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 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached 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.

FINANCIAL SUMMARY

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 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**18,673**	36,878	266,188	583,154	62,680
Loss before tax	**(107,476)**	(223,524)	(200,837)	(177,356)	(1,059,773)
Income tax credit/(expense)	**23,936**	3,715	3,821	(828)	—
Less: (Profit)/loss attributable to non-controlling interests	**(7,534)**	18,357	29,080	3,983	12,062
Loss attributable to owners of the Company	**(91,074)**	(201,452)	(167,936)	(174,201)	(1,047,711)

ASSETS AND LIABILITIES

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**311,784**	317,706	598,176	884,872	1,187,098
Total liabilities	**(15,782)**	(56,528)	(119,271)	(202,749)	(329,886)
Owners' funds	**304,253**	279,186	477,799	653,764	821,879

BUSINESS REVIEW

The Group is pleased to announce that financial year 2015 was both eventful and meaningful to the Group's Silk Road business development. Ever since the coal and minerals slump began a few years back, the Group had been looking deeply into itself for another identity. We were looking for a distinctive trait that can separate the Group from the other minerals and energy companies that were struggling to dig itself out of the hole while the investment public do not see any signs of improvement. As a pioneer and operator in Tajikistan of Central Asia (a country that is part of the core Silk Road) since 2011, the Group has been able to establish, build, and maintain numerous business and government relationships. Our networking started in Tajikistan but eventually spread through the whole Central Asia. As a Hong Kong company, what the Group established in Tajikistan and Central Asia was unprecedented. And as fortune favours the bold, the Group was presented with a golden opportunity in the government-led Belt & Road initiative ("B&R") introduced by our President Xi Jinping back in 2013.

The B&R urged businesses and countries around the world to take advantage of the vast opportunities presented by the lesser developed countries along the Silk Road. Through various levels of "connectivity", such as infrastructure (which includes railway, highway, airports, and utilities), financial, cultural, etc., not only will China be able to export our products and industrial equipments, all the countries involved, both investors and investees are able to benefit. One of the critical regions to the B&R as introduced by President Xi is Central Asia. With that information in mind, the Group aimed to position itself as the expert, consultant and also as an informed investor that can bring together interested parties from Central Asian countries, China and the rest of the world.

Nonetheless, every path to success has its own series of challenges and obstacles. The Group was able to face them head on with our seasoned and knowledgeable management and board of directors. While we understand that it is important to expand our horizons to prepare for the future, we also know that our existing operations hold a great deal of importance. Minerals, energy and logistics sector are business opportunities heavily covered in the B&R. Hence, it is up to the Group to adapt and adjust our current business so it fits into our growth plans as we move forward. The following were the Group's five main areas of business focus in 2015:

1) Developing new business connections and looking for new opportunities within the B&R framework

2) Establishing new businesses with our existing strategic partners

3) Reorganising our business units as well as tweaking our existing operations to reflect the Group's business strategies and development in the B&R

4) Solidifying the Group's role and reputation as the B&R and Central Asia specialist

5) Looking into possible fund raising activities for the Group to acquire business in the Silk Road that has profit track record to strengthen our cash flow

As such, most of the activities above were not explicitly represented by the Group's 2015 financial performance. However, this preparatory work and effort was an integral part of our business and the Group's development moving forward. As a result, this effort was translated into:

i) the Group is now known by many of our business peers, academics and government officials in Hong Kong as the Central Asia and B&R specialist;

ii) strategic partnerships established with a couple Global Fortune 500 companies and large business organizations;

iii) an extended business network that now covers Central Asia, Mongolia, Russia, Georgia. Notwithstanding the B&R countries, our existing operation in Shandong and Shenzhen are still functioning as usual as well as Xinjiang, Shandong, and Inner Mongolia of China.

