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 MARCH 2010

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				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**62,806**	51,087	304,630	299,298	252,033
Profit before tax	**449,624**	8,785	70,635	15,943	20,971
Income tax expense	**(941)**	(23)	(531)	(69)	(23)
Less: Loss/(profit) attributable to non-controlling interests	**4,010**	(53)	(993)	–	–
Profit attributable to the owners of the Company	**452,693**	8,709	69,111	15,874	20,948

ASSETS AND LIABILITIES

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**3,764,298**	1,040,403	152,005	143,168	108,129
Total liabilities	**(1,390,922)**	(721,207)	(11,691)	(87,551)	(70,529)
Owners' funds	**1,642,401**	279,489	127,962	55,617	37,600

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 2010 (the "Year"). The Group's consolidated turnover for the Year was amounting HK$62.8 million and total comprehensive income for the Year attributable to the owner of the Company was amounting HK$456 million.

BUSINESS REVIEW

During the year, the Group generated its income from three sources: the trading of printing accessories and batteries, the auto beauty and repairs operation in Hong Kong and the sale of raw coal from Inner Mongolia. The Group continued to implement its business strategy to reposition itself as an integrated coke producer in the People's Republic of China ("PRC").

On 7 July 2009, Joy Harvest Holdings Limited ("Joy Harvest"), an indirect wholly-owned subsidiary of the Group, and Shanghai Yiou Auto Sales Limited ("Yiou Auto") entered into a Sales and Purchase Agreement whereby Joy Harvest has conditionally agreed to purchase, and Yiou Auto has conditionally agreed to sell its 21% equity interest in Inner Mongolia Mengxi Minerals Limited ("Mengxi Minerals"), a Sino-foreign joint venture company set up to own and operate a coal mine with 99.6 million tonnes of reserve (based on estimation under the PRC coal reserves standard) for cash consideration in the sum of HK$19.62 million.

On 10 December 2009, the Company completed its acquisition (the "Mengxi Minerals Acquisition") of 21% interest in Mengxi Minerals, details of which were disclosed in the Company's circular dated 17 August 2009. Following the completion of the Mengxi Minerals Acquisition, 70% of Mengxi Minerals is owned by the Group and the remaining 30% by Inner Mongolia Gaoxing High Tech Limited ("Mengxi HT").

Upon completion of the Mengxi Minerals Acquisition, the Group recorded "Fair value gain on step acquisition of a subsidiary" of approximately HK$402 million and the "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" of approximately HK$348 million, details of which are discussed under the section headed "Financial Review".

In accordance with the Group's business strategy to reposition itself as an integrated coke producer in the PRC and diversification into the energy business, the Group considered it would be in the best interest of the Company and its shareholders to focus its resources and management time in the energy segments of its business operations. Consequently, the Group implemented two disposals during the year, the "Global On-Line disposal" and the "very substantial disposal – issue of new shares by Long Capital Development Limited", which were completed on 30 November 2009 and 31 March 2010 respectively. Financial effects of the two disposals were discussed under the section headed "Significant Investments, Acquisition and Disposals", and details of the two disposals are set out in the Company's announcement dated 30 November 2009, and the Company's circular dated 12 March 2010.

Time Creation Group Limited is a wholly owned subsidiary of the Company which held 51% of the entire issued share capital of Global On-Line. Global On-Line is a company established in Hong Kong with limited liability and is principally engaged in the trading of printing accessories and batteries. Upon completion of the sale and purchase of the Sale Shares according to the Agreement on 27 November, 2009, Global On-Line ceased to be a subsidiary of the Company.

Long Capital Development Limited ("Long Capital") is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect 51% owned subsidiary of the Company. Challenger Auto Services Limited is a wholly-owned subsidiary of Long Capital engaging in the business of providing repairs and maintenance services to motor vehicles, operating car accessories shops, car wash, cleaning and beauty services and brokerage of motor vehicle insurance in Hong Kong. Upon completion of the Subscription according to the Agreement on 31 March 2010, Long Capital ceased to be a subsidiary of the Group.

Upon completion of disposals during the year, both Global On-Line and Long Capital ceased to be subsidiaries of the Group, hence the results of Global On-Line and Long Capital will no longer be consolidated into the consolidated audited results of the Group as from the date of disposals, and the Group will be principally engaged in mining, sale and processing of coal in PRC.

