



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

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 that 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.

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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

The board of directors (the “Board” or the “Directors”) of Kaisun Energy Group Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2015

		Unaudited	
		Three months ended	
		31 March	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	143	857
Cost of goods sold		<u>(232)</u>	<u>(41)</u>
Gross (loss)/profit		(89)	816
Other income		1,621	716
Mining distribution costs		(3,254)	(6,162)
Administrative and other operating expenses		<u>(9,079)</u>	<u>(12,966)</u>
Loss from operations		(10,801)	(17,596)
Finance costs		<u>—</u>	<u>—</u>
Loss before tax		(10,801)	(17,596)
Income tax credit	5	<u>811</u>	<u>—</u>
Loss for the period		<u>(9,990)</u>	<u>(17,596)</u>
Attributable to:			
Owners of the Company		(9,688)	(17,184)
Non-controlling interests		<u>(302)</u>	<u>(412)</u>
		<u>(9,990)</u>	<u>(17,596)</u>
Loss per share (HK Cents)			
— Basic		<u>(0.37)</u>	<u>(0.66)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three months ended 31 March 2015

	Unaudited	
	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(9,990)	(17,596)
Other comprehensive income for the period, net of tax		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of currency from foreign operations	<u>(1,880)</u>	<u>(688)</u>
Total comprehensive income for the period	<u>(11,870)</u>	<u>(18,284)</u>
Attributable to:		
Owners of the Company	(12,627)	(17,861)
Non-controlling interests	<u>757</u>	<u>(423)</u>
	<u>(11,870)</u>	<u>(18,284)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Unaudited							
	Attributable to owners of the Company							
	Share capital <i>HK\$'000</i>	Shares held under share award scheme <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2014	26,170	(1,204)	1,176,818	(8,416)	(715,569)	477,799	1,106	478,905
Total comprehensive income for the period	—	—	—	(677)	(17,184)	(17,861)	(423)	(18,284)
Purchase of shares held under the share award scheme	—	(90)	—	—	—	(90)	—	(90)
Award of shares under the share award scheme	—	1,098	—	—	—	1,098	—	1,098
Changes in equity for the period	—	1,008	—	(677)	(17,184)	(16,853)	(423)	(17,276)
At 31 March 2014 (unaudited)	<u>26,170</u>	<u>(196)</u>	<u>1,176,818</u>	<u>(9,093)</u>	<u>(732,753)</u>	<u>460,946</u>	<u>683</u>	<u>461,629</u>
At 1 January 2015	26,170	(615)	1,176,818	(6,166)	(917,021)	279,186	(18,008)	261,178
Total comprehensive income for the period	—	—	—	(2,939)	(9,688)	(12,627)	757	(11,870)
Purchase of shares held under the share award scheme	—	(162)	—	—	—	(162)	—	(162)
Changes in equity for the period	—	(162)	—	(2,939)	(9,688)	(12,789)	757	(12,032)
At 31 March 2015 (unaudited)	<u>26,170</u>	<u>(777)</u>	<u>1,176,818</u>	<u>(9,105)</u>	<u>(926,709)</u>	<u>266,397</u>	<u>(17,251)</u>	<u>249,146</u>

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 Unit A, 13/F, Two Chinachem Plaza, 68 Connaught Road Central, 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 consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's condensed financial information have been prepared in accordance with International Accounting Standard issued by International Accounting Standards Board, and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

These condensed financial information should be read in conjunction with the 2014 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 December 2014.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the three months ended 31 March 2015, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by IASB that are relevant to its operations and effective for its accounting periods beginning on 1 January 2015. IFRSs comprise of International Financial Reporting Standards ("IFRS"); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the three months ended 31 March 2015 and the same period in last year.

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

4. TURNOVER

	Unaudited	
	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Turnover		
Sales of goods		
— Production and exploitation of coal	—	764
— Mining and metallurgical machineries production	143	93
	<u>143</u>	<u>857</u>

5. INCOME TAX CREDIT

	Unaudited	
	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Income tax expenses		
Current tax	—	—
Deferred tax	(811)	—
	<u>(811)</u>	<u>—</u>

No provision for Hong Kong Profits tax is required as the Group has no assessable profit arising in or derived from these jurisdictions for the relevant periods.

