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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)

PROFIT WARNING

This announcement is made by Kaisun Energy Group Limited (the “Company”) 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 to record an increase in loss for the period compared to that of the same period last year.

However, the Group recorded an increase in total comprehensive income compared to that of the same period last year, as during the period, the Group recorded gain from the exchange differences on translating foreign operations, which more than offset the loss for the period.

Increase in loss for the period is mainly attributable to the increase in administrative and other operating expenses of the Group. Compared to the corresponding period last year, the increase in administrative and other operating expenses of the Group was mainly incurred by Saddleback Mining Limited. Because the acquisition of Saddleback Mining Limited was completed in late March 2011, Saddleback Mining Limited became the Group’s wholly owned subsidiary. Accordingly, its administrative and operating expenses was consolidated in the Group’s accounts for the period, resulting in increase in administrative and other operating expenses of the Group.

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 June 2011. Further details of the Group’s financial information for the six months ended 30 June 2011 will be disclosed in the unaudited interim results for the six month ended 30 June 2011, which is expected to be published on 11 August 2011.

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, 4 August, 2011

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, Dr. Chow Pok Yu Augustine, Mr. Li Hong and Mr. Yang Yongcheng. 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.kaisunenergy.com

**for identification purpose only*