



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 2012

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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.

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years/period is set out as below:

RESULTS

	Year ended 31 December		Period ended	Year ended 31 March	
	2012	2011	31 December	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	583,154	62,680	59,619	62,806	51,087
(Loss)/profit before tax	(177,356)	(1,059,773)	(24,784)	449,624	8,785
Income tax expense	(828)	—	(3,454)	(941)	(23)
Less: Loss/(profit) attributable to non-controlling interests	3,983	12,062	(3,597)	4,010	(53)
(Loss)/profit attributable to owners of the Company	(174,201)	(1,047,711)	(31,835)	452,693	8,709

ASSETS AND LIABILITIES

	As at 31 December			As at 31 March	
	2012	2011	2010	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	884,872	1,187,098	3,870,185	3,764,298	1,040,403
Total liabilities	(202,749)	(329,886)	(1,383,419)	(1,390,922)	(721,207)
Owners' funds	653,764	821,879	1,730,415	1,642,401	279,489

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 December 2012 (the “Year”). The Group’s consolidated turnover for the Year amounted to HK\$583.2 million (2011: HK\$62.7 million) and total comprehensive income for the Year attributable to owners of the Company amounted to HK\$(167.6) million (2011: HK\$(1,110.4) million).

BUSINESS REVIEW

The Group currently own mining rights and interests in three mines in Tajikistan, including the Kaftar-Hona anthracite deposit, the Zeddi coal deposit and the Mienadu coal deposit. The Group obtained the mining lease with right to mine the Eastern Zone of Fon Yagnob Coal Deposit in Tajikistan in October 2012. In addition, the Group engages in provision of supply chain management services for mineral business.

The Group generated its turnover of approximately HK\$583.2 million (2011: HK\$62.7 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 Year, the business segment for provision of supply chain management services for mineral business generated turnover of approximately HK\$558.8 million, while the production and exploitation of coal in Tajikistan generated turnover of approximately HK\$24.4 million.

Regarding the Tajikistan operation, total group production of coal including the Kaftar-Hona anthracite deposit, the Zeddi coal deposit and the Mienadu coal deposit in 2012 was approximately 110,000 tonnes (2011: approximately 40,000 tonnes). Production for the Fon Yagnob Coal Deposit had commenced in 2013. During the Year, the Group invested into road construction and refurbishment of Tajikistan mines. With improved road infrastructure, production of coal in Tajikistan is expected to increase in 2013.

In order to save interest cost for the Company, the Company had early redeemed the replacement bonds (“Replacement Bonds”). On 28 September 2012, the Company exercised its right of early redemption of the Replacement Bonds held by the Bondholders in accordance with the terms and conditions of the Replacement Bonds, in the aggregate principal amount of approximately HK\$108.8 million, representing half of the total outstanding principal amount of the Replacement Bonds, saving future interest cost for the Company. The Company will redeem all remaining outstanding convertible bonds on 27 March 2013 (the “Final Redemption”). Upon completion of the Final Redemption, all the outstanding Replacement Bonds will be fully redeemed and cancelled.

The Company’s subsidiary recently obtained a coal trading permit in December 2012 allowing it to trade coal in Xinjiang. Moreover, 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 the Chinese 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. These recent attainments add competencies to our Group.

OUTLOOK AND PROSPECTS

With the obtaining of the lease with right to mine the Eastern Zone of Fon Yagnob Coal Deposit in October 2012, total Group coal production in 2013 is expected to increase substantially.

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 is attributable to trade between Xinjiang and Tajikistan. In addition, Tajikistan officially becomes 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.

Currently, the Chinese Government is putting in a lot of resources in developing the North Western part of China including Xinjiang and Inner Mongolia. According to the “Twelfth Five-Year” plan by the Chinese Government, the total investment in Xinjiang up to year 2015 will amount to RMB3.6 trillion; the investment in coal and related industry in Inner Mongolia up to year 2015 will amount to RMB212.5 billion by the manufacturing concerns. All participants in Xinjiang and Inner Mongolia coal industry are expected to benefit from the “Twelfth Five-Year” plan by the Chinese Government. 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.

In addition to our recent attainment in Xinjiang, leveraging on our past experience in Inner Mongolia, the Group is looking 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 obtain 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 the coal industry in North Western part of China.

The Group also continues to seek good quality exploitation 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 exploitation coal mines, partnering with the larger companies or State-Owned Enterprises (“SOEs”) to reap rewards from developing these coal mines.

