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 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 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.

FINANCIAL SUMMARY

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 31 December	Year ended 31 March
	2013	2012	2011	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**266,188**	583,154	62,680	59,619	62,806
(Loss)/profit before tax	**(200,837)**	(177,356)	(1,059,773)	(24,784)	449,624
Income tax credit/(expense)	**3,821**	(828)	—	(3,454)	(941)
Less: Loss/(profit) attributable to non-controlling interests	**29,080**	3,983	12,062	(3,597)	4,010
(Loss)/profit attributable to owners of the Company	**(167,936)**	(174,201)	(1,047,711)	(31,835)	452,693

ASSETS AND LIABILITIES

	As at 31 December				As at 31 March
	2013	2012	2011	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**598,176**	884,872	1,187,098	3,870,185	3,764,298
Total liabilities	**(119,271)**	(202,749)	(329,886)	(1,383,419)	(1,390,922)
Owners' funds	**477,799**	653,764	821,879	1,730,415	1,642,401

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 2013 (the "Year"). The Group's consolidated turnover for the Year amounted to HK$266.2 million and total comprehensive income for the Year attributable to owners of the Company amounted to HK$(174.4) 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, 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 year ended 31 December, 2013 ("Year"), the Group generated its turnover of approximately HK$266.2 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$235.2 million, which includes Xinjiang trading in coal that started to contribute approximately HK$30.3 million in the 4th quarter of 2013; while the production and exploitation of coal in Tajikistan generated turnover of approximately HK$31.0 million.

Regarding the Tajikistan operation, total group production of coal in 2013 including the Kaftar Hona anthracite deposit, Zeddi, Mienadu and Fon Yagnob coal deposit was approximately 111,000 tonnes.

Tengzhou Kaiyuan

During second half of the year, the Company's subsidiary started a new joint venture. Together with State Owned Enterprise "Tengzhou Liyuan Mining Company" ("Tengzhou Liyuan"), a joint venture "Tengzhou Kaiyuan Industrial Co., Ltd" ("Tengzhou Kaiyuan") was set up. The Company's subsidiary is a 70% shareholder of Tengzhou Kaiyuan while Tengzhou Liyuan is 30% shareholder of Tengzhou Kaiyuan.

Tengzhou Kaiyuan business include design and production of mining and metallurgical machineries, as well as the equipments installment. The leading products can be generally classified into four categories: overhead man-riding devices, hydraulic and pneumatic lever devices, valve devices and belt transmission devices.

At the end of 2013, Tengzhou Kaiyuan obtained the licenses issued by National Quality Supervision Bureau, when Tengzhou Kaiyuan become qualified to manufacture and sell such products. Currently, Tengzhou Kaiyuan has 25-30 regular clients and it is expected to contribute positively to our Group in the year 2014.

Xinjiang Kaiyun

Since October 2013, the Company's subsidiary — Xinjiang Kaiyun, started its coal trade with coke production enterprises in Changji region, Xinjiang. During 2013 winter, Xinjiang Kaiyun supplied coking coal of about 30,000 tons in total, and the revenue was approximately RMB31.2 million.

Resources and Reserves

Regarding the Resource estimate for the Group's mining asset Deposit, there is no material change from the resource level as disclosed on Part IV1-8 of the Company's circular dated 6 October 2011.

OUTLOOK AND PROSPECTS

Coal price in Tajikistan remain stable, with demand coming from stable customers such as cement factories, power plant. Tajikistan economy is not affected by the downturn of coal markets in other Asian countries. Weather, however, is a key factor to our production of coal and its logistic. Snow fell earlier than expected in 2013 and slowed down our development of new markets in other parts of Tajikistan other than Dushanbe.

During the meeting of Shanghai Cooperation Organisation held this September in Bishek, Xi Jinping, President of the People's Republic of China and President of Tajikistan held bilateral talks. After the meeting, intergovernmental agreement to build a gas pipeline from Turkmenistan into China through Tajikistan was signed in presence of the two presidents. It was reported that this pipeline will carry natural gas from the Turkmenistan's southern gas field through Afghanistan and Tajikistan into China's northeast Xinjiang-Uyghur Autonomous Region and the pipeline will be opened by the end of 2016. Implementation of the project will allow attraction of USD$3 billion Chinese direct investment into the Tajik economy. Hence, the future economic and business environment between Tajikistan and China will be highly favourable.

Tajikistan is now a member of World Trade Organization (WTO). In March 2014, a two-day conference organized by the Ministry of Economic Development and Trade of Tajikistan in cooperation with the Organization for Security and Co-operation in Europe (OSCE) Office in Tajikistan on the obligations arising from membership of Tajikistan in the World Trade Organization (WTO) was held in Dushanbe. Inaugurating the conference, Ambassador Markus Mueller, Head of the OSCE Office in Tajikistan, noted that the time has come to consider the obligations Tajikistan undertook after joining the WTO. International experts will help Tajikistan fulfill these obligations, Ambassador Mueller stressed.

Speaking at the conference, Deputy Minister of Economic Development and Trade, Saidrahmon Nazriyev, noted that Tajikistan had signed protocols on market access for goods with 16 countries and on market access for services with six counties; more than 100 normative legal documents have been brought into compliance with the WTO requirements and standards and new laws have been adopted.

Currently, Tajikistan has been making progress towards complying with WTO requirements.

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 and our Xinjiang coal logistic business, the Group is well positioned to capture greater opportunities arising from this recent economic development.

