



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2013

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 that other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Kaisun Energy Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of directors (the “Board” or the “Directors”) of Kaisun Energy Group Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2013

		Unaudited	
		Three months ended	
		31 March	
		2013	2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	41,428	81,844
Cost of goods sold		<u>(45,724)</u>	<u>(78,534)</u>
Gross profit		(4,296)	3,310
Other income		4,556	10,395
Administrative and other operating expenses		<u>(14,534)</u>	<u>(19,978)</u>
Loss from operations		(14,274)	(6,273)
Finance costs	5	<u>(3,886)</u>	<u>(5,386)</u>
Loss before tax		(18,160)	(11,659)
Income tax expense	6	<u>—</u>	<u>—</u>
Loss for the period		<u>(18,160)</u>	<u>(11,659)</u>
Attributable to:			
Owners of the Company			
Loss from continuing operations		(17,717)	(11,215)
Profit from discontinued operations		<u>—</u>	<u>—</u>
Loss attributable to owners of the Company		<u>(17,717)</u>	<u>(11,215)</u>
Non-controlling interests			
Loss from continuing operations		(443)	(444)
Profit from discontinued operations		<u>—</u>	<u>—</u>
Loss attributable to non-controlling interests		<u>(443)</u>	<u>(444)</u>
		<u>(18,160)</u>	<u>(11,659)</u>
Loss per share (HK Cents)			
From continuing and discontinued operations			
— Basic		<u>(0.68)</u>	<u>(0.43)</u>
— diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
— Basic		<u>(0.68)</u>	<u>(0.43)</u>
— diluted		<u>N/A</u>	<u>N/A</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three months ended 31 March 2013

	Unaudited	
	Three months ended	
	31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(18,160)	(11,659)
Other comprehensive income for the period, net of tax		
Exchange differences on translation of currency from foreign operations	<u>(3,208)</u>	<u>(31)</u>
Total comprehensive income for the period	<u>(21,368)</u>	<u>(11,690)</u>
Attributable to:		
Owners of the Company	(20,925)	(11,246)
Non-controlling interests	<u>(443)</u>	<u>(444)</u>
	<u>(21,368)</u>	<u>(11,690)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2013

Attributable to owners of the Company

	Share capital	Share premium	Foreign currency translation reserve	Share-based payment reserve	Convertible bonds reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	26,120	1,175,425	(8,561)	29,494	103,801	(504,400)	821,879	35,333	857,212
Total comprehensive income for the period	—	—	(31)	—	—	(11,215)	(11,246)	(444)	(11,690)
Share options lapsed	—	—	—	(1,662)	—	1,662	—	—	—
Exercise of share options	50	1,393	—	(368)	—	—	1,075	—	1,075
Changes in equity for the period	50	1,393	(31)	(2,030)	—	(9,553)	(10,171)	(444)	(10,615)
At 31 March 2012 (unaudited)	<u>26,170</u>	<u>1,176,818</u>	<u>(8,592)</u>	<u>27,464</u>	<u>103,801</u>	<u>(513,953)</u>	<u>811,708</u>	<u>34,889</u>	<u>846,597</u>
At 1 January 2013	26,170	1,176,818	(1,955)	24,954	101,256	(673,479)	653,764	28,359	682,123
Total comprehensive income for the period	—	—	(3,208)	—	—	(17,717)	(20,925)	(443)	(21,368)
Share options lapsed	—	—	—	(10,277)	—	10,277	—	—	—
Redemption of convertible bonds	—	—	—	—	(101,256)	100,892	(364)	—	(364)
Changes in equity for the period	—	—	(3,208)	(10,277)	(101,256)	93,452	(21,289)	(443)	(21,732)
At 31 March 2013 (unaudited)	<u>26,170</u>	<u>1,176,818</u>	<u>(5,163)</u>	<u>14,677</u>	<u>—</u>	<u>(580,027)</u>	<u>632,475</u>	<u>27,916</u>	<u>660,391</u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. 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 21/F., Chun Wo Commercial Centre, 23-29 Wing Wo Street, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's financial statements for the year ending 31 December 2013 will comply with International Financial Reporting Standards ("IFRS"). The Group has applied International Financial Reporting Standards ("IFRS") 1 in preparing these condensed consolidated financial information.

These condensed financial information have been prepared in accordance with International Accounting Standards ("IAS") issued by International Accounting Standards Board ("IASB"), and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

These condensed financial information should be read in conjunction with the 2012 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the three months ended 31 March 2013, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IFAB") that are relevant to its operations and effective for its accounting periods beginning on 1 January 2013. IFRSs comprise of International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the three months ended 31 March 2013 and the same period in last year.