Further to the MOU dated 5 July 2012 and 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 the Company’s 52% indirect equity interest in Kamarob at a consideration of HK\$394,648,800, being half cash and half consideration shares of Up Energy. Kamarob is the holder of relevant licenses to conduct geological exploitation and coal mining in Kaftar 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'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 Year from continuing operations amounted to approximately HK\$583.2 million (for the year ended 31 December 2011: continuing operations: HK\$6.1 million, discontinued operations: HK\$56.6 million). Turnover arising from the provision of supply chain management for mineral business and production and exploitation of coal in Tajikistan amounted to HK\$558.8 million and HK\$24.4 million respectively.

Gross loss from the Group's continuing operations for the Year was approximately HK\$45.7 million (for the year ended 31 December 2011: gross profit HK\$5.0 million). Gross loss arising from production and exploitation of coal in Tajikistan amounted to HK\$59.1 million and gross profit from provision of supply chain management for mineral business is approximately HK\$13.4 million.

For the Year, the total administrative and other operating expenses from the Group's continuing and discontinued operations is approximately HK\$111.0 million (for the year ended 31 December 2011: HK\$75.8 million). Total administrative and other operating expenses include one-off non-current expenses on licensing expenses to obtain mining lease in Tajikistan and expenses to obtain a coal trading permit in Xinjiang. Such improvement and development can enhance our production and profitability in Tajikistan and supply chain management services for mineral business from Xinjiang in Year 2013.

For the Year, total finance costs from the Group's continuing operations amounted to HK\$33.1 million (for the year ended 31 December 2011: HK\$21.3 million).

The Group recorded loss for the Year of approximately HK\$178.2 million (for the year ended 31 December 2011: HK\$1,059.8 million).

The total comprehensive income attributable to owners of the Company for the Year amounted to approximately HK\$(167.6) million (for the year ended 31 December 2011: HK\$(1,110.4) million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group has bank and cash balances of approximately HK\$200.4 million (as at 31 December 2011: HK\$294.8 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 (for the year ended 31 December 2011: 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 0.23 as at 31 December 2012 (as at 31 December 2011: 0.28).

CAPITAL STRUCTURE

During the Year, the Company received exercise notices from the grantees regarding the exercise of share options of conversion into 5,000,000 new shares.

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Sterling Pound, Tajikistan Somoni (“TJS”), United States dollars and Renminbi (“RMB”). As at 31 December 2012, the Group had no significant exposure under foreign exchange contracts, interests, 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 5.

HUMAN RESOURCES

As at 31 December 2012, the Group had 112 (as at 31 December 2011: 32) staff in Hong Kong, People’s Republic of China (“PRC”) 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\$43.8 million (for the year ended 31 December 2011: HK\$45.1 million) for the Year.

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 2012.

LITIGATION

As at 31 December 2012, 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 year ended 31 December 2012.

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.

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 2012 together with the audited comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
Continuing operations			
Turnover	4	583,154,262	6,058,165
Cost of goods sold		<u>(628,869,504)</u>	<u>(18,286,145)</u>
Gross loss		(45,715,242)	(12,227,980)
Other income		12,527,062	18,113,303
Administrative and other operating expenses		<u>(111,030,998)</u>	<u>(54,813,146)</u>
Loss from operations		(144,219,178)	(48,927,823)
Finance costs		(33,136,501)	(21,286,609)
Impairment loss on fixed assets		—	(4,608,388)
Impairment loss on goodwill		—	(115,955,924)
Impairment loss on intangible assets		<u>—</u>	<u>(28,720,052)</u>
Loss before tax		(177,355,679)	(219,498,796)
Income tax expense	5	<u>(827,965)</u>	<u>—</u>
Loss for the year from continuing operations		(178,183,644)	(219,498,796)
Discontinued operations			
Loss for the year from discontinued operations	6	<u>—</u>	<u>(840,274,230)</u>
Loss for the year	7	<u>(178,183,644)</u>	<u>(1,059,773,026)</u>
Attributable to:			
Owners of the Company			
Loss from continuing operations		(174,200,826)	(208,527,064)
Loss from discontinued operations		<u>—</u>	<u>(839,183,705)</u>
Loss attributable to owners of the Company		<u>(174,200,826)</u>	<u>(1,047,710,769)</u>
Non-controlling interests			
Loss from continuing operations		(3,982,818)	(10,971,732)
Loss from discontinued operations		<u>—</u>	<u>(1,090,525)</u>
Loss attributable to non-controlling interests		<u>(3,982,818)</u>	<u>(12,062,257)</u>
		<u>(178,183,644)</u>	<u>(1,059,773,026)</u>

