



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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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.

FINANCIAL HIGHLIGHTS

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

RESULTS

	Year ended	Period ended	Year ended 31 March		
	31 December	31 December			
	2011	2010	2010	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	62,680	59,619	62,806	51,087	304,630
(Loss)/profit before tax	(1,059,773)	(24,784)	449,624	8,785	70,635
Income tax expense	—	(3,454)	(941)	(23)	(531)
Less: loss/(profit) attributable to non-controlling interests	12,062	(3,597)	4,010	(53)	(993)
(Loss)/profit attributable to owners of the Company	(1,047,711)	(31,835)	452,693	8,709	69,111

ASSETS AND LIABILITIES

	As at 31 December		As at 31 March		
	2011	2010	2010	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	1,187,098	3,870,185	3,764,298	1,040,403	152,005
Total liabilities	(329,886)	(1,383,419)	(1,390,922)	(721,207)	(11,691)
Owners' funds	821,879	1,730,415	1,642,401	279,489	127,962

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 December 2011 (the “Year”). The Group’s consolidated turnover for the Year was amounting HK\$62.7 million and total comprehensive income for the Year attributable to owner of the Company was amounting HK\$(1,110.4) million.

BUSINESS REVIEW

The Group generated its turnover of approximately HK\$6.1 million and HK\$56.6 million from continuing operations and discontinued operations for the year ended 31 December 2011 respectively.

Because of disposal of Mengxi Minerals, results of Mengxi Minerals were classified as “discontinued operations” according to IFRSs, with details of its results stated in note 6 of this annual results announcement.

The Group generated its turnover of approximately HK\$6.1 million from the sale of coal from the Tajikistan operation for the Year, which becomes the sole continuing operation of the Group after disposal of Mengxi Minerals. Background, plans and other details of the Tajikistan operation was stated in the Company’s circular dated 6 October 2011 (“the Circular”).

ACQUISITIONS AND DISPOSALS

Acquisition of Saddleback Mining Limited, expanding Group’s coal mining assets to Tajikistan

On 15 March 2011, West Glory Development Limited (“Buyer”), a wholly owned subsidiary of the Company and Saddleback Corporation Limited have entered into the Sales and Purchase Agreement pursuant to which the Buyer had conditionally agreed to acquire 100% interest in Saddleback Mining Limited by cash and the Company’s shares, details of which were disclosed in the Company’s announcement dated 15 March 2011.

Saddleback Mining Limited’s subsidiaries are principally engaged in coal and anthracite mining and exploration in Tajikistan, and own mining rights and interests in three mines in Tajikistan, including the Nazar-Aylok anthracite deposit, the Ziddi coal deposit and the Mienadu coal deposit.

On 25 March 2011, acquisition of interest in Saddleback Mining Limited was completed. Upon completion, Saddleback Mining Limited became a wholly owned subsidiary of the Company.

Very Substantial Disposal — Equity Transfer Agreement on sale of equity interest in Mengxi Minerals (“Equity Transfer Agreement”) — obtaining shareholders approval in Extraordinary General Meeting dated 24 October 2011 (“EGM”)

On 15 June 2011, Joy Harvest Holdings Limited (“Vendor”), the wholly owned subsidiary of the Company and Otog Banner Xin Ya Coking Coal Co. Ltd. (“Purchaser”) entered into the Equity Transfer Agreement pursuant to which the Vendor had conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 70% of the registered capital in Mengxi Minerals (being the Equity Interest) at a cash Consideration of RMB810 million (equivalent to approximately HK\$976 million), details of which were disclosed in the Company’s announcement dated 18 July 2011, and the Company’s circular dated 6 October 2011.

During EGM, the effective resolution of the Equity Transfer Agreement was duly passed as ordinary resolution by way of poll at the EGM, with 100% of voting shares (note 1) voted in favour of the Equity Transfer Agreement, fulfilling condition (c) as stated in page 9 of the Circular, being one of the conditions precedent for completion of the Equity Transfer.