The Group has not applied new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

4. TURNOVER

	Unaudited	
	Three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Turnover		
Sales of goods		
— Production and exploitation of coal	1,992	—
— Provision of supply chain management services for mineral business	39,436	81,844
	41,428	81,844
Representing:		
Continuing operations	41,428	81,844

5. FINANCIAL COSTS

	Unaudited	
	Three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	—	—
Amount capitalised	—	—
	<u>—</u>	<u>—</u>
	—	—
Interest on convertible bonds	3,886	5,046
Interest on loan from a former owner of a subsidiary	—	340
	<u>3,886</u>	<u>5,386</u>
Representing:		
Continuing operations	<u>3,886</u>	<u>5,386</u>

6. INCOME TAX EXPENSE

	Unaudited	
	Three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Income tax expenses		
Current tax	—	—
	<u>—</u>	<u>—</u>

No provision for profit tax in the British Virgin Islands, Cayman Islands, United Kingdom, Tajikistan or Hong Kong is required as the Group has no assessable profit arising in or derived from these jurisdictions for the relevant periods.

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

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

7. DIVIDENDS

The Directors do not recommend the payment of dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: HK\$Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share is based on the loss for the period attributable to owners of the Company, adjusted to reflect the interest on convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period are used in the basic loss per share calculation, and the weighted average number ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on the following data:

	Unaudited	
	Three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Loss		
Continuing and discontinued operations		
Loss for the purpose of calculating basic loss per share	<u>(17,717)</u>	<u>(11,215)</u>
Continuing operations		
Loss for the purpose of calculating basic loss per share	<u>(17,717)</u>	<u>(11,215)</u>
Number of shares		
Issued ordinary shares at the beginning of the period	2,617,006	2,612,006
Effect of exercise of options	<u>—</u>	<u>2,033</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>2,617,006</u>	<u>2,614,039</u>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 31 March 2013 and 2012.

9. CONVERTIBLE BONDS

The maturity date of the Replacement Bonds is 10 June 2013. The bondholders have the right to convert at any time from issue date up to Maturity Date into Shares at a fixed conversion price at HK\$0.70 per Share. The outstanding principal amount of the Replacement Bonds together with the accrued interest (if not paid by cash on redemption at maturity or upon acceleration) shall be automatically converted to Shares upon Maturity Date unless such conversion will result a holder of the Replacement Bonds and parties acting in concert with it, taken together, will directly or indirectly control or be interested in 30% or more of the voting rights in respect of the issued shares of the Company (or in such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or the public float of the shares of the Company will fall below the minimum public float requirements stipulated under the GEM Listing Rules. Interest of 3.75 per cent per annum (compounded annually) is payable (i) in conversion shares on conversion; or (ii) in cash at maturity. The Company has no right to require the early cancellation or redemption of any of the Replacement Bonds prior to the Maturity Date.

During the period, the Company had redeemed all remaining Replacement Bonds at the redemption amount equal to the aggregate principal amount of HK\$108,830,000 together with accrued interest of HK\$15,330,000.

10. SHARE CAPITAL

	Unaudited as at	Audited as at
	31 March	31 December
	2013	2012
	HK\$'000	HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
2,617,005,700 (31 December 2012: 2,617,005,700) Ordinary shares of HK\$0.01 each	<u>26,170</u>	<u>26,170</u>

11. SEGMENT INFORMATION

The Group has two reportable segments which are production and exploitation of coal in Tajikistan and provision of supply chain management for mineral business for the period.

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 Group's financial statements for the year ended 31 December 2012.

	Provision of supply chain management services for mineral business HK\$'000 (unaudited)	Production and exploitation of coal in Tajikistan HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
For three months ended 31 March 2013			
Revenue from external customers	39,436	1,992	41,428
Segment profit/(loss)	334	(14,589)	(14,255)
As at 31 March 2013			
Segment assets	<u>401,775</u>	<u>324,064</u>	<u>725,839</u>

	Provision of supply chain management services for mineral business HK\$'000 (unaudited)	Production and exploitation of coal in Tajikistan HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
For three months ended 31 March 2012			
Revenue from external customers	81,844	—	81,844
Segment profit/(loss)	3,844	(10,494)	(6,650)
As at 31 March 2012			
Segment assets	<u>67,844</u>	<u>206,268</u>	<u>274,112</u>

	Unaudited Three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Reconciliations of segment profit or loss		
Total profit or loss of reportable segments	(14,255)	(6,650)
Other profit or loss	(3,905)	(5,009)
Consolidated loss for the period	<u>(18,160)</u>	<u>(11,659)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group currently own mining rights and interests in three mines in Tajikistan, including the Kaftar-Hona anthracite deposit, the Ziddi coal deposit and the Mienadu coal deposit, and the mining lease with right to mine the Eastern Zone of Fon Yagnob Coal Deposit in Tajikistan. In addition, the Group engages in provision of supply chain management services for mineral business.

