

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT PROFIT WARNING: SIGNIFICANT REDUCTION IN LOSS

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules. The Board wishes to inform the shareholders of the Company and potential investors that the results of the Group for the six months ended 30 September 2010 is expected to record a significant reduction in loss compared to that of the corresponding period last year, based on assessment of the current unaudited financial information available.

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

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

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that it expects the results of the Group for the six months ended 30 September 2010 will record a significant reduction in loss, resulting in a loss of not exceeding HK\$18 million compared to the loss of approximately HK\$230 million (restated) of the corresponding period last year, based on assessment of the current unaudited financial information available.

During the corresponding period last year, the Group recorded the non-recurrent item of fair value loss on the derivative component of the convertible bonds issued by the Company on 10 June 2008 (“Bonds”). In addition, because of redemption of part of the Bonds during the period under review, the interest incurred on the Bonds was reduced. For the interim period this year, as there is no similar non-recurrent item reported, together with the reduction in interest incurred on the Bonds, hence the Group recorded a significant reduction in loss in the interim period this year compared to that of the corresponding period last year.

Information contained herein represents a preliminary assessment by the management of the Company based on the unaudited Management Accounts of the Group for the six months ended 30 September 2010. Further details of the Group's financial information for the six months ended 30 September 2010 will be disclosed in the unaudited interim results for the six month ended 30 September 2010, which is expected to be published in November 2010.

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

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

Hong Kong, 29 October, 2010

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

As of the date of this announcement, the executive directors are Mr. Chan Nap Kee Joseph, Mr. Yeap Soon P Jonathan, Dr. Chow Pok Yu Augustine, Mr. Yang Yongcheng and Mr. Li Hong. The independent non-executive directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.8203.com.hk.

** for identification purpose only*