As additional time is required by the Purchaser to procure the issuance of a new business license upon conversion of Mengxi Minerals from a sino-foreign equity joint venture into a PRC domestic enterprise, the parties to the Equity Transfer Agreement have entered into a confirmation letter in relation to the Equity Transfer Agreement on 20 December 2011 to extend the Closing Date from 31 December 2011 to 31 March 2012. Save and except for the said extension of the Closing Date, all other terms and conditions of the Equity Transfer Agreement remains unchanged.

As at 22 December 2011, all the conditions precedent capable of being procured or fulfilled by the Company or Vendor were completed.

note 1: voting shares were based on the total number of issued, fully paid Company's shares with voting rights held by the independent shareholders who voted at the EGM in person or by proxy.

OUTLOOK AND PROSPECTS

On 14 November 2011, the Company and Xinjiang Uygur Autonomous Region Coal Geology Bureau have entered into a Letter of Intent pursuant to which the parties will cooperate with each other to carry out exploration, exploitation etc. of coal mines in Tajikistan, details of which were mentioned in the article dated 15 November 2011 "What's new" in the Company's website and the related Company's announcement dated 14 November 2011.

As discussed in previous report, in light of the changing business environment and current business standing of the Company, the Board is prudent and not rushing into decision that could effectively constrain our operation, capital wise and business wise in the next few years. The proceeds from the disposal of the Company's equity interest in Mengxi Minerals may be used on our mining project in Tajikistan to accelerate its development and production progress or any other investment opportunities that matches the scale of our Company and fits in our Company's development in the energy and resources.

The Group's strategy continues to be actively looking for other appropriate investment opportunities in the energy and resources sector. Announcement(s) will be published when appropriates.

FINANCIAL REVIEW

Turnover of the Group for the Year from continuing operations and discontinued operations amounted to approximately HK\$6.1 million and HK\$56.6 million respectively (for the nine months ended 31 December 2010: continuing operations: HK\$Nil, discontinued operations: HK\$59.6 million).

Gross profit from the Group's continuing and discontinued operations for the Year was approximately HK\$5.0 million (for the nine months ended 31 December 2010: HK\$28.9 million).

For the Year, the total administrative and other operating expenses from the Group's continuing and discontinued operations totaled HK\$75.8 million (for the nine months ended 31 December 2010: HK\$38.1 million).

For the Year, total finance costs from the Group's continuing and discontinued operations amounted to HK\$21.3 million (for the nine months ended 31 December 2010: HK\$16.2 million).

The Group recorded loss for the Year of approximately HK\$1,059.8 million (for the nine months ended 31 December 2010: HK\$28.2 million).

The total comprehensive income attributable to owners of the Company for the Year amounted to approximately HK\$(1,110.4) million (for the nine months ended 31 December 2010: HK\$19.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group has a bank and cash balance of approximately HK\$294.8 million (as at 31 December 2010: HK\$242.4 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 (for the nine months ended 31 December 2010: 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 0.28 as at 31 December 2011 (as at 31 December 2010: 0.36).

CAPITAL STRUCTURE

On 25 March 2011, the Company increased its issued share capital from 2,114,383,750 shares to 2,537,260,500 shares as a result of the issuance of 422,876,750 consideration shares pursuant to the share sale and purchase agreement regarding acquisition of Saddleback Mining Limited as disclosed in the Company's announcement dated 15 March 2011.

During the Year, the Company received exercise notices from the grantees regarding the exercise of share option of conversion into 74,745,200 new Shares.

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Tajikistan Somoni ("TJS"), United States dollars and Renminbi ("RMB"). As at 31 December 2011, 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 5 to this results announcement.

HUMAN RESOURCES

As at 31 December 2011, the Group had 32 (as at 31 December 2010: 67) staff in Hong Kong and Tajikistan. 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\$45.1 million (for the nine months ended 31 December 2010: HK\$7.3 million) for the Year.