2015 BELT & ROAD DEVELOPMENT

Strategic Partnerships

The Group's aim is to partner up with large state-owned enterprise ("SOE") to jointly take on potential projects in our ongoing B&R development. During 2015, the Group has gained many influential and powerful strategic partners. Our latest achievement is a strategic cooperation framework agreement with China Energy Engineering Group Northwest Power Construction Engineering Co., Ltd ("NWPC"), in which both the Group and NWPC will explore opportunities in electricity sectors and other infrastructure projects located in countries along B&R. Our strategic partner NWPC belongs to China Energy Engineering Corporation Limited ("CEEC") which ranked 391st among "The Fortune Global 500" in 2015.

This strategic partnership was an addition to our existing cooperation framework with China National Technical Import and Export Corporation ("CNTIC") — a wholly-owned subsidiary of the 426th ranked "Fortune Global 500" in 2015 China General Technology (Group) Holding Ltd., as well as our existing conditional agreement with OJSC Tojiksodirotbank ("TSB") — one of the largest privately held commercial banks in Tajikistan of Central Asia, with National Bank of Tajikistan's involvement in its capital reorganization.

In an effort to make the best outcome out of the potential business agreements with the above powerhouses, management of the Group took the initiative to reorganise our existing business units. During the reorganisation process, our existing business units were restructured in the way that will pave way for strategic equity investors to partner with us in order to transform each business unit into standalone operations.

In 2015, joint task forces were established with our strategic partners NWPC, CNTIC and TSB to discuss ways of collaboration, strategy formulation. Feasibility reports on various potential projects were also conducted and studied. The Group believes in leveraging our experience in the "Belt" countries initially in Central Asia in the sectors of energy and mining; logistic services; food and agriculture & financial market. We will let our SOE partners undertake the task of handling day to day operation, while the Group handles local government relationships, corporate management, providing financial advice, and future exit strategy and execution.

Co-organization of Silk Road Strategy Forums

One of our business goals in 2015 was to solidify our position as the Central Asia and B&R specialist. This was especially important as we needed to gain trust and respect from our peers as well as potential business and government partners. Amongst numerous promotional activities, the most notable was a series of seminar on Silk Road Strategy co-organized by the Group. Distinguished guests and speakers of the seminars included former Shanghai Cooperation Organization ("SCO") Secretary General Mr. Dimitry Mezentsev, current SCO Secretary General Mr. Rashid Alimov (Former Ambassador Extraordinary and Plenipotentiary of the Republic of Tajikistan to the People's Republic of China) as well as Financial Secretary of HKSAR government, Mr. John Tsang Chunwah, GBM, JP. Each of the speakers gave us valuable insights on how Hong Kong can participate in the B&R, as well as the roles that countries and regions such as Tajikistan, Kazakhstan, Central Asia, Xinjiang, Myanmar, etc. can take on in the B&R. It had become a recurring event in 2015.

Our latest conference was titled "Focus on Georgia" held in March 2016, where we had the honour of having Mr. David Saganelidze, who is Chairman and Executive Director of the Georgian state-owned investment fund Partnership Fund, as our keynote speaker. H.E. Mr. David Aptsiauri, the Georgian ambassador to China, on the other hand, acted as chairman at our panel discussion. Every single conference was a great success. The Group played a major part in inviting the above guests and we were able to show Hong Kong our position as the B&R specialist.

With that said, each of these conferences contributed to the Group's identity and was able to leave a strong impression on all of the attendees as well as other co-organizers and speakers. We were able to expand our business and government network considerably due to many organizations, both business and government, approached the Group during and after the events.

EXISTING OPERATIONS

Although it seemed that the Group has shifted its focus and efforts to B&R related activities, management of the Group also gave a great deal of our attention to the Group's existing businesses. Strategic planning in 2015 always had the Group's existing operations in mind. In 2015, management believed that taking a conservative stance was the best approach with our existing operations and implemented measures such as reducing capital expenditures and stricter cost control.