PRC Enterprise Income tax has been provided at a rate of 25% (2014: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. DIVIDENDS

The Directors do not recommend the payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: HK\$Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period are used in the basic loss per share calculation, and the weighted average number ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on the following data:

	Unaudited	
	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(9,688)</u>	<u>(17,184)</u>
Number of shares ("000")		
Issued ordinary shares at the beginning of the period	2,617,006	2,617,006
Effect of shares held for share award scheme	<u>(1,745)</u>	<u>(3,288)</u>
Weighted average number of ordinary shares in issue less share held for share award scheme for the purpose of calculating basic loss per share	<u>2,615,261</u>	<u>2,613,718</u>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 31 March 2015 and 2014.

8. SHARE CAPITAL

	Unaudited as at 31 March 2015 HK\$'000	Audited as at 31 December 2014 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
2,617,005,700 (31 December 2014: 2,617,005,700) Ordinary shares of HK\$0.01 each	<u>26,170</u>	<u>26,170</u>

9. SEGMENT INFORMATION

The Group has three reportable segments which are mining and metallurgical machineries production in Shandong, production and exploitation of coal in Tajikistan and provision of supply chain management for mineral business for the period.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2014. Segment profits or losses do not include dividend income and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include convertible bonds and derivative instruments. Segment non-current assets do not include financial instruments and deferred tax assets.

	Mining and metallurgical machineries production in Shandong HK\$'000	Provision of supply chain management services for mineral business HK\$'000	Production and exploitation of coal in Tajikistan HK\$'000	Total HK\$'000
For three months ended 31 March 2015 (unaudited)				
Revenue from external customers	143	—	—	143
Segment loss	(1,068)	(2,773)	(5,148)	(8,989)
As at 31 March 2015				
Segment assets	8,236	204,943	30,818	243,997
Segment liabilities	<u>(706)</u>	<u>(7,908)</u>	<u>(40,447)</u>	<u>(49,061)</u>

	Mining and metallurgical machineries production in Shandong <i>HK\$'000</i>	Provision of supply chain management services for mineral business <i>HK\$'000</i>	Production and exploitation of coal in Tajikistan <i>HK\$'000</i>	Total <i>HK\$'000</i>
For three months ended 31 March 2014				
(unaudited)				
Revenue from external customers	93	—	764	857
Segment loss	(555)	(2,768)	(10,533)	(13,856)
As at 31 December 2014				
Segment assets	142,510	25,341	7,556	175,407
Segment liabilities	(1,728)	(12,811)	(541)	(15,080)
			Unaudited	
			Three months ended 31 March	
			2015	2014
			<i>HK\$'000</i>	<i>HK\$'000</i>
Reconciliations of segment profit or loss				
Total profit or loss of reportable segments			(8,989)	(13,856)
Other profit or loss			(1,001)	(3,740)
Consolidated loss for the period			(9,990)	(17,596)

10. EVENT AFTER THE REPORTING PERIOD

On 27 April 2015, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place 523,400,000 new Shares under General Mandate at the Placing Price of HK\$0.089 per Placing Share to not less than six independent Places. The placing of all new Shares was completed on 7 May 2015. The total number of the Company's ordinary shares in issue immediately after completion of the Placing is 3,140,405,700. The net proceeds from the Placing are approximately HK\$44 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is currently engaged in three main businesses and they are exploitation of coal in Tajikistan of Central Asia, production of mining and metallurgical machineries and parts in Shandong, and provision of supply chain management services for mineral business (“supply chain management business”). Turnover generated from the main business for the Group amounts to HK\$143,000 for the three months ended 31 March 2015 (“period”). Similar to previous years, the slow start is caused by the nature of our operating location and the current economic conditions. The Group is carrying out preparatory work in Tajikistan and we are ramping up production in Shandong to fulfill contracts acquired during the period.