On 15 October, 2009, the Group executed a Memorandum of Understanding ("MOU") to acquire the entire interest of Nobel Holdings Investments Limited ("Nobel Holdings"). As of the date of the MOU, Nobel Holdings, a company engaged in oil and gas exploration and production in Russia, owns all the assets of Nobel Oil in Russia which consists of three producing oil fields. The Group has been informed by Nobel Holdings that since the signing of the MOU, Nobel Holdings has acquired four additional oil fields. The details of the oil fields were set out in the Company's announcement dated 15 October, 2009 and 28 January, 2010 respectively. Further announcement(s) will be made of and when definitive documentation regulating the Proposed Acquisition of interest in Nobel Holdings has been entered into by the parties.

BUSINESS OUTLOOK

Following Completion of the Very Substantial Disposal – Issue of new shares by Long Capital Development Limited on 31 March 2010, details of which were disclosed in the Company's announcement dated 19 February 2010 and the Company's circular dated 12 March 2010 respectively, the Group will be principally engaged in the mining, sales and processing of coking coal in the PRC. The Group has also signed the Memorandum of Understanding ("MOU") for the Proposed Acquisition to expand into the oil and gas exploration and production business.

(i) Coking coal business

Construction of the underground mine commenced in October 2009 and is expected to be completed in 2011 at an estimated capital expenditure of RMB480 million. The designed capacity for the underground mine is 1.2 mtpa, however, the Group is working with the design institute to enhance annual production to about 2.4 mtpa starting from 2013. The primary contemplated design solution is to modify and construct certain ventilation shafts. This design modification is expected to increase the production of the underground mine. The related construction is estimated to cost about RMB35 million and this proposal is under consideration by management of the Group. If this design proposal is adopted and implemented, raw coal production will be increased by 1.2 mtpa starting 2013 and thereafter. The Group's 1.5 mtpa beneficiation plant is targeted for completion in the second half of 2010. Capital expenditure for the plant is estimated to be RMB50 million. The Group plans to increase its beneficiation capacity to 3.0 mtpa in 2012 at an additional capital expenditure of RMB50 million. The Group's targeted beneficiation yield rate is 45% which is achievable using coal blending in the beneficiation process. Typical unblended beneficiation yield rate in the Ordos/Wuhai region is about 35%.

Construction of the 0.96 mtpa coking plant is targeted to commence in 2011. The Group has obtained a license to build and operate a 0.80 mtpa coking plant, however, taking into account the obsolescence of equipment and more stringent pollution control requirement, only 0.96 mtpa plants are being constructed presently. To the best of the Directors' knowledge, information and belief, reapplication for the license to build the enlarged coking plant at 0.96 mtpa instead of the original capacity at 0.8 mtpa is an administrative formality and the Group does not anticipate any difficulty in completing this process. Completion of the construction of the coking plant will require about 12 months at an anticipated capital expenditure of approximately RMB700 million.

The Group's coking coal mine, located in the district of Qian Li Gou (千里溝) in Ordos, Inner Mongolia, is one of the thirteen mines in the district. The majority of these mines are not in production because they cannot meet the current minimum 0.6 mtpa production quota in Ordos, being the minimum production standard introduced in Inner Mongolia to address safety and environmental concerns. The Group's coking coal mine, being the largest in the district and the only one to be owned by a listed company, is favorably received by the local government and the Group is regarded as having the financial resources and technical capability to acquire and consolidate the other small coking coal mines in the district for commencing production in future.

The Group anticipates the capital expenditure required by the its coking coal business will be satisfied by the Group's internal resources, together with a RMB300 million loan provided by China Construction Bank to the Group which was earmarked to fund the construction of the beneficiation plant and the underground coking coal mine.

(ii) Oil and gas business

On 15 October 2009, the Group executed the MOU to acquire the entire interest of Nobel Holdings, details of which are set out in the announcements of the Company dated 15 October 2009 and 28 January 2010 respectively.

As of the date of the MOU, Nobel Holdings, a company engaged in oil and gas exploration and production in Russia, owns all the assets of Nobel Oil in Russia which consists of three producing oil fields (Severo-Kostyukskoye and Yuzhno-Oshskoye oilfields, as well as an oilfield in the Osokinskaya area of Timano-Pechorsky oil and gas region in Komi Republic, Russia). Nobel Oil is a Russian independent oil and gas production company established in 1991. According to the report prepared by an international technical adviser in June 2009, the existing three oil fields have a total 2 P (proven reserve + probable reserve) of 100 million barrels. According to Nobel Holdings, the total production in 2008 was 5.3 million barrels.

The Group has been informed by Nobel Holdings that since the signing of the MOU, Nobel Holdings has acquired four additional oil fields in Russia, three of which are located in Western Siberia and one is located in the Komi Republic. Nobel Holdings has engaged an international oil and gas technical company to work on the development and production plan for the four newly acquired oil fields.

