,000	(4,460,716)	–	(122,000)	(4,460,716)	–	(4,460,716)
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	11,359,175	11,359,175
At 31 March 2008 and 1 April 2008	**5,400,000**	**9,536,387**	**–**	**–**	**5,859,236**	**107,166,436**	**127,962,059**	**12,351,993**	**140,314,052**
Translation difference	**–**	**–**	**–**	**(273,060)**	**–**	**–**	**(273,060)**	**–**	**(273,060)**
Net expense recognised directly in equity	**–**	**–**	**–**	**(273,060)**	**–**	**–**	**(273,060)**	**–**	**(273,060)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**8,708,612**	**8,708,612**	**53,748**	**8,762,360**
Total recognised income and expense for the year	**–**	**–**	**–**	**(273,060)**	**–**	**8,708,612**	**8,435,552**	**53,748**	**8,489,300**
Issue of shares for acquisition of a subsidiary *(note 17)*	**2,300,000**	**133,400,000**	**–**	**–**	**–**	**–**	**135,700,000**	**–**	**135,700,000**
Share-based payments	**–**	**–**	**–**	**–**	**7,391,463**	**–**	**7,391,463**	**–**	**7,391,463**
Share options forfeited	**–**	**–**	**–**	**–**	**(269,905)**	**269,905**	**–**	**–**	**–**
Capital contributions from minority shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27,300,838**	**27,300,838**
At 31 March 2009	**7,700,000**	**142,936,387**	**–**	**(273,060)**	**12,980,794**	**116,144,953**	**279,489,074**	**39,706,579**	**319,195,653**

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 5/F., 31C-D Wyndham Street, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are provision of car repairs and beauty services and trading of printing accessories and batteries.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. TURNOVER

	2009	2008
	HK$	*HK$*
Turnover		
Sales of goods	**3,558,304**	267,045,548
Rendering of services	**47,529,012**	37,584,021
	51,087,316	304,629,569
Representing:		
Continuing operations	**51,087,316**	39,172,566
Discontinued operations *(note 7)*	**–**	265,457,003
	51,087,316	304,629,569

4. OTHER INCOME

	2009	2008
	HK$	*HK$*
Interest income	**1,550,570**	2,349,115
Fair value gain on derivative component of convertible bonds	**79,280,875**	–
Gain on disposals of fixed assets	**18,712**	–
Sundry income	**561,049**	422,307
	81,411,206	2,771,422
Representing:		
Continuing operations	**81,411,206**	2,056,678
Discontinued operations *(note 7)*	**–**	714,744
	81,411,206	2,771,422

5. FINANCE COSTS

	2009	2008
	HK$	*HK$*
Finance lease charges	**–**	11,536
Interest on bank loans and overdrafts	**11,769**	282,337
Interest on convertible bonds	**29,758,591**	–
Placing fees of derivative component of convertible bonds	**2,984,433**	–
	32,754,793	293,873
Representing:		
Continuing operations	**32,754,793**	28,535
Discontinued operations *(note 7)*	**–**	265,338
	32,754,793	293,873

6. INCOME TAX EXPENSE

	2009 *HK$*	2008 *HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**224,845**	463,887
Over-provision in previous years	**–**	(69,000)
Tax reduction in previous year	**(25,000)**	–
	199,845	394,887
Deferred tax	**(176,797)**	135,598
	23,048	530,485
Representing:		
Continuing operations	**23,048**	431,852
Discontinued operations *(note 7)*	**–**	98,633
	23,048	530,485

Hong Kong Profits Tax is provided at 16.5% (2008: 17.5%) based on assessable profit for the year less allowable losses brought forward. Certain allowable losses of the subsidiaries of the Company incorporated in Hong Kong are yet to be agreed by the Inland Revenue Department.

Pursuant to relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiary in the PRC is required to pay PRC enterprise income tax at a rate of 25%. The subsidiary in the PRC has not generated any assessable profits since the date of its establishment and accordingly, no provision for PRC enterprise income tax has been made.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2009 *HK$*	2008 *HK$*
Profit before tax	**8,785,408**	70,634,791
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	**1,449,592**	12,361,088
Tax effect of income that is not taxable	**(13,295,923)**	(11,939,396)
Tax effect of expenses that are not deductible	**11,938,722**	1,145,589
Tax effect of profits that is exempted from PRC tax authority	**–**	(1,087,600)
Tax effect of utilisation of tax losses not previously recognised	**–**	(115,292)
Tax effect of change in tax rate	**11,794**	–
Tax effect of temporary difference not recognised	**(56,137)**	235,096
Over-provision in previous years	**–**	(69,000)
Tax reduction in previous year	**(25,000)**	–
Income tax expense	**23,048**	530,485

7. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 20 August 2007 (as supplemented by the amended agreement dated 14 September 2007) entered into between the Company and an independent third party, the Company disposed of 100% interest in a wholly-owned subsidiary, Ultra Group Company Limited.