We are also delighted that, in an effort to promote Central Asia and the Silk Road strategy which is the focus of our operations, the Group sponsored and co-organized a “Focus on Central Asia Conference, Launching Ceremony of Seminar Series on Silk Road Strategy” where Kaisun Energy invited Shanghai Cooperation Organization (SCO) Secretary General Mr. Dmitry Mezentsev to visit Hong Kong and be the guest speaker of honour. In addition, Tajikistan Ambassador to China and other officials and business representatives from Kazakhstan and Kyrgyzstan shared their views on this Silk Road initiative and business opportunities. The overall response was great and the event was a success. For further information, please refer to the company’s website under “What’s new” (Article dated 11 April 2015).

Tajikistan Coal Exploitation

The Group currently own mining rights and interests in two mines in Tajikistan; including the Kaftar-Hona anthracite deposit and the Zeddi coal deposit, and the mining lease with the right to mine the Eastern Zone of Fon Yagnob coal deposit in Tajikistan. Due to the annual heavy snow and winter conditions in Tajikistan, preparatory work is being carried as usual during this time of year in order to gear up for the mining season. Due to the reason such as Tajikistan Somoni depreciation mentioned in the Group’s 2014 annual report, management of the Group continues to take a conservative approach prior to the mining season. Management of the Group have several plans in place and will act accordingly given the economic conditions and coal demand once mining season begins.

Shandong Mining and Metallurgical Machineries Production

Tengzhou Kaiyuan Industrial Co. Ltd (“Tengzhou Kaiyuan”) is a joint venture of the Company’s subsidiary (70% shareholder) and the local Government Owned Enterprise Tengzhou Liyuan Mining Company (“Tengzhou Liyuan”) (30% shareholder). Tengzhou Kaiyuan has been a valuable addition and has started contributing to the Group since the 2nd quarter of 2014.

Tengzhou Kaiyuan business includes design and production of mining and metallurgical machineries, as well as the equipment installation. The leading products can be generally classified into four categories: overhead man-riding devices, hydraulic and pneumatic lever devices, valve devices and belt transmission devices.

As mentioned in the Group’s 2014 annual report, Tengzhou Kaiyuan has reached full production status. During the period, the Group’s machineries production operation brought in HK\$143,000 of revenue. As of right now, production is still ongoing and contract obtained during the period is being fulfilled.

Supply Chain Management Business

Due to the low worldwide demands in minerals and the current economic environment, management the Group took a more conservative approach entering into contracts last year. This did not change for the period as we still cannot find deals with margins that can justify the risk the Group had to take on. Therefore, the Supply Chain Management Business did not contribute any revenue to the Group. Nonetheless, the Group still maintains close contacts with its existing, previous and potential business partners.

Outlook and Prospects

For the next couple of few months preparatory works will continue for our mining operation in Tajikistan for the upcoming mining season. Shandong machineries production business will continue production and fulfill our existing and future contracts. Future of supply chain management business will depend on the economic condition and the general demand for minerals.

As mentioned in detail in the Group's 2014 annual report, our normal business scope is very reactive in nature and will depend on many external factors beyond our control to determine our success. Therefore, we have decided to take a proactive stance in signing a Cooperation Agreement with China National Technical Import & Export Corporation ("CNTIC") — a wholly owned subsidiary to the US Fortune Global 500's China General Technology (Group) Holdings Ltd. For the upcoming months we will heavily explore our options with CNTIC and we believe the end results will be important to the growth of the Group.

Financial Review

Turnover of the Group for the period amounted to approximately HK\$143,000 (for the period ended 31 March 2014: HK\$857,000). Turnover solely arose from mining and metallurgical machineries production in Shandong.

Gross loss from the Group's operations for the period was approximately HK\$(89,000) (for the period ended 31 March 2014: HK\$816,000).

For the period, the total administrative and other operating expenses from the Group's operations is approximately HK\$9.1 million (for the period ended 31 March 2014: HK\$13.0 million).