Nobel Holdings has appointed two international investment banks as joint financial advisors and an internationally renowned law firm as legal advisor. Nobel Holdings has also arranged for an international accounting firm as its auditor to prepare the audited financial statements of Nobel Holdings under the Hong Kong Financial Reporting Standards.

The Directors consider the Proposed Acquisition a milestone in implementing the Group's plan to become a premier global exploration and production energy company listed in Hong Kong. Nobel Holdings chose to be aligned with the Group because the Company understands their needs and aspirations and the Company understands the Hong Kong capital market. Nobel Holdings needs a partner that can help them maximize their growth potential and the Company believes it has the experience and expertise to do so.

The Group is now unique amongst Hong Kong listed energy companies for the Group is the first to introduce Russian oil and gas asset acquisition opportunity into the Hong Kong capital market. The Proposed Acquisition will provide the necessary credentials and impetus to propel the Group to become an international energy exploration and production player.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

Disposal of Global On-Line

The Directors announce that the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser on 27 November 2009, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares which comprised 51% of the entire issued capital of Global On-Line at a consideration of HK$250,000.

Taking into account the Purchase Price, the effect of waiver of the Loan, the professional fees payable for the Disposal and the loss of Global On-Line attributable to the Group since the Company's acquisition of the Sale Shares, it is expected that the Group may record a loss of approximately HK$794,000 from the Disposal.

It is intended that the Purchase Price received by the Vendor will be used for general working capital of the Group.

Deemed disposal of Long Capital

Reference is made to the circular ("**Circular**") of the Company dated 12 March 2010 in relation to, among others, the agreement between Long Capital Development Limited ("**Long Capital**"), an indirect 51% owned subsidiary of the Company and Dayrich Group Limited ("**Subscriber**"), whereby Long Capital conditionally agreed to allot and issue 25,000 new shares of US$1.00 each in the capital of Long Capital ("**Subscription Shares**") to the Subscriber, and the Subscriber conditionally agreed to subscribe for the Subscription Shares at a consideration of HK$4,500,000. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 30 March 2010, Long Capital and the Subscriber entered into a supplemental agreement to the Agreement, pursuant to which the Completion Date shall be changed to the Business Day after the fulfillment of the last of the outstanding Conditions Precedent or such other date as the Subscriber and the Company shall agree in writing as the date on which Completion shall take place in accordance with the terms and conditions of the Agreement.

The Conditions Precedent was fulfilled on 30 March 2010. Accordingly, Completion took place on 31 March 2010.

Upon Completion, the Company's shareholding in Long Capital would be reduced from 51% to 14.57%. Each of the members of the Disposal Group would cease to be a subsidiary of the Company and the results of the Disposal Group would cease to be consolidated with those of the Company.

A loss of approximately HK$9.6 million was recorded from the Disposal. The loss on the Disposal represented the decrease of the Group's share of the net assets of the Disposal Group as at 31 March 2010 from 51% to 14.57% after deduction of the professional fees incurred by the Company for the Disposal.

Acquisition of subsidiary in Mengxi Minerals

Pursuant to an ordinary resolution passed on 2 September 2009, the Company acquired further 21% equity interest in Inner Mongolia Mengxi Minerals Co., Ltd ("Mengxi Minerals") from Shanghai Yiou Auto Sales Limited. The consideration of acquisition is RMB16.8 million and the funds was contributed internal working capital. The acquisition was completed in December 2009. Upon the completion of the Acquisition, the Company held 70% equity interest in Mengxi Minerals.

Mengxi Minerals is principally engaged in the sale of coal, the building of early stage infrastructure for exploitation of sagger, washing and choosing of mine run coal and processing of coke. The acquired business contributed revenues of approximately HK$14.4 million and net loss of approximately HK$4.4 million to the Group for the period from the date of acquisition to 31 March 2010.

PROSPECTS

It is well known that the coking coal industry is closely linked to steel production; accordingly, crude steel production forecast is a good barometer of our industry's health. China's steel industry performed strongly in March as downstream steel demand picked up in most major steel-consuming sectors. The growth rates were in line or exceeded the mills' expectations, of which, stronger-than-expected demand came from both the automakers and home-appliance manufacturers. This trend is expected to continue from April onwards. The steel industry enjoyed a 24% YoY output growth in the first two months of 2010 and it is estimated that industry output should hit 630 mt to 670 mt in 2010. An industry expert suggested that crude steel production should have a YoY increase of around 14.9% in 2010 and a further YoY increase of around 10.0% in 2011.