Ultra Group Company Limited is an investment holding company and its subsidiaries were engaged in the design, manufacture and sale of office furniture during the year ended 31 March 2008. The disposal was completed on 31 October 2007 and the Group discontinued its design, manufacture and sale of office furniture business.

The profit for the year ended 31 March 2008 from the discontinued operations is analysed as follows:

	2008
	HK$
Profit of discontinued operations	9,009,211
Gain on disposal of discontinued operations	64,152,125
	73,161,336

The results of the discontinued operations for the period from 1 April 2007 to 31 October 2007, which have been included in the consolidated income statement, are as follows:

	Period from 1.4.2007 to 31.10.2007
	HK$
Turnover	265,457,003
Cost of goods sold	(193,953,407)
Gross profit	71,503,596
Other income	714,744
Selling and distribution costs	(35,869,517)
Administrative and other operating expenses	(26,975,641)
Profit from operations	9,373,182
Finance costs	(265,338)
Profit before tax	9,107,844
Income tax expense	(98,633)
Profit for the period	9,009,211

During the year ended 31 March 2008, the disposed subsidiaries received approximately HK$19,386,119 in respect of operating activities, paid approximately HK$1,543,201 in respect of investing activities and paid approximately HK$9,355,201 in respect of financing activities.

No tax charge or credit arose on gain on disposal of the discontinued operations.

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2009	2008
	HK$	*HK$*
Amortisation of intangible asset (included in administrative and other operating expenses)	**–**	45,418
Auditor's remuneration	**685,500**	915,228
Bad debt written off	**5,804**	–
Cost of inventories sold before allowance	**3,233,914**	151,723,271
Allowance for obsolete inventories	**–**	325,728
	3,233,914	152,048,999
Depreciation	**1,582,552**	3,115,108
Impairment loss on intangible assets (included in administrative and other operating expenses)	**8,242,350**	–
Loss on disposal of fixed assets	**–**	89,522
Operating lease rentals in respect of land and buildings	**13,773,711**	14,137,897
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	**23,302,732**	47,561,192
Equity-settled share-based payments	**7,391,463**	5,859,236
Retirement benefits scheme contributions	**853,615**	2,613,749
Allowance for doubtful debts	**–**	1,346,070
Net exchange losses	**430,427**	1,684,121

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2008: HK$Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2009	2008
	HK$	*HK$*
Earnings/(loss)		
Earnings for the purpose of calculating basic earnings per share	**8,708,612**	69,111,488
Finance costs saving on conversion of convertible bonds outstanding	**29,758,591**	–
Fair value gain on derivative component of convertible bonds reversed	**(79,280,875)**	–
(Loss)/earnings for the purpose of calculating diluted (loss)/earnings per share	**(40,813,672)**	69,111,488

	2009	2008
Number of shares		
Issued ordinary shares at 1 April 2007 and 1 April 2008	**540,000,000**	540,000,000
Effect of consideration shares issued	**185,890,411**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**725,890,411**	540,000,000
Effect of dilutive potential ordinary shares arising from share options	**1,018,918**	–
Effect of diluted potential ordinary shares arising from convertible bonds outstanding	**1,054,794,521**	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**1,781,703,850**	540,000,000

No diluted earnings per share are presented as the Company did not have any dilutive shares for the year ended 31 March 2008.

(b) From continuing operations

The calculation of the basic and diluted loss per share is based on the following:

	2009	2008
	HK$	*HK$*
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings per share	**8,708,612**	(4,049,848)
Finance costs saving on conversion of convertible bonds outstanding	**29,758,591**	–
Fair value gain on derivative component of convertible bonds reversed	**(79,280,875)**	–
Loss for the purpose of calculating diluted loss per share	**(40,813,672)**	(4,049,848)

	2009	2008
Number of shares		
Issued ordinary shares at 1 April 2007 and 1 April 2008	**540,000,000**	540,000,000
Effect of consideration shares issued	**185,890,411**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**725,890,411**	540,000,000
Effect of dilutive potential ordinary shares arising from share options	**1,018,918**	–
Effect of diluted potential ordinary shares arising from convertible bonds outstanding	**1,054,794,521**	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**1,781,703,850**	540,000,000

No diluted earnings per share are presented as the Company did not have any dilutive shares for the year ended 31 March 2008.

