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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 by Kaisun Energy Group Limited (the “Company”) together with its subsidiaries, (the “Group”) pursuant to Rule 17.10 of the Rule Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that it expects to record an increase in loss for the period compared to that of the same period last year.

As disclosed in the Company’s circular dated 6 October, 2011 (“Circular”), the sale of equity interest in Mengxi Minerals is expected to record an estimated loss of approximately HK\$800 million (after relevant expenses and subject to audit) for the Group, which was arrived at by subtracting the Consideration from the Net Asset Value (NAV). Such loss has been recognized in the Group’s consolidated account for the year ended 31 December, 2011.

The above estimated loss was mainly attributable to the substantial increase in net asset value of Mengxi Minerals at the time of acquisition arising from different accounting treatment between the Hong Kong Financial Reporting Standards and the relevant PRC accounting standards, details of which can be found under the heading “Financial Effect of the Equity Transfer” in P.11 of the Circular. This estimated loss is expected to be non-cash in nature.

Information contained herein represents a preliminary assessment by the management of the Company based on the unaudited Management Accounts of the Group for the year ended 31 December 2011. Further details of the Group’s financial information for the year ended 31 December 2011 will be disclosed in the audited annual results for the year ended 31 December 2011, which is expected to be published on 26 March 2012.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in shares of the Company.

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

Hong Kong, 19 March, 2012

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.

As of the date of this announcement, the executive directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, Mr. Li Hong 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 or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.kaisunenergy.com

**for identification purpose only*