Recently published information on China's steel industry suggests a solid outlook for the following reasons:

1. Driven by urbanization in China, most mining companies are positive on the secular growth of commodity demand and expect China steel production growth to stay above 10% in 2010.

2. Regarding the urbanization plan, the chief economist with Ministry of Housing and Urban-Rural Development of the PRC, Mr. Li Bingren, told China media that he expects China's urban infrastructure fixed asset investment to reach RMB1.0 trillion in 2010 and as much as RMB7.0 trillion during the central government's 12th Five-Year Plan. The on-going urbanization is expected to drive construction steel demand in China.

3. Both China Iron & Steel Association (CISA) and the National Development & Reform Commission (NDRC) are predicting solid steel demand and expect continuing upward pressure on prices in 2010.

Other recently released leading indicators speak well of China's economic resilience:

1. Fixed Asset Investment ("FAI") in 1Q of 2010 was up around RMB3.5 trillion, a 25.6% YoY increase.

2. New housing construction gross floor area up around 64% YoY.

3. Total auto output climbed around 50% YoY in units in April of 2010.

Raw coal and cleaned coking coal are trading around RMB400/tonne and RMB950/tonne respectively in the Ordos/Wuhai region while coke is being sold at around RMB1,600/tonne.

FINANCIAL REVIEW

Turnover of the Group's continuing and discontinued operations for the Year amounted to approximately HK$62.8 million (2009: HK$51.1 million), representing an increase of approximately 23% as compared to last year.

Correspondingly, gross profit of the Group's continuing operations for the Year amounted to approximately HK$8.5 million.

For the Year, the total administrative and other operating expenses of the Group's continuing operations amounted to approximately HK$51.2 million (2009: HK$18.4 million), representing an increase of 3 times as compared to that of last year. This amount included the share-based payment expenses arising from the issuance of share options to the directors and employees during the year. These share-based payment expenses which amounted to HK$16.4 million (2009: HK$7.4 million) were recognised and charged against the Group's profits for the year in accordance with Hong Kong Financial Reporting Standard 2 (HKFRS 2 – Share-based payment), and do not result in cash outflows for the Group.

During the year the total finance costs amounted to approximately HK$236.8 million (2009: HK$32.7 million). This balance includes (i) bond interest of convertible bonds for the year of HK$29.8 million and (ii) fair value loss on derivative component of convertible bonds of HK$207 million.

Upon completion of the Acquisition of 21% Equity Interest in Mengxi Minerals, the Group has to measure the fair value of the Mining Project acquired in a business combination in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination". The 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 was accounted for in the business combination. This amount included (i) fair value gain on step acquisition of a subsidiary (HK$402 million) and (ii) 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 (HK$348 million).

The total comprehensive income attributable to the owner of the Company for the Year amounted to approximately HK$456 million (2009: HK$8.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group has bank and cash balance of approximately HK$440 million (as at 31 March 2009: HK$37.6 million).

Mengxi Minerals, an indirect subsidiary company of the Group, have secured a RMB300 million bank loan with an effective term of 89 months provide partial funding to construct the underground mine and the beneficiation plant. The balance of capital expenditure requirement will be funded from cashflow generated from our open pit operation. The loan was secured by the Mining License and 100% Equity Shares of Mengxi Minerals.

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 (2009: 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 0.37 as at 31 March 2010 (2009: 0.69).

CAPITAL STRUCTURE

During the year, the Company has received conversion notices from the Boldholders regarding the conversion of principal amount of HK$770,000,000 of the Convertible Bonds into 770,000,000 new Shares. Upon complete the conversion exercise, there is not outstanding principal of the Convertible Bonds held by the Convertible Boldholders.

During the year, the Company has received exercise notices from the grantees regarding the exercise of share options into 29,755,000 new Shares.

During the year, the Company has also received conversion notices from the Boldholders regarding the conversion of a principal amount of HK$136,150,000 of the Replacement Bonds into 195,920,000 new Shares. Upon completion of the conversion exercise during the year, the outstanding principal of the Replacement Bonds was amounting HK$290,530,000 and a maximum of approximately 477,070,000 new Shares can be converted on the maturity date.

On 14 August 2009, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has agreed to place, through the Placing Agent on a fully underwritten basis, 240,000,000 Placing Shares at HK$0.70 each to not fewer than six Placees who and whose ultimate beneficial owners will not be connected person of the Company and its connected persons.

The 240,000,000 Placing Shares under the Placing represent 20% of the existing issued share capital of the Company of 1,200,000,000 Shares and approximately 16.67% of the then issued share capital of 1,440,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK$2,400,000.