Tajikistan Coal Exploitation

Tajikistan's demand of coal remained stable in 2015, as the country's industrial enterprises shifted from the more expensive natural gas and electricity to more economical coal for heating and other needs. Demand side factor was favourable to the Group but one deciding reason that slowed down the Group's coal production in Tajikistan was their depreciating currency, the Tajikistani Somoni ("TJS"). The Group was forced to take a more conservative approach due to the fact that the Group's coal sale was denominated in the depreciating TJS while our production costs were mostly denominated in other currencies such as Renminbi ("RMB") and United States dollars ("US$"). However, the Group was ready for coal production when the opportunity presented itself and was able to utilize our resource in Tajikistan for other businesses such as commodity trading and logistics.

In order to reflect this currency depreciation situation, the Group took a further HK$8,966,352 impairment on our mining right in 2015. Also, for conservative reasons, a provision was made on the trade receivables from our Tajikistan mining operation.

Shandong Mining and Metallurgical Machineries Production & Supply Chain Management Business

Mining and Metallurgical Machineries Production

Even though Tengzhou Kaiyuan Industrial Co. Ltd ("Tengzhou Kaiyuan") — a joint venture of the Company's subsidiary (70% shareholder) and the local Government Owned Enterprise (30% shareholder) reached full production status back in 2014, it was operating under capacity in the year 2015 due to low demands in minerals and the poor economic environment. Nonetheless, production was ongoing. Since our machineries production business has a modest scale, it actually helps us survive in this hostile environment while other large scale operations closed down due to high overhead costs.

Supply Chain Management Business

In 2015, our supply chain management business in Shandong went through all of the necessary preparations and started providing logistics related business to our clients. Much like our machineries production business, overhead costs were kept low in order to keep our exposure to poor economic environment to a minimum. Also, our loading and storage yard was ready to be in service after laying all the ground work.

To summarize, our supply chain management business was setup to be very flexible in nature and it is reflected in our segment loss of only HK$68,956,249 in the year 2015.

FUTURE BUSINESS DEVELOPMENT

The Group will continue to move forward in our B&R business development plan, which includes,

1) An emphasis to pinpoint suitable projects for both the Group and our existing strategic partners such that can materialize our effort

2) Continue to search for more strategic partners to co-develop B&R businesses

3) Continue to uphold the Group's status as the Central Asia and B&R expert, and aspire to expand our knowledge in more Silk Road countries

4) Continue the business unit reorganisation process so everything will fit into our overall plan

5) Continue to strive for success from our existing operations while keeping costs at a minimum, which will help provide the flexibility we need to move forward

With that said, we will direct a great deal of our attention to point 1 above and as such, the Group will likely need further fund raising, in addition to our two placings in the year 2015. For details on the two placings, please refer to the Company's announcement dated 7 May 2015 and 17 June 2015. Management of the Group has already identified suitable and strong investors and continue to keep close contacts with them. Further announcements will be made regarding the next step of our investments or fund raising activities when appropriate, as we did for our fund raising in form of placing in 2015.

FINANCIAL REVIEW

Revenue of the Group for the year 2015 amounted to approximately HK$18.7 million (2014: HK$36.9 million). Revenue arising from the provision of supply chain management services for mineral business, production and exploitation of coal in Tajikistan and Shandong mining and metallurgical machineries production amounted to HK$11.2 million, HK$1.8 million and HK$5.7 million respectively.

Gross loss from the Group's operations for the year 2015 was approximately HK$(4.5) million (2014: HK$(18.0) million). Gross profit arising from the provision of supply chain management services for mineral business is approximately HK$ 145,000, from Shangdong mining and metallurgical machineries production is approximately HK$607,000 and gross loss arising from production and exploitation of coal in Tajikistan amounted to HK$(5.3) million.

For the year 2015, the total administrative and other operating expenses from the Group's operations is approximately HK$131.1 million (2014: HK$214.1 million).

The Group recorded loss for the year 2015 of approximately HK$(83.5) million (2014: HK$(219.8) million).

The total comprehensive income attributable to owners of the Company for the year 2015 amounted to approximately HK$(103.3) million (2014: HK$(199.2) million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group has bank and cash balances of approximately HK$103.6 million (2014: HK$54.6 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 2015 (2014: HK$Nil).