SEGMENT REPORT

The detailed segmental analysis are provided in note 11 to this results announcement.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2011.

LITIGATION

As at 31 December 2011, the Group had no significant pending litigation.

AUDIT COMMITTEE

Composition of the 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 and Code Provision C3.3 of the Code. 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 under review, the audit committee held five meetings to review and supervise the financial reporting process. The 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

Except for Code Provision A2.1, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 on the GEM Listing Rules throughout the Year.

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.

From 2 November 2010 to the date of this announcement, Mr. Chan Nap Kee Joseph, chairman, took up the role of acting chief executive officer as well, which deviates from Code Provision A2.1.

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 December 2011 together with the audited comparative figures for the nine months ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	<i>Note</i>	Year ended 31 December 2011 <i>HK\$</i>	Period from 1 April 2010 to 31 December 2010 <i>HK\$</i> (restated)
Continuing operations			
Turnover	4	6,058,165	—
Cost of goods sold		<u>(18,286,145)</u>	<u>—</u>
Gross loss		(12,227,980)	—
Other income		18,113,303	390,575
Administrative and other operating expenses		<u>(54,813,146)</u>	<u>(24,373,912)</u>
Loss from operations		(48,927,823)	(23,983,337)
Finance costs		(21,286,609)	(16,244,593)
Impairment loss on goodwill		(115,955,924)	—
Impairment loss on fixed assets		(4,608,388)	—
Impairment loss on intangible assets		<u>(28,720,052)</u>	<u>—</u>
Loss before tax		(219,498,796)	(40,227,930)
Income tax expense	5	<u>—</u>	<u>—</u>
Loss for the Year/Period from continuing operations		(219,498,796)	(40,227,930)
Discontinued operations			
(Loss)/profit for the Year/Period from discontinued operations	6	<u>(840,274,230)</u>	<u>11,989,855</u>
Loss for the Year/Period	7	<u>(1,059,773,026)</u>	<u>(28,238,075)</u>
Attributable to:			
Owners of the Company			
Loss from continuing operations		(208,527,064)	(40,227,930)
(Loss)/profit from discontinued operations		<u>(839,183,705)</u>	<u>8,392,898</u>
Loss attributable to owners of the Company		<u>(1,047,710,769)</u>	<u>(31,835,032)</u>
Non-controlling interests			
Loss from continuing operations		(10,971,732)	—
(Loss)/profit from discontinued operations		<u>(1,090,525)</u>	<u>3,596,957</u>
(Loss)/profit attributable to non-controlling interests		<u>(12,062,257)</u>	<u>3,596,957</u>
		<u>(1,059,773,026)</u>	<u>(28,238,075)</u>