The gross proceeds from the Placing will be HK$168 million. The net proceeds from the Placing amounted to approximately HK$156 million which is intended to be used for business development and general working capital. The net price raised per Share upon the completion of the Placing will be approximately HK$0.649 per Share.

The Company has issued 240 million Shares to the Placees on 27 August 2009.

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 2010, 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 2010, the Group had approximately 67 (2009: 161) 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$54.8 million (2009: HK$31.5 million) for the Year.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2010.

LITIGATION

As at 31 March 2010, 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.

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 2010 together with the audited comparative figures for the year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	**2010** *HK$*	2009 *HK$*
Continuing operations			
Turnover	*3*	**14,352,252**	–
Cost of goods sold		**(5,827,509)**	–
Gross profit		**8,524,743**	–
Other income	*4*	**254,796**	80,643,909
Selling and distribution costs		**(272,460)**	–
Administrative and other operating expenses		**(51,230,009)**	(18,412,166)
(Loss)/profit from operations		**(42,722,930)**	62,231,743
Finance costs	*5*	**(236,803,644)**	(32,740,597)
Share of losses of an associate		**(13,576,930)**	(12,894,394)
Fair value gain on step acquisition of a subsidiary		**401,620,781**	–
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		**348,159,729**	–
Profit before tax		**456,677,006**	16,596,752
Income tax expense	*6*	**(386,576)**	–
Profit for the year from continuing operations		**456,290,430**	16,596,752
Discontinued operations			
Loss for the year from discontinued operations	*7*	**(7,606,694)**	(7,834,392)
Profit for the year	*8*	**448,683,736**	8,762,360
Attributable to:			
Owners of the Company		**452,693,377**	8,708,612
Non-controlling interests		**(4,009,641)**	53,748
		448,683,736	8,762,360
Earnings/(loss) per share (cents)	*10*		
From continuing and discontinued operations			
– basic		**29.94**	1.20
– diluted		**26.03**	(2.29)
From continuing operations			
– basic		**30.27**	2.30
– diluted		**26.30**	(1.84)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010	2009
	HK$	*HK$*
Profit for the year	**448,683,736**	8,762,360
Other comprehensive income for the year, net of tax		
Exchange differences on translating foreign operations	**4,937,889**	(273,060)
Total comprehensive income for the year	**453,621,625**	8,489,300
Attributable to:		
Owners of the Company	**456,231,817**	8,435,552
Non-controlling interests	**(2,610,192)**	53,748
	453,621,625	8,489,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Note	2010 HK$	2009 HK$
Non-current assets			
Fixed assets		**33,199,570**	1,068,209
Goodwill		**–**	124,671,293
Intangible assets		**3,106,727,960**	10,000,000
Deposits paid for construction in progress		**155,524,547**	–
Investment in an associate		**–**	761,416,167
Available-for-sale financial assets		**3,591,185**	–
Deferred tax assets		**–**	347,300
		3,299,043,262	897,502,969
Current assets			
Inventories		**88,540**	330,856
Trade receivables	*11*	**5,793,531**	1,146,881
Deposits, prepayments and other receivables		**19,634,170**	74,884,000
Amount due from a non-controlling shareholder		**–**	27,219,120
Current tax assets		**–**	171,144
Pledged bank deposit		**–**	1,500,485
Bank and cash balances		**439,738,657**	37,647,050
		465,254,898	142,899,536
Current liabilities			
Trade payables	*12*	**–**	465,689
Other payables and accruals		**31,948,887**	6,505,052
Deposits received and receipts in advance		**15,750,188**	3,331,354
Amount due to a former non-controlling shareholder		**–**	1,168,733
Derivative component of convertible bonds		**–**	73,920,000
Current tax liabilities		**387,346**	–
		48,086,421	85,390,828
Net current assets		**417,168,477**	57,508,708
Total assets less current liabilities		**3,716,211,739**	955,011,677
Non-current liabilities			
Deferred tax liabilities		**773,424,565**	–
Loan from a former non-controlling shareholder		**–**	1,273,875
Convertible bonds		**228,173,030**	634,542,149
Bank loan		**341,238,000**	–
		1,342,835,595	635,816,024
NET ASSETS		**2,373,376,144**	319,195,653
Capital and reserves			
Share capital		**20,056,750**	7,700,000
Reserves		**1,622,344,399**	271,789,074
Equity attributable to owners of the Company		**1,642,401,149**	279,489,074
Non-controlling interests		**730,974,995**	39,706,579
TOTAL EQUITY		**2,373,376,144**	319,195,653

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivatives which are carried at their fair values.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

HKRFS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 13.