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Loss per share (cents)	8		
From continuing and discontinued operations			
— basic		<u><u>(6.66)</u></u>	<u><u>(42.79)</u></u>
— diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>
From continuing operations			
— basic		<u><u>(6.66)</u></u>	<u><u>(8.52)</u></u>
— diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Loss for the year	(178,183,644)	(1,059,773,026)
Other comprehensive income for the year, net of tax		
Exchange differences on translating foreign operations	3,614,907	106,223,023
Exchange differences reclassified to profit or loss on disposal of a subsidiary	—	(134,413,083)
Total comprehensive income for the year	<u>(174,568,737)</u>	<u>(1,087,963,086)</u>
Attributable to:		
Owners of the Company	(167,594,346)	(1,110,351,316)
Non-controlling interests	<u>(6,974,391)</u>	<u>22,388,230</u>
	<u>(174,568,737)</u>	<u>(1,087,963,086)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Non-current assets			
Fixed assets		57,099,142	25,705,562
Intangible assets		145,890,652	159,930,659
Available-for-sale financial assets		70,837	71,173
		203,060,631	185,707,394
Current assets			
Inventories		3,515,189	5,009,356
Trade receivables	<i>10</i>	62,853,534	133,981
Deposits, prepayments and other receivables		407,103,834	699,850,554
Financial assets at fair value through profit or loss		7,889,661	1,550,000
Bank and cash balances		200,449,448	294,846,882
		681,811,666	1,001,390,773
Current liabilities			
Trade payables	<i>11</i>	23,014,397	—
Other payables and accruals		20,034,768	16,322,476
Due to a former owner of a subsidiary		—	50,976,026
Current tax liabilities		827,965	—
		43,877,130	67,298,502
Net current assets		637,934,536	934,092,271
Total assets less current liabilities		840,995,167	1,119,799,665
Non-current liabilities			
Convertible bonds		119,915,250	206,453,478
Due to a former owner of a subsidiary		—	16,992,009
Deferred tax liabilities		38,957,118	39,141,749
		158,872,368	262,587,236
NET ASSETS		682,122,799	857,212,429
Capital and reserves			
Share capital		26,170,057	26,120,057
Reserves		627,593,917	795,759,156
Equity attributable to owners of the Company		653,763,974	821,879,213
Non-controlling interests		28,358,825	35,333,216
TOTAL EQUITY		682,122,799	857,212,429

NOTES:

1. GENERAL INFORMATION

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 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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. TURNOVER

	2012 HK\$	2011 HK\$
Turnover		
Sales of goods		
— Production and exploitation of coal	24,364,030	62,679,667
— Provision of supply chain management services for mineral business	558,790,232	—
	<u>583,154,262</u>	<u>62,679,667</u>
Representing:		
Continuing operations	583,154,262	6,058,165
Discontinued operations (<i>note 6</i>)	—	56,621,502
	<u>583,154,262</u>	<u>62,679,667</u>

5. INCOME TAX EXPENSE

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Current tax — Hong Kong profits tax		
Provision for the year	242,294	—
Current tax — Overseas		
Provision for the year	585,671	—
	<u>827,965</u>	<u>—</u>
Representing:		
Continuing operations	<u>827,965</u>	<u>—</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year.

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.

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

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Loss before tax	<u>(177,355,679)</u>	<u>(1,059,773,026)</u>
Tax at the domestic income tax rate of 16.5%	(29,263,687)	(174,862,549)
Tax effect of income that is not taxable	(91,961,565)	(5,207,804)
Tax effect of expenses that are not deductible	118,523,643	176,548,264
Tax effect of tax loss not recognised	3,601,998	3,211,185
Tax effect of utilisation of tax loss not previously recognised	(229,654)	—
Effect of different tax rates of subsidiaries operating in other jurisdiction	157,230	310,904
Income tax expense	<u>827,965</u>	<u>—</u>

6. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 15 June 2011 ("Agreement") entered into between the Group and an independent third party (the "Purchaser"), the Group disposed of its entire 70% equity interest in 內蒙古蒙西礦業有限公司 (Inner Mongolia Mengxi Minerals Limited) ("Mengxi Minerals"). Mengxi Minerals is engaged in exploitation of coal and coal processing in the PRC during the year ended 31 December 2011. The disposal was completed on 22 December 2011 and the Group discontinued its exploitation of coal and coal processing in the PRC.