(c) From discontinued operations

	2009	2008
	HK$	*HK$*
Earnings		
Earnings for the purpose of calculating basic earnings per share	**N/A**	73,161,336

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**N/A**	540,000,000

No diluted earnings per share are presented as the Company did not have any dilutive shares for the year ended 31 March 2008.

11. GOODWILL

	HK$
Cost	
Arising on acquisition of a subsidiary, at 31 March 2008 and 1 April 2008	24,035
Arising on acquisition of a subsidiary for the year *(note 19)*	124,671,293
At 31 March 2009	124,695,328
Accumulated impairment losses	
Impairment loss recognised for the year, at 31 March 2008, 1 April 2008 and 31 March 2009	(24,035)
Carrying amount	
At 31 March 2009	124,671,293
At 31 March 2008	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2009	2008
	HK$	*HK$*
Trading of printer accessories and batteries		
Global On-Line Distribution Limited ("Global On-Line")	**24,035**	24,035
Exploitation of coal and coal processing		
Imare Company Limited ("Imare")	**124,671,293**	–
	124,695,328	24,035

12. INTANGIBLE ASSETS

	Trademarks	**License**	**Total**
	HK$	*HK$*	*HK$*
Cost			
At 1 April 2007	–	389,300	389,300
Acquisition of subsidiaries	18,234,000	–	18,234,000
Disposal of subsidiaries	–	(389,300)	(389,300)
At 31 March 2008 and 1 April 2008	18,234,000	–	18,234,000
Additions	8,350	–	8,350
At 31 March 2009	18,242,350	–	18,242,350

	Trademarks	License	Total
	HK$	*HK$*	*HK$*
Accumulated amortisation and impairment			
At 1 April 2007	–	54,837	54,837
Charge for the year	–	45,418	45,418
Disposal of subsidiaries	–	(100,255)	(100,255)
At 31 March 2008 and 1 April 2008	–	–	–
Impairment loss recognised for the year	8,242,350	–	8,242,350
At 31 March 2009	8,242,350	–	8,242,350
Carrying amount			
At 31 March 2009	10,000,000	–	10,000,000
At 31 March 2008	18,234,000	–	18,234,000

13. INVESTMENT IN AN ASSOCIATE

	2009	2008
	HK$	*HK$*
Unlisted investments		
Share of net assets	**761,416,167**	–

Details of the Group's associate at 31 March 2009 are as follows:

Name	Place of incorporation/ registration	Paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
內蒙古蒙西礦業有限公司 (Inner Mongolia Mengxi Minerals Limited) ("Mengxi Minerals")	PRC	Registered capital of RMB80,000,000	49%	Dormant

Summarised financial information in respect of the Group's associate is set out below:

	2009	2008
	HK$	*HK$*
At 31 March		
Total assets	**2,053,237,182**	–
Total liabilities	**(499,326,637)**	–
Net assets	**1,553,910,545**	–
Group's share of associate's net assets	**761,416,167**	–
Year ended 31 March		
Total revenue	**–**	–
Total loss for the year	**26,315,089**	–
Group's share of associate' loss for the year	**12,894,394**	–

14. TRADE RECEIVABLES

	2009	2008
	HK$	*HK$*
Trade receivables	**1,146,881**	973,400

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers. An ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2009	2008
	HK$	*HK$*
0 – 30 days	**957,438**	636,794
31 – 60 days	**97,037**	269,303
61 – 90 days	**55,615**	35,308
Over 90 days	**36,791**	31,995
	1,146,881	973,400

15. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2009	2008
	HK$	*HK$*
0 – 30 days	**371,615**	861,084
31 – 60 days	**94,074**	181,309
61 – 90 days	**–**	63,542
Over 90 days	**–**	241,687
	465,689	1,347,622