(c) Borrowing Costs

HKAS 23 (Revised) "Borrowing Costs" eliminates the previously available option to expense all borrowing costs when incurred. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are now capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

HKAS 23 (Revised) has been applied prospectively from 1 April 2009.

In the current year, the Group has early adopted HKFRS 3 (Revised) "Business Combinations" and HKAS 27 (Revised) "Consolidated and Separate Financial Statements" that have been issued but are not yet effective on 1 April 2009. The early adoption of these revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Business Combinations

HKFRS 3 (Revised) "Business Combinations" continues to require acquisition method to be applied to business combinations with some significant changes:

– Contingent consideration is recognised at its acquisition-date fair value and forms part of the cost of acquisition. The previous HKFRS 3 requires that a contingent consideration be recognised if it is probable and can be measured reliably.

– In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate goodwill. The previous HKFRS 3 does not have a requirement for such fair value measurement.

– There is a choice to measure initially the non-controlling interests in a subsidiary either at their acquisition-date fair value or the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The previous HKFRS 3 only allows the latter choice.

– If a business combination is accounted for using provisional amounts, the measurement period that the provisional amounts can be adjusted retrospectively is limited to one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The previous HKFRS 3 does not have a time limit for adjustments in relation to contingent considerations and deferred tax assets. Subsequent adjustments to contingent considerations and deferred tax assets will adjust goodwill.

– Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. The previous HKFRS 3 requires that acquisition-related costs form part of the cost of a business combination.

HKFRS 3 (Revised) has been applied prospectively to business combinations for which the acquisition date is on or after 1 April 2009.

(b) Consolidation

HKAS 27 (Revised) "Consolidated and Separate Financial Statements" contains the following requirements:

- Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

- Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.

- When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

The above requirements of HKAS 27 (Revised) has been applied prospectively from 1 April 2009.

The Group has not applied other 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

	2010	2009
	HK$	*HK$*
Turnover		
Sales of goods	**15,438,027**	3,558,304
Services rendered	**47,367,547**	47,529,012
	62,805,574	51,087,316
Representing:		
Continuing operations	**14,352,252**	–
Discontinued operations *(Note 7)*	**48,453,322**	51,087,316
	62,805,574	51,087,316

4. OTHER INCOME

	2010	2009
	HK$	*HK$*
Interest income	**178,947**	1,550,570
Fair value gain on derivative component of convertible bonds	**–**	79,280,875
Gain on disposals of fixed assets	**–**	18,712
Sundry income	**281,938**	561,049
	460,885	81,411,206
Representing:		
Continuing operations	**254,796**	80,643,909
Discontinued operations *(Note 7)*	**206,089**	767,297
	460,885	81,411,206

5. FINANCE COSTS

	2010	2009
	HK$	*HK$*
Interest on bank loans and overdrafts	**4,759,738**	11,769
Amount capitalised	**(4,757,175)**	–
	2,563	11,769
Interest on convertible bonds	**29,758,768**	29,758,591
Interest on loan from an owner	**27,740**	–
Placement fees for derivative component of convertible bonds	**–**	2,984,433
Fair value loss on derivative component of convertible bonds	**207,015,056**	–
	236,804,127	32,754,793
Representing:		
Continuing operations	**236,803,644**	32,740,597
Discontinued operations *(Note 7)*	**483**	14,196
	236,804,127	32,754,793

6. INCOME TAX EXPENSE

	2010	2009
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**550,138**	224,845
Tax reduction in previous year	**–**	(25,000)
	550,138	199,845
Current tax – PRC enterprise income tax		
Provision for the year	**386,576**	–
Deferred tax	**3,949**	(176,797)
	940,663	23,048
Representing:		
Continuing operations	**386,576**	–
Discontinued operations *(Note 7)*	**554,087**	23,048
	940,663	23,048

7. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 27 November 2009 entered into between the Group and an independent third party (the "Purchaser"), the Group disposed of 51% interest in Global On-Line Distribution Limited ("Global On-Line"). Global On-Line is engaged in trading of printing accessories and batteries during the year. The disposal was completed on 30 November 2009 and the Group discontinued its trading of printing accessories and batteries business.

Pursuant to a conditional subscription agreement dated 8 February 2010 entered into between Long Capital Development Limited ("Long Capital"), a then subsidiary of the Group, and an independent third party (the "Subscriber"), Long Capital agreed to allot and issue and the Subscriber agreed to subscribe 25,000 new shares of US$1 each in the capital of Long Capital at a consideration of HK$4,500,000. Long Capital is an investment holding company and its subsidiary is engaged in provision of repairs and maintenance services to motor vehicles, operating car accessories shop, car washing, cleaning and beauty services during the year. Upon completion of the subscription, the Group's shareholding in Long Capital reduced from 51% to 14.57%. The deemed disposal was completed on 31 March 2010 and the Group discontinued its provision of repairs and maintenance services to motor vehicles, operating car accessories shop, car washing, cleaning and beauty services business.