GEARING RATIO

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

CAPITAL STRUCTURE

During the Year, the Company have allotted and issued totaled 1,151,400,000 ordinary shares of HK$0.01 each in the capital of the Company by way of placing.

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in HK$, TJS, US$ and RMB. As at 31 December 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the Group's income tax credit for the year 2015 are set out in note 6.

HUMAN RESOURCES

As at 31 December 2015, the Group had 101 (as at 31 December 2014: 78) staff in Hong Kong, China 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$26.4 million (2014: HK$20.2 million) for the year 2015.

SEGMENT REPORT

The detailed segmental analysis are provided in note 12.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2015.

LITIGATION

As at 31 December 2015, 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.

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 four 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.

Role and Function of the Audit Committee

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

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

The Audit Committee is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The Audit Committee is accountable to the Board.

Audit Committee Meetings

During the year ended 31 December 2015, the Audit Committee has held four meetings to review and supervise the financial reporting process and Audit Committee has reviewed the quarterly, interim and annual results and system of internal controls. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee also carried out and discharged its other duties as set out in the Corporate Governance Code (the "CG Code").

Attendance of each of the independent non-executive directors at the Audit Committee meetings during the year ended 31 December 2015 is set out as follows:

Number of Audit Committee Meetings	**4**	
Mr. Liew Swee Yean *(Committee Chairman)*	4/4	100%
Mr. Siu Siu Ling, Robert	4/4	100%
Dr. Wong Yun Kuen	4/4	100%
Mr. Anderson Brian Ralph	1/4	25%
Average attendance rate	81.25%	

During the year 2015, the Audit Committee had undertaken the following duties:

(i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the "Auditors") and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;

(ii) reviewed the quarterly, interim and annual financial statements prior to recommending them to the Board for approval;

(iii) reviewed the Auditors' management letter and the management's response thereto, and to ensure that recommendations made by the Auditors are carried out;

(iv) reviewed the operation and effectiveness of the Company's financial control, internal control and risk management systems;

(v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and

(vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

During the year 2015, the Board, through the Audit Committee, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the Audit Committee made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The Audit Committee concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct noncompliance.

The Board, through the review of the Audit Committee, is satisfied that the Group has fully complied with the Code Provisions on internal controls as set forth in the CG Code for the year ended 31 December 2015.

The Group's financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions ("Code Provision") set out in the CG code contained in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "GEM Listing Rules"). The Company has complied with all applicable code provisions in the CG code throughout the financial year 2015, except for the following deviations:

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

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

Under Code Provision A6.7, independent non-executive directors and other non-executive directors should attend general meetings. Due to other commitment, Mr. Anderson Brian Ralph was unable to attend the annual general meeting of the Company held on 11 May 2015.