For the three months ended 31 March 2013 (“Period”), the Group generated its turnover of approximately HK\$41.4 million. The Group has two reportable segments, which are (i) provision of supply chain management services for mineral business, and (ii) production and exploitation of coal in Tajikistan. During the Period, the business segment for provision of supply chain management services generated turnover of approximately HK\$39.4 million, while the production and exploitation of coal in Tajikistan generated turnover of approximately HK\$2.0 million.

The mining lease with right to mine the Eastern Zone of Fon Yagnob Coal Deposit, which was obtained at late 2012, started its contribution. Production started in 2013, delivering approximately 6,600 tonnes during the Period. Further to last year investment, the Group continued to invest into road construction and refurbishment at the Tajikistan mines. With improved road infrastructure and the advent of warmer weather, production is expected to increase.

Further to the early redemption of half of the total outstanding principal amount of the Replacement Bond on 28 September 2012, the Company redeemed all remaining outstanding convertible bonds on 27 March 2013 (the “Final Redemption”), saving future interest cost. Upon completion of the Final Redemption, all outstanding Replacement Bonds were fully redeemed and cancelled. During the Period, besides early redemption of the Replacement Bonds, there was no other purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities.

The Company’s subsidiary had set up a coal logistic centre in Kashgar, Xinjiang in November 2012. Kashgar is the only special economic zone of Xinjiang established by Chinese central government to promote trade with its nearby Central Asian regions such as Tajikistan and Kyrgyzstan. Kashgar is a good strategic location for transporting coal between Central Asia and Xinjiang. In December 2012, the Company’s subsidiary obtained a coal trading permit allowing it to trade coal in Xinjiang. These recent attainments add competencies to our Group

Outlook and Prospects

Trade between China and Tajikistan amounted to USD669 million ranking China the third largest trading partner with Tajikistan in year 2012. Over half of the trade between Tajikistan and China in 2012 is attributable to trade between Xinjiang and Tajikistan. During the first quarter of 2013, China remains the third largest trading partner with Tajikistan in imports, and fourth largest trading partner in exports. In addition, Tajikistan officially became the 159th member of the World Trade Organization on 2 March 2013, further expanding the trade opportunities between these two regions in the coming future.

According to the “Twelfth Five-Year” plan by the Chinese government, the Chinese government is putting in a lot of resources in developing the North Western part of China including Xinjiang and Inner Mongolia, including the coal and related industry. All participants in Xinjiang and Inner Mongolian coal industry are expected to benefit from the “Twelfth Five-Year” plan. Hence, the current economic and business environment between Central Asia including Tajikistan and China in particular Xinjiang and Inner Mongolia is highly favourable.

In order to capture opportunities arising from this favourable economic and business environment, the Group will utilize our resources in Tajikistan and China, in particular Xinjiang, to enhance forthcoming business development between Central Asia and China. With the synergistic effect created by the Group's coal production (currently second in Tajikistan) and our Xinjiang coal logistic business, the Group is well positioned to capture greater opportunities arising from this recent economic development.

Further to our recent attainment in Xinjiang, leveraging on our past experience in Inner Mongolia, the Group continues to look for suitable opportunities to expand our coal logistic and supply chain management business in Inner Mongolia and Mongolia Republic as well. The Group plans to apply for a coal trading license in Inner Mongolia, making us a fully fledged supply chain management player in Inner Mongolia. With our strategic position in Tajikistan, Xinjiang and Inner Mongolia, the Group is striving to be an important player in coal industry in Northern China.

On 19 December 2012, the Seller, the Buyer, the Company and Up Energy Development Group Limited ("Up Energy") entered into the Sale and Purchase Agreement pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to dispose the Company's 52% indirect equity interest in Kamarob at a consideration of HK\$394,648,800, being half cash and half shares of Up Energy. Kamarob is the holder of relevant licenses to conduct geological exploration and coal mining in Kafta Hona anthracite deposit in Tajikistan. Details of the announcement can be found in the related announcement dated 10 January 2013 on "<http://www.kaisunenergy.com>" under "Announcements" section.