The loss for the year from the discontinued operations is analysed as follows:

	2010	2009
	HK$	*HK$*
Profit/(loss) of discontinued operations	**2,759,400**	(7,834,392)
Loss on disposal of discontinued operations	**(10,366,094)**	–
	(7,606,694)	(7,834,392)

The results of the discontinued operations for the period from 1 April 2009 to 31 March 2010, which have been included in the consolidated profit or loss, are as follows:

	2010	2009
	HK$	*HK$*
Turnover	**48,453,322**	51,087,316
Cost of goods sold and services rendered	**(11,324,186)**	(14,101,423)
Gross profit	**37,129,136**	36,985,893
Other income	**206,089**	767,297
Selling and distribution costs	**(1,518,098)**	(1,570,289)
Administrative and other operating expenses	**(32,503,157)**	(43,980,049)
Profit/(loss) from operations	**3,313,970**	(7,797,148)
Finance costs	**(483)**	(14,196)
Profit/(loss) before tax	**3,313,487**	(7,811,344)
Income tax expense	**(554,087)**	(23,048)
Profit/(loss) for the period	**2,759,400**	(7,834,392)

During the year ended 31 March 2010, the disposed subsidiaries received approximately HK$6,083,000 (2009: paid approximately HK$9,800,000) in respect of operating activities, paid approximately HK$589,000 (2009: HK$129,000) in respect of investing activities and received approximately HK$3,329,000 (2009: HK$7,795,000) in respect of financing activities.

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

8. PROFIT FOR THE YEAR

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

	2010	2009
	HK$	*HK$*
Auditor's remuneration	**739,277**	685,500
Bad debt written off	**–**	5,804
Cost of inventories sold	**886,276**	3,233,914
Depreciation	**884,808**	1,582,552
Impairment loss on intangible assets (included in administrative and other operating expenses)	**–**	8,242,350
Written off of fixed assets	**80,866**	–
Operating lease rentals in respect of land and buildings	**13,172,303**	13,773,711
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	**37,500,948**	23,302,732
Equity-settled share-based payments	**16,361,262**	7,391,463
Retirement benefits scheme contributions	**922,014**	853,615
Net exchange losses	**120,597**	430,427

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2009: HK$Nil).

10. EARNINGS/(LOSS) PER SHARE

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

	2010 HK$	2009 HK$
Earnings		
Continuing and discontinued operations		
Earnings for the purpose of calculating basic earnings per share	**452,693,377**	8,708,612
Net financial costs saving on conversion of convertible bonds outstanding	**18,127,873**	(49,522,284)
Earnings/(loss) for the purpose of calculating diluted earnings/(loss) per share	**470,821,250**	(40,813,672)
Continuing operations		
Earnings for the purpose of calculating basic earnings per share	**457,651,902**	16,711,604
Net finance costs saving on conversion of convertible bonds outstanding	**18,127,873**	(49,522,284)
Earnings/(loss) for the purpose of calculating diluted earnings/(loss) per share	**475,779,775**	(32,810,680)
Number of shares		
Issued ordinary shares at beginning of the year	**770,000,000**	540,000,000
Effect of shares placed	**142,684,932**	–
Effect of consideration shares issued	**–**	185,890,411
Effect of conversion of convertible bonds	**511,589,041**	–
Effect of conversion of replacement convertible bonds	**72,904,712**	–
Effect of exercise of options	**14,823,630**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,512,002,315**	725,890,411
Weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period	**11,838,998**	1,018,918
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	**285,050,332**	1,054,794,521
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**1,808,891,645**	1,781,703,850

From discontinued operations

Basic loss per share from the discontinued operation is HK0.33 cents (2009: HK1.10 cents) for the year ended 31 March 2010, based on the loss for the year from discontinued operations attributable to the owners of the Company of HK$4,958,525 (2009: HK$8,002,992) and the denominator used is the same as that detailed in the table above for basic earnings per share.