The loss for the year ended 31 December 2011 from the discontinued operations is analysed as follows:

	2011 <i>HK\$</i>
Loss of discontinued operations	(3,635,083)
Loss on disposal of discontinued operations	<u>(836,639,147)</u>
	<u>(840,274,230)</u>

The results of the discontinued operations for the period from 1 January 2011 to 22 December 2011, which have been included in the consolidated profit or loss, are as follows:

	Period from 1 January 2011 to 22 December 2011 <i>HK\$</i>
Turnover	56,621,502
Cost of goods sold	<u>(39,357,971)</u>
Gross profit	17,263,531
Other income	210,224
Selling and distribution costs	(149,871)
Administrative and other operating expenses	<u>(20,958,967)</u>
Loss from operations	(3,635,083)
Income tax expense	<u>—</u>
Loss for the period	<u><u>(3,635,083)</u></u>

During the year ended 31 December 2011, the disposed subsidiary received approximately HK\$61,803,000 in respect of operating activities, paid approximately HK\$184,077,000 in respect of investing activities and paid approximately HK\$5,993,000 in respect of financing activities.

Pursuant to the Agreement, tax charge arose on loss on disposal of the discontinued operations amounted to RMB45,555,000 was borne by the Purchaser.

7. LOSS FOR THE YEAR

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

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Auditor's remuneration		
Current	2,630,000	1,915,955
Under-provision for prior year	200,000	—
	2,830,000	1,915,955
Cost of inventories sold of supply chain management services for mineral business	545,421,344	—
Depreciation	11,710,589	7,171,675
Allowance of trade receivables	179,722	29,102
Amortisation of intangible assets	13,415,671	10,284,297
Fair value loss on financial assets at fair value through profit or loss (designated upon initial recognition)	621,496	527,493
Write off of fixed assets	94,356	—
Write off of obsolete inventories	1,395,422	—
Loss on disposal of financial assets at fair value through profit or loss	5,341	—
Loss on disposal of fixed assets	44,972	—
Operating lease rentals in respect of land and buildings	889,200	995,019
Other equity-settled share-based payments	—	1,140,244
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	42,648,127	35,498,451
Equity-settled share-based payments	949,000	9,110,756
Retirement benefits scheme contributions	172,260	450,252
Net exchange (gain)/losses	<u>(5,125,783)</u>	<u>2,328,174</u>

8. LOSS PER SHARE

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

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Loss		
Continuing and discontinued operations		
Loss for the purpose of calculating basic loss per share	<u>(174,200,826)</u>	<u>(1,047,710,769)</u>
Continuing operations		
Loss for the purpose of calculating basic loss per share	<u>(174,200,826)</u>	<u>(208,527,064)</u>
	2012	2011
Number of shares		
Issued ordinary shares at beginning of the year	2,612,005,700	2,114,383,750
Effect of consideration shares issued	—	326,715,736
Effect of exercise of options	<u>4,262,295</u>	<u>7,589,213</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>2,616,267,995</u>	<u>2,448,688,699</u>

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 2012.

From discontinued operation

Basic loss per share from the discontinued operations is HK\$Nil cents (2011: HK34.27 cents) for the year, based on the loss for the year from discontinued operations attributable to owners of the Company of HK\$Nil (2011: HK\$839,183,705) and the denominator used is the same as that detailed in the table above for basic loss per share.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2011: HK\$Nil).

10. TRADE RECEIVABLES

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Trade receivables	<u>62,853,534</u>	<u>133,981</u>

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:

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
0–30 days	60,342,951	—
31–60 days	—	57,011
61–90 days	2,308,042	73,042
Over 90 days	202,541	3,928
	<u>62,853,534</u>	<u>133,981</u>

As of 31 December 2012, trade receivables of HK\$2,510,584 (2011: HK\$133,981) 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:

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Up to 3 months	218,043	130,053
Over 3 months	2,292,541	3,928
	<u>2,510,584</u>	<u>133,981</u>

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

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
HK\$	38,608,775	—
RMB	710,112	—
US\$	23,114,064	—
TJS	420,583	133,981
	<u>62,853,534</u>	<u>133,981</u>

11. TRADE PAYABLES

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

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
0–30 days	<u>23,014,397</u>	—

The carrying amounts of the Group's trade payables are denominated in US\$.