The Group recorded loss for the period of approximately HK\$(10.8) million (for the period ended 31 March 2014: HK\$(17.6) million).

The total comprehensive income attributable to owners of the Company for the period amounted to approximately HK\$(12.6) million (for the period ended 31 March 2014: HK\$(17.9) million).

Liquidity and Financial Resource

As at 31 March 2015, the Group has a bank and cash balance of approximately HK\$13.9 million (as at 31 December 2014: HK\$54.6 million).

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's long term debts over the Group's total asset, was Nil as at 31 March 2015 (as at 31 December 2014: Nil).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi (“RMB”), United States dollars and Tajik Somoni (“TJS”). As at 31 March 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

OTHER INFORMATION

1. Directors’ and Chief Executives’ Interests and Short Positions in the shares, underlying shares and debentures of the Company or any associated corporations

As at 31 March 2015, the interest and short positions of the directors and the chief executives in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“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, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors are as follows:

Long position in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares	Number of Underlying Shares (Note)	Approximate percentage of the total issued Shares as at 31 March 2015
Chan Nap Kee, Joseph	Beneficial owner	66,941,760	—	2.56%
Yang Yongcheng	Beneficial owner	100,000	—	0.00%
Liew Swee Yean	Beneficial owner	540,000	—	0.02%
Siu Siu Ling, Robert	Beneficial owner	540,000	—	0.02%
Wong Yun Kuen	Beneficial owner	2,000,000	—	0.08%

Note: The long position in the underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the options granted by the Company to the above mentioned directors pursuant to the share option scheme.

Save as disclosed above, as at 31 March 2015, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

2. Interests and short positions of substantial shareholders in shares and underlying shares

- (a) As at the 31 March 2015, the register of substantial shareholders maintained by the company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of the directors, the following shareholders had notified the Company of relevant interests and short positions in the Shares and underlying Shares:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of Shares	Number underlying Shares	Total interest	Approximate percentage of the total issued Shares as of at 31 March 2015
<i>Substantial shareholders</i>					
Zhang Zhi Ping	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.35%
Zhang Gaobo	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.35%
Oriental Patron Financial Group Limited (“OPFGL”)	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.35%
Ottness Investments Limited (“OIL”)	Interest of a controlled corporation	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.05%
OP Financial Investments Limited (“OPFIL”)	Interest of a controlled corporation	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.05%
Profit Raider Investments Limited (“PRIL”)	Beneficial owner	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.05%

Notes:

- OPFGL holds 218,490,000 Shares. OPFGL is 51% owned by Zhang Zhi Ping and is 49% owned by Zhang Gaobo.

Of these 218,490,000 Shares, 86,380,000 Shares are held by Pacific Top Holding Limited (“PTHL”). PTHL is wholly owned by Oriental Patron Financial Services Group Limited (“OPFSGL”), OPFSGL is 95% held by OPFGL. Zhang Zhi Ping, Zhang Gaobo, OPFGL and OPFSGL are deemed to be interested in the interests held by PTHL under the SFO.

Of these 218,490,000 Shares, 132,110,000 Shares are held by PRIL. PRIL is wholly owned by OPFIL, OPFIL is 35.05% held by OIL. Zhang Zhi Ping, Zhang Gaobo, OPFGL, OIL and OPFIL are deemed to be interested in the interests held by PRIL under the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 March 2015, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share Award Scheme

The Company adopted the Share Award Scheme on 10 May 2013 (the “Adoption Date”). The purpose of the Scheme is to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Unless terminated earlier by the Board, the Share Award Scheme operates for three years commencing on the Adoption Date. The Committee shall not make any further award of Awarded Shares which will result in the aggregate nominal value of the Shares awarded under the Scheme exceeding ten per cent of the issued share capital of the Company at the time of such Award.

Please refer to the announcement of the Company dated 10 May 2013 for details of the Share Award Scheme.

During the three months ended 31 March 2015, based on the Company’s instructions, the trustee of the Share Award Scheme had purchased a total of 1,820,000 shares of the Company on the Stock Exchange at a total consideration of about HK\$161,867.