		Year ended 31 December 2011 <i>HK\$</i>	Period from 1 April 2010 to 31 December 2010 <i>HK\$</i> (restated)
	<i>Note</i>		
Loss per share (cents)	8		
From continuing and discontinued operations			
— basic		<u><u>(42.79)</u></u>	<u><u>(1.52)</u></u>
— diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>
From continuing operations			
— basic		<u><u>(8.52)</u></u>	<u><u>(1.92)</u></u>
— diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Loss for the Year/Period	(1,059,773,026)	(28,238,075)
Other comprehensive income for the Year/Period, net of tax		
Exchange differences on translating foreign operations	106,223,023	72,593,019
Exchange differences reclassified to profit or loss on disposal of a subsidiary	<u>(134,413,083)</u>	<u>—</u>
Total comprehensive income for the Year/Period	<u>(1,087,963,086)</u>	<u>44,354,944</u>
Attributable to:		
Owners of the Company	(1,110,351,316)	18,978,904
Non-controlling interests	<u>22,388,230</u>	<u>25,376,040</u>
	<u>(1,087,963,086)</u>	<u>44,354,944</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Note</i>	2011 HK\$	2010 HK\$
Non-current assets			
Fixed assets		25,705,562	101,102,623
Goodwill		—	—
Intangible assets		159,930,659	3,199,018,096
Deposits paid for construction in progress		—	221,707,925
Available-for-sale financial assets		71,173	—
		<u>185,707,394</u>	<u>3,521,828,644</u>
Current assets			
Inventories		5,009,356	142,171
Trade and bills receivables	10	133,981	30,570,552
Deposits, prepayments and other receivables		699,850,554	75,201,368
Financial assets at fair value through profit or loss		1,550,000	—
Bank and cash balances		294,846,882	242,442,501
		<u>1,001,390,773</u>	<u>348,356,592</u>
Current liabilities			
Other payables and accruals		16,322,476	26,911,753
Deposits received and receipts in advance		—	19,558,990
Bank loan		—	5,856,250
Due to a former owner of a subsidiary		50,976,026	—
Current tax liabilities		—	2,961,501
		<u>67,298,502</u>	<u>55,288,494</u>
Net current assets		<u>934,092,271</u>	<u>293,068,098</u>
Total assets less current liabilities		<u>1,119,799,665</u>	<u>3,814,896,742</u>
Non-current liabilities			
Bank loan		—	345,518,750
Convertible bonds		206,453,478	186,211,165
Due to a former owner of a subsidiary		16,992,009	—
Deferred tax liabilities		39,141,749	796,400,332
		<u>262,587,236</u>	<u>1,328,130,247</u>
NET ASSETS		<u>857,212,429</u>	<u>2,486,766,495</u>
Capital and reserves			
Share capital		26,120,057	21,143,838
Reserves		795,759,156	1,709,271,622
Equity attributable to owners of the Company		821,879,213	1,730,415,460
Non-controlling interests		35,333,216	756,351,035
TOTAL EQUITY		<u>857,212,429</u>	<u>2,486,766,495</u>

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. 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").

2. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group's financial statements for the year ended 31 December 2011 is the first set annual financial statements that comply with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The Group has applied International Financial Reporting Standards ("IFRS") 1 in preparing these consolidated financial statements and there are no material differences between the consolidated financial statements presented under the IFRSs and the consolidated financial statements presented under Hong Kong Financial Reporting Standards.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. IFRSs comprise IFRS; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the 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

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Turnover		
Sales of goods	<u>62,679,667</u>	<u>59,618,521</u>
Representing:		
Continuing operations	6,058,165	—
Discontinued operations (<i>note 6</i>)	<u>56,621,502</u>	<u>59,618,521</u>
	<u>62,679,667</u>	<u>59,618,521</u>

5. INCOME TAX EXPENSE

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Current tax — PRC enterprise income tax		
Provision for the year/period	—	3,454,220
Representing:		
Discontinued operations (<i>note 6</i>)	—	3,454,220

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year/period.

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.

Pursuant to relevant laws and regulations in the People's Republic of China (the "PRC"), the tax rate applicable to the subsidiary in the PRC was 25%.

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

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Loss before tax	(1,059,773,026)	(24,783,855)
Tax at the domestic income tax rate of 16.5%	(174,862,549)	(4,089,336)
Tax effect of income that is not taxable	(5,207,804)	(73,788)
Tax effect of expenses that are not deductible	176,548,264	6,711,396
Tax effect of tax loss not recognised	3,211,185	—
Tax effect of utilisation of tax loss not previously recognised	—	(173,657)
Effect of different tax rates of subsidiaries operating in other jurisdiction	310,904	1,198,409
Under-provision in respect of current year/period	—	(118,804)
Income tax expense	—	3,454,220

6. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 15 June 2011 entered into between the Group and an independent third party (the “Purchaser”), the Group disposed of its entire 70% equity interest in 內蒙古蒙西礦業有限公司 (Inner Mongolia Mengxi Minerals Limited) (“Mengxi Minerals”). Mengxi Minerals is engaged in exploitation of coal and coal processing in the PRC during the year. The disposal was completed on 22 December 2011 and the Group discontinued its exploitation of coal and coal processing in PRC.