12. SEGMENT INFORMATION

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

The Group has two reportable segments which are production and exploitation of coal in the PRC and in Tajikistan for the year ended 31 December 2011. The exploitation of the coal in the PRC was discontinued in 2011.

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 bonds 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:

	Provision of supply chain management services for mineral business HK\$	Production and exploitation of coal in Tajikistan HK\$	Total HK\$
Year ended 31 December 2012			
Revenue from external customers	558,790,232	24,364,030	583,154,262
Segment profit/(loss)	1,509,348	(52,341,265)	(50,831,917)
Interest revenue	2,309	—	2,309
Depreciation and amortisation	189,998	25,126,260	25,316,258
Income tax expense	242,294	585,671	827,965
Additions to segment non-current assets	759,990	39,541,879	40,301,869
As at 31 December 2012			
Segment assets	454,730,099	191,726,116	646,456,215
Segment liabilities	<u>(26,108,668)</u>	<u>(4,954,579)</u>	<u>(31,063,247)</u>
	Discontinued operations		
	Exploitation of coal in the PRC HK\$	Production and exploitation of coal in Tajikistan HK\$	Total HK\$
Year ended 31 December 2011			
Revenue from external customers	56,621,502	6,058,165	62,679,667
Segment loss	(3,635,083)	(17,710,924)	(21,346,007)
Interest revenue	188,730	—	188,730
Depreciation and amortisation	3,535,054	13,805,170	17,340,224
Income tax expense	—	—	—
Additions to segment non-current assets	50,221,548	7,718,560	57,940,108
As at 31 December 2011			
Segment assets	—	197,602,827	197,602,827
Segment liabilities	<u>—</u>	<u>73,139,880</u>	<u>73,139,880</u>

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

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Revenue		
Total revenue of reportable segments	583,154,262	62,679,667
Elimination of discontinued operations	—	(56,621,502)
Consolidated revenue	<u>583,154,262</u>	<u>6,058,165</u>
Profit or loss		
Total profit or loss of reportable segments	(50,831,916)	(21,346,007)
Impairment loss on fixed assets	—	(4,608,388)
Impairment loss on goodwill	—	(115,955,924)
Impairment loss on intangible assets	—	(28,720,052)
Loss on disposal of a subsidiary	—	(836,639,147)
Unallocated corporate income	5,828,824	12,122,439
Unallocated corporate expense	(133,180,552)	(64,625,947)
Elimination of discontinued operations	—	840,274,230
Consolidated loss for the year from continuing operations	<u>(178,183,644)</u>	<u>(219,498,796)</u>
Assets		
Total assets of reportable segments	646,456,215	197,602,827
Available-for-sale financial assets	70,837	71,173
Financial assets at fair value through profit or loss	7,889,661	1,550,000
Unallocated corporate assets	230,455,584	987,874,167
Consolidated total assets	<u>884,872,297</u>	<u>1,187,098,167</u>
Liabilities		
Total liabilities of reportable segments	31,063,247	73,139,880
Convertible bonds	119,915,250	206,453,478
Deferred tax liabilities	38,957,118	39,141,749
Unallocated corporate liabilities	12,813,883	11,150,631
Consolidated total liabilities	<u>202,749,498</u>	<u>329,885,738</u>
Geographical information:		
Revenue		
	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Tajikistan	24,364,030	6,058,165
Hong Kong	307,347,016	—
The PRC	103,986,672	56,621,502
Brunei	147,456,544	—
Discontinued operations	—	(56,621,502)
Consolidated total	<u>583,154,262</u>	<u>6,058,165</u>

Non-current assets

	2012 HK\$	2011 HK\$
Hong Kong	583,022	43,265
Tajikistan	195,952,257	185,664,129
The PRC except Hong Kong	6,525,352	—
Consolidated total	<u>203,060,631</u>	<u>185,707,394</u>

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

Revenue from major customers:

	2012 HK\$	2011 HK\$
Provision of supply chain management services for mineral business		
Customer a	234,309,466	—
Customer b	89,088,512	—
Customer c	73,037,550	—
Production and exploitation of coal in the PRC (discontinued operations):		
Customer d	—	18,416,786
Customer e	—	21,434,350
Customer f	—	16,256,947

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

Hong Kong, 21 March 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 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>.