During the period ended 31 March 2015, no shares were awarded to any employee or director of the Company under the Share Award Scheme.

4. Directors’ Interest in Competing Business

None of the Directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

5. Audit Committee

The Company 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. 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.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide an important link between the Board and the Company’s auditors on those matters within the scope of the Group’s audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

In order to comply with amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, on 30 March 2012, new terms of reference that supersedes previous terms of reference of the Audit Committee were adopted. The new written terms of reference which describes its authorities and duties is available on the Company’s website www.kaisunenergy.com under “Investor Relations” section with heading of “Corporate Governance”.

The unaudited quarterly results for the three months ended 31 March 2015 have reviewed by the audit committee which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

6. Remuneration Committee

The Company established the Remuneration Committee (“RC”) in March 2006. On 30 March 2012, for more effective functioning of the board, there was a redesignation of Director’s role and function in order to comply with the amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited effective on 1 April 2012.

The current Remuneration Committee comprised one executive director and two independent non-executive directors, namely Mr. Chan Nap Kee Joseph, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph. Dr. Wong Yun Kuen is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

In order to comply with amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, on 30 March 2012, new terms of reference that supersedes previous terms of reference of the Remuneration Committee were adopted. The new written terms of reference which describes its authorities and duties is available on the Company’s website www.kaisunenergy.com under “Investor Relations” section with heading of “Corporate Governance”.

7. Nomination and Corporate Governance Committee

On 30 March 2012, the Company established a Nomination and Corporate Governance Committee (“NC”) with written terms of reference which deals clearly with its authorities and duties. The NC comprises three members, namely Mr. Siu Siu Ling Robert (chairman of NC), Mr. Liew Swee Yean and Mr. Chan Nap Kee Joseph.

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group’s policies and practices on corporate governance and to make recommendations to the Board.

Written terms of reference were adopted in compliance with the GEM Listing Rules, and is available on the Company’s website www.kaisunenergy.com under “Investor Relations” section with heading of “Corporate Governance”.

8. Purchase, Sale or Redemption of Listed Securities

During the period ended 31 March 2015, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,820,000 Shares of the Company at a total consideration of about HK\$161,867.

9. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by 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 three months ended 31 March 2015. The Company has also made specific enquiry to 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.

10. Code on Corporate Governance Practice

The Board is committed to maintaining a high standard of corporate governance. The Board believes that sound and reasonable corporate practices are essential for the growth of the Group and for safeguarding and maximizing Shareholders interest.

The Company has adopted the code provisions (“Code Provision”) set out in the Corporate Governance Code (the “CG code”) contained in Appendix 15 to the GEM Listing Rules. The Company has complied with all applicable code provisions in the CG code throughout the period ended 31 March 2015, except for the following deviations:

The Code Provision A2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Since 2 November 2010 to the date of this report, Mr. Chan Nap Kee Joseph, chairman, took up the role of acting chief executive officer as well, which deviates from Code Provision A2.1. As the Company is developing its business in energy and resources sector and has recently acquired coal mining assets outside China, the Remuneration Committee is searching for the right person to take up the role of Chief Executive Officer to carry out the strategic plans and policies as established by the board of directors. In the meantime, Mr. Chan Nap Kee Joseph, our Chairman, took up the role of Acting Chief Executive Officer until the suitable person is selected. The Company will publish announcement on appointment of Chief Executive Officer when appropriate.

The Code Provision A.5.6 stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Nomination and Corporate Governance Committee of the Company (the “Nomination Committee”) would review the board composition from time to time and it considered that the board diversity is in place and therefore written policy is not required. Due to the amendment of the Listing Rules effective 1 September 2013, a board diversity policy (the “Board Diversity Policy”) has been adopted in December 2013. The Board Diversity would be considered from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender.

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

Hong Kong, 11 May 2015

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

As at the date of this announcement, the Board comprises three executive directors of the Company are Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine 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, and on the Company’s website at <http://www.kaisunenergy.com>.