The (loss)/profit for the year/period from the discontinued operations is analysed as follows:

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
(Loss)/profit of discontinued operations	(3,635,083)	11,989,855
Loss on disposal of discontinued operations	(836,639,147)	—
	<u>(840,274,230)</u>	<u>11,989,855</u>

The results of the discontinued operations for the period from 1 January 2011 to 22 December 2011, which have been included in the consolidated profit or loss, are as follows:

	Period from 1 January 2011 to 22 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Turnover	56,621,502	59,618,521
Cost of goods sold	(39,357,971)	(30,765,265)
Gross profit	17,263,531	28,853,256
Other income	210,224	419,015
Selling and distribution costs	(149,871)	(120,524)
Administrative and other operating expenses	(20,958,967)	(13,707,672)
(Loss)/profit from operations	(3,635,083)	15,444,075
Income tax expense	—	(3,454,220)
(Loss)/profit for the year/period	<u>(3,635,083)</u>	<u>11,989,855</u>

7. LOSS FOR THE YEAR/PERIOD

The Group's loss for the year/period is stated after charging/(crediting) the following:

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Auditor's remuneration	1,915,955	653,025
Depreciation	7,171,675	1,035,422
Allowance of trade receivables	29,102	—
Amortisation of intangible assets	10,284,297	—
Fair value loss on financial assets at fair value through profit or loss (designated upon initial recognition)	527,493	—
Loss on disposal of available-for-sale financial assets	—	2,851,965
Loss on disposal of fixed assets	—	333,668
Written off of deposits paid (<i>note</i>)	—	11,307,910
Operating lease rentals in respect of land and buildings	995,019	207,000
Other equity-settled share-based payments	1,140,244	9,501,293
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	35,498,451	6,917,543
Equity-settled share-based payments	9,110,756	—
Retirement benefits scheme contributions	450,252	390,607
Net exchange losses/(gain)	<u>2,328,174</u>	<u>(56,022)</u>

Note: Written off of deposits paid related to the professional fee and various expenses incurred for proposed acquisition of oil and gas exploration and production business in Russia terminated during the period from 1 April 2010 to 31 December 2010.

8. LOSS PER SHARE

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

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Loss		
Continuing and discontinued operations		
Loss for the purpose of calculating basic loss per share	<u>(1,047,710,769)</u>	<u>(31,835,032)</u>
Continuing operations		
Loss for the purpose of calculating basic loss per share	<u>(208,527,064)</u>	<u>(40,227,930)</u>

	Year ended 31 December 2011	Period from 1 April 2010 to 31 December 2010
Number of shares		
Issued ordinary shares at beginning of the year/period	2,114,383,750	2,005,675,000
Effect of consideration shares issued	326,715,736	—
Effect of conversion of replacement convertible bonds	—	86,475,782
Effect of exercise of options	7,589,213	1,248,805
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>2,448,688,699</u>	<u>2,093,399,587</u>

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2011.

9. DIVIDEND

No dividend has been paid or declared by the Company during the Year (period from 1 April 2010 to 31 December 2010: HK\$Nil).

10. TRADE AND BILLS RECEIVABLES

	2011 HK\$	2010 HK\$
Trade receivables	133,981	23,367,365
Bills receivables	—	7,203,187
	<hr/>	<hr/>
	<u>133,981</u>	<u>30,570,552</u>

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:

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
0–30 days	—	16,177,392
31–60 days	57,011	5,836,059
61–90 days	73,042	1,007,150
Over 90 days	3,928	346,764
	<u>133,981</u>	<u>23,367,365</u>

As of 31 December 2011, trade receivables of HK\$133,981 (2010: HK\$346,764) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of these trade receivables is as follows:

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Up to 3 months	130,053	202,524
Over 3 months	3,928	144,240
	<u>133,981</u>	<u>346,764</u>

As at 31 December 2011, trade receivables are denominated in TJS (2010: RMB).