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 2015 together with the audited comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	**2015** *HK$*	2014 *HK$*
Revenue	5	**18,673,469**	36,878,233
Cost of goods sold		**(23,196,558)**	(54,886,091)
Gross loss		**(4,523,089)**	(18,007,858)
Other income and gains		**16,839,110**	27,729,042
Administrative and other operating expenses		**(131,095,306)**	(214,052,041)
Loss from operations		**(118,779,285)**	(204,330,857)
Impairment loss on intangible assets		**(8,966,352)**	(18,879,916)
Gain/(loss) on disposal of subsidiaries		**20,269,458**	(313,351)
Loss before tax		**(107,476,179)**	(223,524,124)
Income tax credit	6	**23,936,454**	3,715,072
Loss for the year	7	**(83,539,725)**	(219,809,052)
Attributable to:			
Owners of the Company		**(91,073,480)**	(201,452,358)
Non-controlling interests		**7,533,755**	(18,356,694)
		(83,539,725)	(219,809,052)
Loss per share (cents)			
Basic	9	**(2.78)**	(7.71)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	2015	2014
	HK$	*HK$*
Loss for the year	**(83,539,725)**	(219,809,052)
Other comprehensive income for the year, net of tax		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(10,028,735)**	1,492,668
Total comprehensive income for the year	**(93,568,460)**	(218,316,384)
Attributable to:		
Owners of the Company	**(103,324,920)**	(199,202,216)
Non-controlling interests	**9,756,460**	(19,114,168)
	(93,568,460)	(218,316,384)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	**2015** **HK$**	2014 HK$
Non-current assets			
Fixed assets		**5,197,403**	17,032,319
Goodwill		**—**	—
Intangible assets		**—**	17,010,275
Available-for-sale financial assets		**—**	—
		5,197,403	34,042,594
Current assets			
Inventories		**3,403,369**	2,763,237
Trade and bills receivables	10	**38,281,935**	36,409,244
Deposits, prepayments and other receivables		**151,581,312**	189,860,858
Bank and cash balances		**103,616,026**	54,629,721
Financial assets at fair value through profit or loss		**9,703,480**	—
		306,586,122	283,663,060
Current liabilities			
Trade payables	11	**4,263,938**	7,973,597
Other payables and accruals		**8,762,867**	17,108,430
Current tax liabilities		**2,519,325**	1,857,198
		15,546,130	26,939,225
Net current assets		**291,039,992**	256,723,835
Total assets less current liabilities		**296,237,395**	290,766,429
Non-current liabilities			
Deferred tax liabilities		**235,668**	29,588,607
		235,668	29,588,607
NET ASSETS		**296,001,727**	261,177,822
Capital and reserves			
Share capital		**37,684,057**	26,170,057
Reserves		**266,569,207**	253,015,762
Equity attributable to owners of the Company		**304,253,264**	279,185,819
Non-controlling interests		**(8,251,537)**	(18,007,997)
TOTAL EQUITY		**296,001,727**	261,177,822

NOTES

1. GENERAL INFORMATION

Kaisun Energy Group Limited ("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 Unit A, 13/F., Two Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised IFRSs

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 2015.

Amendment to IFRS 8 (Annual Improvements to IFRSs 2010–2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The directors anticipate that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

List of New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 has also been applied.

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. Although the Company is not incorporated in Hong Kong, the GEM Listing Rules require the companies to comply with the new Hong Kong Companies Ordinance (Cap. 622). As a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on GEM of the Stock Exchange

The Stock Exchange in April 2015 released revised Chapter 18 of the GEM Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

5. REVENUE

	2015	2014
	HK$	*HK$*
Sales of goods		
— Production and exploitation of coal	**1,853,732**	18,528,522
— Provision of supply chain management services for mineral business	**11,162,182**	16,216,459
— Mining and metallurgical machineries products	**5,657,555**	2,133,252
	18,673,469	36,878,233

6. INCOME TAX CREDIT

	2015	2014
	HK$	*HK$*
Current tax — Hong Kong		
Provision for the year	**1,464,295**	—
Current tax — Overseas		
Provision for the year	**—**	697,316
Underprovision for prior years	**1,875**	622,931
Deferred tax	**(25,402,624)**	(5,035,319)
	(23,936,454)	(3,715,072)

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2015. No provision for Hong Kong profits tax is required for the year ended 31 December 2014 since the Group has no assessable profit for that year.

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

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

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

	2015	2014
	HK$	*HK$*
Loss before tax	**(107,476,179)**	(223,524,124)
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**(17,733,570)**	(36,881,480)
Tax effect of income that is not taxable	**(28,716,800)**	(6,566,587)
Tax effect of expenses that are not deductible	**14,795,480**	14,428,235
Tax effect of tax loss not recognised	**6,743,178**	24,457,415
Temporary difference not recognised	**(48,426)**	25,596
Under provision for current year	**—**	3,803
Under provision for prior year	**1,875**	622,931
Effect of different tax rates of subsidiaries operating in other jurisdiction	**1,021,809**	195,015
Income tax credit	**(23,936,454)**	(3,715,072)