The Group also continues to seek good quality exploration stage projects to acquire and develop while the coal market is still comparatively undervalued in order to create more future upside. The Company's current strategy is to acquire late stage exploration coal mines, partnering with the larger companies/SOEs to reap rewards from developing these coal mines.

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

Financial Review

Turnover of the Group for the three months ended 31 March 2013 was approximately HK\$41.4 million (for three months ended 31 March 2012: HK\$81.8 million).

For the three months ended 31 March 2013, the total administrative and other operating expenses was amounting to approximately HK\$14.5 million (for three months ended 31 March 2012: HK\$20.0 million).

For the period, total finance cost of the Group was amounting to approximately HK\$3.9 million (for three months ended 31 March 2012: HK\$5.4 million), representing an accrued interest payable on the Convertible Bonds upon the Bondholders redemption of Convertible Bonds.

The Group recorded a loss of the total comprehensive income attributable to owners of the Company of approximately HK\$20.9 million (for three months ended 31 March 2012: HK\$11.2 million) for the three months ended 31 March 2013.

Liquidity and Financial Resource

As at 31 March 2013, the Group has a bank and cash balance of approximately HK\$138.0 million (as at 31 December 2012: HK\$200.4 million).

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's total liabilities over the Group's total asset, was 0.22 as at 31 March 2013 (as at 31 December 2012: 0.23).

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), Sterling Pound, United States dollars and Tajik Somoni ("TJS"). As at 31 March 2013, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

OTHER INFORMATION

1. Directors' and Chief Executives' Interests and Short Positions in the shares, underlying shares and debentures of the Company or any associated corporations

As at 31 March 2013, the interest and short positions of the directors and the chief executives in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors are as follows:

Long position in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares	Number of Underlying Shares (Note)	Approximate percentage of the total issued Shares as at 31 March 2013
Chan Nap Kee, Joseph	Beneficial owner	22,390,000	25,372,600	1.82%
Yang Yongcheng	Beneficial owner	100,000	10,000,000	0.39%
Liew Swee Yean	Beneficial owner	540,000	2,537,260	0.12%
Siu Siu Ling, Robert	Beneficial owner	540,000	2,537,260	0.12%
Wong Yun Kuen	Beneficial owner	2,000,000	2,537,260	0.17%
Anderson Brian Ralph	Beneficial owner	—	2,537,260	0.10%

Note: The long position in the underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the options granted by the Company to the above mentioned directors pursuant to the share option scheme.

Save as disclosed above, as at 31 March 2013, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

2. Interests and short positions of substantial shareholders in shares and underlying shares

- (a) As at the 31 March 2013, the register of substantial shareholders maintained by the company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of the directors, the following shareholders had notified the Company of relevant interests and short positions in the Shares and underlying Shares:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Number underlying Shares	Total Interest	Approximate percentage of the total issued Shares as of at 31 March 2013
<i>Substantial shareholders</i>					
Zhang Zhi Ping	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.34%
Zhang Gaobo	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.34%
Oriental Patron Financial Group Limited (“OPFGL”)	Interest of a controlled corporation	218,490,000	—	218,490,000 <i>(Note 1)</i>	8.34%
Ottness Investments Limited (“OIL”)	Interest of a controlled corporation	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.04%
OP Financial Investments Limited (“OPFIL”)	Interest of a controlled corporation	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.04%
Profit Raider Investments Limited (“PRIL”)	Beneficial owner	132,110,000	—	132,110,000 <i>(Note 1)</i>	5.04%

Notes:

- OPFGL holds 218,490,000 Shares. OPFGL is 51% owned by Zhang Zhi Ping and is 49% owned by Zhang Gaobo.

Of these 218,490,000 Shares, 86,380,000 Shares are held by Pacific Top Holding Limited (“PTHL”). PTHL is wholly owned by Oriental Patron Financial Services Group Limited (“OPFSGL”), OPFSGL is 95% held by OPFGL. Zhang Zhi Ping, Zhang Gaobo, OPFGL and OPFSGL are deemed to be interested in the interests held by PTHL under the SFO.

Of these 218,490,000 Shares, 132,110,000 Shares are held by PRIL. PRIL is wholly owned by OPFIL, OPFIL is 35.05% held by OIL. Zhang Zhi Ping, Zhang Gaobo, OPFGL, OIL and OPFIL are deemed to be interested in the interests held by PRIL under the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 March 2013, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share Options

A share option scheme (the “Scheme”) was adopted by the shareholders of the Company by way of written resolutions passed on 9 December 2003. The principal purpose of the Scheme is to enable the Group to grant options to subscribe for Shares to the eligible person as incentives or rewards for their contributions to the Group.