11. SEGMENT INFORMATION

The Group has two reportable segments which are exploitation of coal in the PRC and in Tajikistan for the year. The exploitation of coal in the PRC was discontinued during the year.

The Group has a sole reportable segment which is exploitation of coal in the PRC for the period from 1 April 2010 to 31 December 2010.

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.

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.

Information about reportable segment profit or loss, assets and liabilities:

	Discontinued operations	Exploitation of coal in	Total
	Exploitation of coal in the PRC	Tajikistan	HK\$
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Year ended 31 December 2011			
Revenue from external customers	56,621,502	6,058,165	62,679,667
Segment loss	(3,635,083)	(17,710,924)	(21,346,007)
Interest revenue	188,730	—	188,730
Depreciation and amortisation	3,535,054	13,805,170	17,340,224
Income tax expense	—	—	—
Additions to segment non-current assets	50,221,548	7,718,560	57,940,108
As at 31 December 2011			
Segment assets	—	197,602,827	197,602,827
Segment liabilities	—	(73,139,880)	(73,139,880)
	<u>—</u>	<u>(73,139,880)</u>	<u>(73,139,880)</u>

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Year ended 31 December 2011 <i>HK\$</i>
Revenue	
Total revenue of reportable segments	62,679,667
Elimination of discontinued operations	<u>(56,621,502)</u>
Consolidated revenue	<u><u>6,058,165</u></u>
Profit or loss	
Total profit or loss of reportable segments	(21,346,007)
Impairment loss on goodwill	(115,955,924)
Impairment loss on fixed assets	(4,608,388)
Impairment loss on intangible assets	(28,720,052)
Loss on disposal of a subsidiary	(836,639,147)
Unallocated corporate income	12,122,439
Unallocated corporate expense	(64,625,947)
Elimination of discontinued operations	<u>840,274,230</u>
Consolidated loss for the year from continuing operations	<u><u>(219,498,796)</u></u>
	At 31 December 2011 <i>HK\$</i>
Assets	
Total assets of reportable segments	197,602,827
Available-for-sale financial assets	71,173
Financial assets at fair value through profit or loss	1,550,000
Unallocated corporate assets	<u>987,874,167</u>
Consolidated total assets	<u><u>1,187,098,167</u></u>
Liabilities	
Total liabilities of reportable segments	(73,139,880)
Convertible bonds	(206,453,478)
Deferred tax liabilities	(39,141,749)
Unallocated corporate liabilities	<u>(11,150,631)</u>
Consolidated total liabilities	<u><u>(329,885,738)</u></u>

Geographical information:**Revenue**

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Tajikistan	6,058,165	—
The PRC	56,621,502	59,618,521
Discontinued operations	<u>(56,621,502)</u>	<u>(59,618,521)</u>
Consolidated total	<u><u>6,058,165</u></u>	<u><u>—</u></u>

Non-current assets

	2011 HK\$	2010 HK\$
Hong Kong	43,265	80,571
Tajikistan	185,592,956	—
The PRC except Hong Kong	<u>—</u>	<u>3,521,748,073</u>
Consolidated total	<u><u>185,636,221</u></u>	<u><u>3,521,828,644</u></u>

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	Year ended 31 December 2011 HK\$	Period from 1 April 2010 to 31 December 2010 HK\$
Exploitation of coal in the PRC (discontinued operations):		
Customer a	18,416,786	11,861,886
Customer b	—	10,837,605
Customer c	—	8,331,264
Customer d	21,434,350	2,270,012
Customer e	<u>16,256,947</u>	<u>5,670,267</u>

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

Hong Kong, 30 March 2012

As at the date of this announcement, the Board comprises four executive directors of the Company Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng and Mr. Li Hong and four independent non-executive directors of the Company Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its posting, and on the Company’s website at <http://www.kaisunenergy.com>.