7. LOSS FOR THE YEAR

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

	2015	2014
	HK$	*HK$*
Auditor's remuneration		
Current	**2,600,000**	2,500,000
Under-provision for prior year	**280,000**	150,000
	2,880,000	2,650,000
Cost of inventories sold of supply chain management services for mineral business	**11,016,854**	15,970,911
Depreciation	**3,149,838**	8,231,279
Allowance of trade receivables	**9,608,830**	—
Allowance for deposits, prepayments and other receivables	**45,984,189**	98,321,696
Bad debts written off		
— trade receivables	**—**	19,161,665
— prepayment and other receivables	**—**	20,800,000
Amortisation of intangible assets	**5,772,871**	20,141,276
Write off of fixed assets	**8,092,043**	10,452,217
Write off of prepayments and other receivables	**6,433,608**	2,923,443
Write off of available-for-sale financial assets	**—**	70,814
Waivers of other payables	**—**	(6,866,220)
Impairment loss on intangible assets	**8,966,352**	18,879,916
Gain on disposal of financial assets at fair value through profit or loss (held for trading)	**(9,064,930)**	—
Operating lease rentals in respect of land and buildings	**1,610,698**	2,164,313
Net exchange loss	**9,108,386**	12,873,555

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2014: HK$Nil).

9. LOSS PER SHARE

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

	2015	2014
	HK$	*HK$*
Loss for the purpose of calculating basic loss per share	**(91,073,480)**	(201,452,358)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,278,932,494**	2,613,626,604

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015.

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$	*HK$*
Trade receivables	**46,513,575**	36,347,521
Bills receivables	**1,193,314**	61,723
Allowance for doubtful debts	**(9,424,954)**	—
	38,281,935	36,409,244

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

An ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2015	2014
	HK$	*HK$*
0–30 days	**13,964,013**	1,053,000
31–60 days	**637,230**	2,170,933
61–90 days	**236,276**	977,569
Over 90 days	**23,444,416**	32,207,742
	38,281,935	36,409,244

As at 31 December 2015, an allowance was made for estimated irrecoverable trade receivables of approximately HK$9,608,830 (2014: HK$Nil).

Reconciliation of allowance of trade receivables:

	2015	2014
	HK$	*HK$*
At 1 January	**—**	1,560,625
Allowance for the year	**9,608,830**	—
Written off	**—**	(1,403,692)
Exchange differences	**(183,876)**	(156,933)
At 31 December	**9,424,954**	—

As of 31 December 2015, trade receivables of HK$28,052,995 (2014: HK$22,559,291) 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:

	2015	2014
	HK$	*HK$*
Up to 3 months	**1,858,766**	303,903
Over 3 months	**26,194,229**	22,255,388
	28,052,995	22,559,291

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2015	2014
	HK$	*HK$*
HK$	**16,763,388**	22,255,388
Renminbi ("RMB")	**21,518,547**	11,043,090
Tajikistan Somoni ("TJS")	**—**	3,110,766
	38,281,935	36,409,244

11. TRADE PAYABLES

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

	2015	2014
	HK$	*HK$*
0–30 days	**662,170**	422,847
31–60 days	**16,431**	58,406
61–90 days	**—**	8,604
91–180 days	**4,654**	228,655
Over 365 days	**3,580,683**	7,255,085
	4,263,938	7,973,597

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2015	2014
	HK$	*HK$*
RMB	**4,263,938**	7,553,467
TJS	**—**	420,130
	4,263,938	7,973,597

12. SEGMENT INFORMATION

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

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

The accounting policies of the operating segments are the same as those described in the consolidated financial statements. Segment profits or losses do not include dividend income and gains or losses from investments. Segment assets do not include amounts due from related parties and investments. Segment liabilities do not include derivative instruments. Segment non-current assets do not include financial instruments and deferred tax assets.