As at 31 March 2013, a total of 11,412,249 Shares, representing 0.43% of the existing issued share capital of the Group are available for issue in respect of the remaining options which may be granted under the Scheme.

Details of the Options granted under the Scheme during the period ended 31 March 2013 are as follows:

	Date of Grant	Exercise Period	Outstanding as at 31/12/2012	No. of Options		Lapsed during the Period (Note 2)	Outstanding as at 31/3/2013
				Grant during the Period	Exercise during the Period		
Directors							
Chan Nap Kee,	9/2/2010	9/2/2010–8/2/2013	20,056,750	—	—	(20,056,750)	—
Joseph	12/8/2011	12/8/2011–9/12/2013	25,372,600	—	—	—	25,372,600
Yang Yongcheng	12/8/2011	12/8/2011–9/12/2013	10,000,000	—	—	—	10,000,000
Liew Swee Yean	12/8/2011	12/8/2011–9/12/2013	2,537,260	—	—	—	2,537,260
Siu Siu Ling, Robert	12/8/2011	12/8/2011–9/12/2013	2,537,260	—	—	—	2,537,260
Wong Yun Kuen	12/8/2011	12/8/2011–9/12/2013	2,537,260	—	—	—	2,537,260
Anderson Brian Ralph	12/8/2011	12/8/2011–9/12/2013	2,537,260	—	—	—	2,537,260
		Sub-total	65,578,390	—	—	(20,056,750)	45,521,640
Employees in aggregate							
	12/8/2011	12/8/2011–9/12/2013	10,000,000	—	—	—	10,000,000
	10/4/2012	10/4/2012–9/12/2013	15,000,000	—	—	—	15,000,000
Other participants in aggregate							
	18/10/2010	18/10/2010–17/10/2013	42,287,674	—	—	—	42,287,674
			<u>132,866,064</u>	<u>—</u>	<u>—</u>	<u>(20,056,750)</u>	<u>112,809,314</u>

Note:

- (1) These Options represent personal interest held by the relevant directors as beneficial owners.
- (2) 20,056,750 Options lapsed during the period under review.

4. Directors' Interest in Competing Business

None of the Directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

5. Audit Committee

The Company has established an 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. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

In order to comply with amendments to the GEM Listing Rules, 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 audit committee provides an important link between the Board and the Company's auditors in those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit, internal controls and risk evaluation. 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.

The unaudited quarterly results for the three months ended 31 March 2013 have reviewed by the audit committee which 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.

6. Remuneration Committee

The Company has established a Remuneration Committee ("RC") with written terms of reference which deals clearly with its authorities and duties. The RC comprises three members, namely Dr. Wong Yun Kuen (chairman of RC), Mr. Anderson Brian Ralph and Mr. Chan Nap Kee, Joseph.

The primary duties of the RC is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

In order to comply with amendments to the GEM Listing Rules, on 30 March 2012, new terms of reference that supersedes previous terms of reference of the Remuneration 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".

7. Nomination and Corporate Governance Committee

On 30 March 2012, the Company established a Nomination and Corporate Governance Committee ("NC") with written terms of reference which deals clearly with its authorities and duties. The NC comprises three members, namely Mr. Siu Siu Ling Robert (chairman of NC), Mr. Liew Swee Yean and Mr. Chan Nap Kee Joseph.

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group's policies and practices on corporate governance and to make recommendations to the Board.

Written terms of reference were adopted in compliance with the GEM Listing Rules, and is available on the Company's website www.kaisunenergy.com under "Investor Relations" section with heading of "Corporate Governance".

8. Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities during the three months ended 31 March 2013.

9. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors 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 three months ended 31 March 2013. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

10. Code on Corporate Governance Practice

Except for Code Provision A2.1, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules throughout the period ended 31 March 2013.

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.

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

As the Company is developing its business in 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 handle its latest development. In the meantime, Mr. Chan Nap Kee Joseph, our Chairman, took up the role of Acting Chief Executive Officer until the suitable person who will handle our latest development is selected. The Company will publish announcement on appointment of Chief Executive Officer when appropriate.

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

Hong Kong, 10 May 2013

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 are Mr. CHAN Nap Kee Joseph, Dr. CHOW Pok Yu Augustine 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.

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, and on the Company’s website at <http://www.kaisunenerg.com>.