16. CONVERTIBLE BONDS

On 10 June 2008 the Group issued convertible bonds ("Bonds") with a nominal value of HK$770,000,000, of which the Bonds of HK$170,000,000 are issued as partial consideration to acquire the entire issued capital of Imare and the balance of the Bonds issued in cash by the placing agent. The proceeds of the Bonds issued in cash by the placing agent, which amounted to HK$600,000,000, were used for partly settlement of the cash consideration of HK$546,000,000 and various expenses related to acquisition of the entire issued capital of Imare of HK$23,670,000, placing fees related to the Bonds of HK$15,000,000 and the remaining balance of HK$15,330,000 was received by the Company from the placing agent. The Bonds mature on the fifth anniversary from the date of issue of the Bonds (the "Maturity Date"). The bondholders have the right to convert at any time prior to the Maturity Date into new shares allotted and issued by the Company upon exercise of the conversion rights attached to the Bonds ("New Shares") at the lower of either (a) HK$1.30 per New Share; or (b) 100% of the average of the three lowest closing prices for a share of the Company on the Stock Exchange, or if trading in the shares of the Company is suspended and there is no closing price at the Stock Exchange on a relevant day, the last traded price reported per share on such day, during the 20 trading days period prior to the date of issue of the conversion notice (the "Variable Conversion Price") save that the lowest Variable Conversion Price shall not be less than the nominal value of the shares of the Company (the "Conversion Price"). The aggregate principal amount of the Bonds together with the accrued interest shall be automatically converted to New Shares upon Maturity Date at the then prevailing Conversion Price unless such conversion will result a holder of the Bonds and their respective parties acting in concert with them, taken together, will directly or indirectly, control or be interested in 30% or more of the voting rights in respect of the issued shares of the Company. Interest of 1 per cent per annum is payable at the time of conversion and redemption of the Bonds. The Company is entitled to cancel and to redeem all the Bonds in whole at any point in time after the third anniversary of the date of issue of the Bonds prior to the Maturity Date at 135% of their principal amount together with accrued interest.

The fair value of the derivative component estimated at the issuance using an option pricing model and the change in fair value of that component is recognised in the income statement. The residual amount is assigned as the liability component.

	2009
	HK$
Nominal value of Bonds issued	**770,000,000**
Placing fees related to liability component	**(12,015,567)**
Derivative component	**(153,200,875)**
Liability component at date of issue	**604,783,558**
Interest charged	**29,758,591**
Liability component at 31 March 2009	**634,542,149**
Derivative component at date of issue	**153,200,875**
Fair value gain for the year	**(79,280,875)**
Derivative component at 31 March 2009	**73,920,000**

17. SHARE CAPITAL

	Number of shares	**Amount**
		HK$
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2007, 31 March 2008, 1 April 2008 and 31 March 2009	10,000,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2007, 31 March 2008 and 1 April 2008	540,000,000	5,400,000
Issued of shares for acquisition of subsidiary	230,000,000	2,300,000
At 31 March 2009	770,000,000	7,700,000

On 1 February 2008 (as supplemented by the supplemental agreement dated 25 April 2008) a wholly owned subsidiary of the Company entered a sale and purchase agreement with an independent third party to acquire the entire issued share capital in and shareholders' loan to Imare ("Acquisition"). Part of the consideration of the Acquisition was satisfied by alloting and issuing of 230,000,000 ordinary shares of the Company to the vendor. On 10 June 2008, the Company issued 230,000,000 ordinary shares at the then market price of HK$0.59 each resulting in a premium of HK$0.58 per share as part of the settlement of the consideration of the Acquisition.

18. SEGMENT INFORMATION

Primary reporting format – Business segments

In 2009, the Group is organised into two main segments which is trading of printing accessories and batteries and provision of car repairs and beauty services. The business segment of design and sale of office furniture was discontinued in last year.

Secondary reporting – Geographical segments

The Group's principal markets are located at Hong Kong. The Group's assets are located in Hong Kong and the PRC.

Primary reporting format – business segment

Year ended 31 March 2009

	Provision of car repairs and beauty services *HK$*	Trading of printing accessories and batteries *HK$*	Consolidated *HK$*
Revenue			
Sales to external customers	**47,529,012**	**3,558,304**	**51,087,316**
Results			
Segment results	**(8,041,414)**	**(52,993)**	**(8,094,407)**
Unallocated corporate expenses			**(18,313,165)**
Other income			**80,842,167**
Profit from operations			**54,434,595**
Finance costs			**(32,754,793)**
Share of losses of an associate			**(12,894,394)**
Profit before tax			**8,785,408**
Income tax expense			**(23,048)**
Profit for the year			**8,762,360**

Business segment information for the year is presented as follows:

	Provision of car repairs and beauty services *HK$*	Trading of printing accessories and batteries *HK$*	Consolidated *HK$*
Segment assets	**15,311,422**	**390,063**	**15,701,485**
Unallocated assets			**1,024,701,020**
Total assets			**1,040,402,505**
Segment liabilities	**6,724,966**	**1,288,375**	**8,013,341**
Unallocated liabilities			**713,193,511**
Total liabilities			**721,206,852**
Other segment information			
Capital expenditure	**337,048**	**–**	**337,048**
Unallocated capital expenditure			**884,299**
			1,221,347
Depreciation and amortisation	**1,376,142**	**2,366**	**1,378,508**
Unallocated depreciation and amortisation			**204,044**
			1,582,552
Impairment loss on intangible assets	**8,242,350**	**–**	**8,242,350**
Unallocated bad debts written off			**5,804**

Year ended 31 March 2008

	Continuing operations		Discontinued operations	
	Provision of car repairs and beauty services	Trading of printing accessories and batteries	Design and sale of office furniture	Consolidated
	HK$	*HK$*	*HK$*	*HK$*
Revenue				
Sales to external customers	37,584,021	1,588,545	265,457,003	304,629,569
Results				
Segment results	2,421,304	(187,709)	8,658,438	10,892,033
Unallocated corporate expenses				(8,709,732)
Other income				68,746,363
Profit from operations				70,928,664
Finance cost				(293,873)
Profit before tax				70,634,791
Income tax expense				(530,485)
Profit for the year				70,104,306

	Continuing operations		Discontinued operations	
	Provision of car repairs and beauty services	Trading of printing accessories and batteries	Design and sale of office furniture	Consolidated
	HK$	*HK$*	*HK$*	*HK$*
Segment assets	24,598,264	48,133	–	24,646,397
Unallocated assets				127,358,481
Total assets				152,004,878
Segment liabilities	8,253,035	108,236	–	8,361,271
Unallocated liabilities				3,329,555
Total liabilities				11,690,826
Other information				
Capital expenditure	199,660	–	1,981,985	2,181,645
Depreciation and amortisation	1,153,646	2,366	2,004,514	3,160,526
Allowance for doubtful debts	–	–	1,346,070	1,346,070

Secondary reporting format – geographical segment

	Revenue				Segment assets				Capital expenditure			
	Continuing operations		Discontinued operations		Continuing operations		Discontinued operations		Continuing operations		Discontinued operations	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Hong Kong	**51,087,316**	39,172,566	**–**	66,888,995	**1,040,402,505**	152,004,878	**–**	–	**1,097,681**	199,660	**–**	613,127
PRC except Hong Kong	**–**	–	**–**	139,310,047	**–**	–	**–**	–	**123,666**	–	**–**	1,368,858
Overseas	**–**	–	**–**	59,257,961	**–**	–	**–**	–	**–**	–	**–**	–
Consolidated	**51,087,316**	39,172,566	**–**	265,457,003	**1,040,402,505**	152,004,878	**–**	–	**1,221,347**	199,660	**–**	1,981,985

19. ACQUISITION OF A SUBSIDIARY

On 10 June 2008, the Group acquired the entire issued share capital in Imare with the sale loan at a consideration of HK$881,571,604. Imare is an investment holding company and its subsidiaries are engaged in investment holding and its associate is dormant.

The fair value of the identifiable assets and liabilities of Imare acquired as at its date of acquisition is as follows:

	HK$
Net assets acquired:	
Investment in an associate	757,510,561
Other receivables	390,000
Bank and cash balances	3,750
Accrual and other payable	(1,004,000)
Amount due to shareholders	(258,912,693)
	497,987,618
Goodwill *(note 11)*	124,671,293
	622,658,911
Add: Sale loan and Mengxi debt	258,912,693
	881,571,604
Satisfied by:	
Share capital issued as partial consideration	135,700,000
Bonds issued as partial consideration	170,000,000
Cash paid for investment cost	287,087,307
Cash paid for professional expenses	29,871,604
Cash paid for sale loan and Mengxi debt	258,912,693
	881,571,604

The goodwill arising on the acquisition of Imare is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Imare contributed HK$Nil to the Group's turnover and approximately HK$17,586,938 loss to the Group's profit before tax, for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2008, total Group's turnover for the year would have been HK$51,087,316, and profit for the year would have been HK$4,461,602. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is intended to be a projection of future results.

By Order of the Board
KAISUN ENERGY GROUP LIMITED
CHAN Nap Kee, Joseph
Chairman

Hong Kong, 22 June 2009

As at the date of this announcement, the Board comprises six executive Directors of the Company 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 and four independent non-executive Directors of the Company are Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

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