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

	Provision of supply chain management services for mineral business	**Production and exploitation of coal in Tajikistan**	**Mining and metallurgical machineries production in Shandong**	**Total**
	HK$	***HK$***	***HK$***	***HK$***
Year ended 31 December 2015				
Revenue from external customers	**11,162,182**	**1,853,732**	**5,657,555**	**18,673,469**
Segment loss	**(68,956,249)**	**(9,998,198)**	**(4,761,653)**	**(83,716,100)**
Interest revenue	**207,337**	**—**	**1,049**	**208,386**
Depreciation and amortisation	**1,423,759**	**7,236,896**	**262,054**	**8,922,709**
Income tax expense	**—**	**—**	**1,874**	**1,874**
Other material non-cash items:				
Impairment of assets	**—**	**8,966,352**	**—**	**8,966,352**
Additions to segment non-current assets	**857,304**	**—**	**24,473**	**881,777**
As at 31 December 2015				
Segment assets	**127,367,354**	**1,182**	**12,461,448**	**139,829,984**
Segment liabilities	**4,480,952**	**4,751,663**	**1,600,459**	**10,833,074**

	Provision of supply chain management services for mineral business	Production and exploitation of coal in Tajikistan	Mining and metallurgical machineries production in Shandong	Total
	HK$	*HK$*	*HK$*	*HK$*
Year ended 31 December 2014				
Revenue from external customers	16,216,459	18,528,522	2,133,252	36,878,233
Segment loss	(128,095,558)	(52,962,117)	(4,576,149)	(185,633,824)
Interest revenue	—	—	2,034	2,034
Depreciation and amortisation	192,248	21,567,587	148,752	21,908,587
Income tax expense	—	622,931	3,803	626,734
Other material non-cash items:				
Impairment of assets	—	18,879,916	—	18,879,916
Additions to segment non-current assets	—	96,344	889,572	985,916
As at 31 December 2014				
Segment assets	142,509,622	25,341,244	7,556,430	175,407,296
Segment liabilities	1,727,965	12,811,068	541,095	15,080,128

Reconciliations of segment revenue and profit or loss:

	2015	2014
	HK$	*HK$*
Revenue		
Total revenue of reportable segments	**18,673,469**	36,878,233
Consolidated revenue	**18,673,469**	36,878,233
Profit or loss		
Total profit or loss of reportable segments	**(83,716,100)**	(185,633,824)
Deferred tax	**25,402,624**	5,035,319
Staff costs	**(17,216,636)**	(11,917,443)
Unallocated corporate income	**11,220,573**	17,658,842
Unallocated corporate expense	**(19,230,186)**	(44,951,946)
Consolidated loss for the year	**(83,539,725)**	(219,809,052)

Reconciliations of segment assets and liabilities:

	2015	2014
Assets		
Total assets of reportable segments	**139,829,984**	175,407,296
Financial assets at fair value through profit or loss	**9,703,480**	—
Unallocated corporate assets	**162,250,061**	142,298,358
Consolidated total assets	**311,783,525**	317,705,654
Liabilities		
Total liabilities of reportable segments	**10,833,074**	15,080,128
Deferred tax liabilities	**235,668**	29,588,607
Unallocated corporate liabilities	**4,713,056**	11,859,097
Consolidated total liabilities	**15,781,798**	56,527,832

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

Revenue

	2015	2014
	HK$	*HK$*
Tajikistan	**1,853,732**	18,528,522
The PRC except Hong Kong	**16,819,737**	18,349,711
Consolidated total	**18,673,469**	36,878,233

Non-current assets

	2015	2014
	HK$	*HK$*
Hong Kong	**204,585**	195,623
Tajikistan	**—**	27,895,053
The PRC except Hong Kong	**4,992,818**	5,951,918
Consolidated total	**5,197,403**	34,042,594

Revenue from major customers:

	2015	2014
	HK$	*HK$*
Provision of supply chain management services for mineral business		
Customer a	**—**	16,216,459
Customer b	**8,845,197**	—

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

Hong Kong, 22 March 2016

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

As at the date of this announcement, the Board comprises three executive directors of the Company Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine, Mr. YANG Yongcheng 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.

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.

* *for identification purpose only*