11. TRADE RECEIVABLES

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:

	2010	2009
	HK$	*HK$*
0 – 30 days	**4,366,637**	957,438
31 – 60 days	**944,761**	97,037
61 – 90 days	**266,164**	55,615
Over 90 days	**215,969**	36,791
	5,793,531	1,146,881

12. TRADE PAYABLES

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

	2010	2009
	HK$	*HK$*
0 – 30 days	**–**	371,615
31 – 60 days	**–**	94,074
	–	465,689

13. SEGMENT INFORMATION

The Group has three reportable segments which is trading of printing accessories and batteries, provision of car repairs and beauty services and exploitation of coal for the year ended 31 March 2009. The segment of trading of printing accessories and batteries and provision of car repairs and beauty services was discontinued in the year ended 31 March 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 loans 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 operation) Provision of car repairs and beauty services	**(Discontinued operation) Trading of printing accessories and batteries**	**Exploitation of coal**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Year ended 31 March 2010				
Revenue from external customers	47,367,547	1,085,775	14,352,252	62,805,574
Segment profit/(loss)	3,387,331	(73,844)	(4,060,119)	(746,632)
Interest revenue	23,974	350	19,755	44,079
Depreciation and amortisation	513,558	1,380	148,039	662,977
Share of losses of an associate	–	–	(13,576,930)	(13,576,930)
Income tax expense	554,087	–	386,576	940,663
Additions to segment non-current assets	622,730	–	16,441,830	17,064,560
As at 31 March 2010				
Segment assets	–	–	3,591,384,631	3,591,384,631
Segment liabilities	–	–	1,152,875,873	1,152,875,873

	(Discontinued operation) Provision of car repairs and beauty services	(Discontinued operation) Trading of printing accessories and batteries	Exploitation of coal	Total
	HK$	*HK$*	*HK$*	*HK$*
Year ended 31 March 2009				
Revenue from external customers	47,529,012	3,558,304	–	51,087,316
Segment loss	(7,879,901)	(37,005)	–	(7,916,906)
Interest revenue	175,706	15,990	–	191,696
Interest expense	14,193	2	–	14,195
Depreciation and amortisation	1,376,142	2,366	–	1,378,508
Impairment losses on intangible assets	8,242,350	–	–	8,242,350
Share of losses of an associate	–	–	(12,894,394)	(12,894,394)
Income tax expense	23,048	–	–	23,048
Additions to segment non-current assets	337,048	–	–	337,048
As at 31 March 2009				
Segment assets	14,964,122	390,063	761,416,167	776,770,352
Segment liabilities	6,724,966	1,288,375	–	8,013,341

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

	2010	2009
	HK$	*HK$*
Revenue		
Total revenue of reportable segments	**62,805,574**	51,087,316
Elimination of discontinued operation	**(48,453,322)**	(51,087,316)
Consolidated revenue	**14,352,252**	–
Profit or loss		
Total profit or loss of reportable segments	**(746,632)**	(7,916,906)
Fair value gain on step acquisition of a subsidiary	**401,620,781**	–
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	**348,159,729**	–
Interest on convertible bonds	**(29,758,768)**	(29,758,591)
Placement fees for derivative component of convertible bonds	**–**	(2,984,433)
Fair value (loss)/gain on derivative component of convertible bonds	**(207,015,056)**	79,280,875
Share of losses of an associate	**(13,576,930)**	(12,894,394)
Unallocated corporate income	**136,635**	1,369,596
Unallocated corporate expense	**(49,195,360)**	(18,310,739)
Elimination of discontinued operation	**7,052,607**	7,811,344
Consolidated profit before tax from continuing operations	**456,677,006**	16,596,752
Assets		
Total assets of reportable segments	**3,591,384,631**	776,770,352
Available-for-sale financial assets	**3,591,186**	–
Deferred tax assets	**–**	347,300
Unallocated corporate assets	**169,322,343**	263,284,853
Consolidated total assets	**3,764,298,160**	1,040,402,505
Liabilities		
Total liabilities of reportable segments	**1,152,875,873**	8,013,341
Convertible bonds	**237,173,031**	634,542,149
Derivative component of convertible bonds	**–**	73,920,000
Unallocated corporate liabilities	**873,112**	4,731,362
Consolidated total liabilities	**1,390,922,016**	721,206,852

Geographical information:

	2010	2009
	HK$	*HK$*
Revenue		
Hong Kong	**47,367,547**	47,529,012
United States	**1,085,775**	3,558,304
The PRC	**14,352,252**	–
Discontinued operation	**(48,453,322)**	(51,087,316)
Consolidated total	**14,352,252**	–
Non-current assets other than available-for-sale financial assets		
Hong Kong	**460,673**	11,300,997
United States	**–**	4,732
The PRC	**3,294,991,404**	886,197,240
Consolidated total	**3,295,452,077**	897,502,969

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

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

Hong Kong, 7 June 2010

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. 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.

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 7 days from the day of its posting.