The Group also continues to seek undervalue projects to acquire and develop while the coal market is still at the bottom of the price cycle in order to create more future upside. The Company's current strategy is to acquire near production 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 Year amounted to approximately HK$266.2 million (for the year ended 31 December 2012: HK$583.2 million). Turnover arising from the provision of supply chain management services for mineral business and production and exploitation of coal in Tajikistan amounted to HK$235.2 million and HK$31.0 million respectively.

Gross loss from the Group's operations for the Year was approximately HK$33.2 million (for the year ended 31 December 2012: HK$(45.7) million). Gross loss arising from production and exploitation of coal in Tajikistan amounted to HK$46.7 million and gross profit from provision of supply chain management services for mineral business is approximately HK$13.5 million.

For the Year, the total administrative and other operating expenses from the Group's operations is approximately HK$135.2 million (for the year ended 31 December 2012: HK$111.0 million).

For the Year, total finance costs from the Group's operations amounted to HK$3.9 million (for the year ended 31 December 2012: HK$33.1 million).

The Group recorded loss for the Year of approximately HK$(197.0) million (for the year ended 31 December 2012: HK$(178.2) million).

The total comprehensive income attributable to owners of the Company for the Year amounted to approximately HK$(174.4) million (for the year ended 31 December 2012: HK$(167.6) million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group has bank and cash balances of approximately HK$74.6 million (as at 31 December 2012: HK$200.4 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 2012: 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 0.20 as at 31 December 2013 (as at 31 December 2012: 0.23).

CAPITAL STRUCTURE

During the Year, the Company have not issue any new share.

FOREIGN EXCHANGE EXPOSURE

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

HUMAN RESOURCES

As at 31 December 2013, the Group had 157 (as at 31 December 2012: 112) 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$26.0 million (for the year ended 31 December 2012: HK$43.8 million) for the Year.

SEGMENT REPORT

The detailed segmental analysis are provided in note 11.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2013.

LITIGATION

As at 31 December 2013, 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 2013, 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 Code.

Attendance of each of the independent non-executive directors at the Audit Committee meetings during the year ended 31 December 2013 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	3/4	75%
Average attendance rate	93.75%	

During the year under review, 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 under review, 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 Code for the year ended 31 December 2013.

The Group's financial statements for the year ended 31 December 2013 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.

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 set out in the Corporate Governance Code (the "CG code") contained in Appendix 14 to the Listing Rules. The Company has complied with all applicable code provisions in the CG code throughout the FY2013, 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 CG 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 28 June 2013.

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 2013 together with the audited comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Note	2013 HK$	2012 HK$
Turnover	4	**266,187,630**	583,154,262
Cost of goods sold		**(299,402,403)**	(628,869,504)
Gross loss		**(33,214,773)**	(45,715,242)
Other income		**44,923,570**	12,527,062
Administrative and other operating expenses		**(135,212,427)**	(111,030,998)
Loss from operations		**(123,503,630)**	(144,219,178)
Finance costs		**(3,885,965)**	(33,136,501)
Impairment loss on intangible assets		**(73,447,274)**	—
Loss before tax		**(200,836,869)**	(177,355,679)
Income tax credit/(expense)	5	**3,821,050**	(827,965)
Loss for the year	6	**(197,015,819)**	(178,183,644)
Attributable to:			
Owners of the Company		**(167,935,709)**	(174,200,826)
Non-controlling interests		**(29,080,110)**	(3,982,818)
		(197,015,819)	(178,183,644)
Loss per share (cents)			
Basic	7	**(6.42)**	(6.66)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$	*HK$*
Loss for the year	**(197,015,819)**	(178,183,644)
Other comprehensive income for the year, net of tax		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(6,450,719)**	3,614,907
Total comprehensive income for the year	**(203,466,538)**	(174,568,737)
Attributable to:		
Owners of the Company	**(174,396,941)**	(167,594,346)
Non-controlling interests	**(29,069,597)**	(6,974,391)
	(203,466,538)	(174,568,737)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$	2012 HK$
Non-current assets			
Fixed assets		**36,881,924**	57,099,142
Goodwill		**—**	—
Intangible assets		**59,170,432**	145,890,652
Available-for-sale financial assets		**70,814**	70,837
		96,123,170	203,060,631
Current assets			
Inventories		**2,750,581**	3,515,189
Trade receivables	9	**74,894,114**	62,853,534
Deposits, prepayments and other receivables		**349,808,353**	407,103,834
Financial assets at fair value through profit or loss		**—**	7,889,661
Bank and cash balances		**74,600,238**	200,449,448
		502,053,286	681,811,666
Current liabilities			
Trade payables	10	**16,560,429**	23,014,397
Other payables and accruals		**67,305,436**	20,034,768
Current tax liabilities		**1,143,975**	827,965
		85,009,840	43,877,130
Net current assets		**417,043,446**	637,934,536
Total assets less current liabilities		**513,166,616**	840,995,167
Non-current liabilities			
Convertible bonds		**—**	119,915,250
Deferred tax liabilities		**34,261,182**	38,957,118
		34,261,182	158,872,368
NET ASSETS		**478,905,434**	682,122,799
Capital and reserves			
Share capital		**26,170,057**	26,170,057
Reserves		**451,629,206**	627,593,917
Equity attributable to owners of the Company		**477,799,263**	653,763,974
Non-controlling interests		**1,106,171**	28,358,825
TOTAL EQUITY		**478,905,434**	682,122,799

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 Company is an investment holding company.

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 2013. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); 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 except as stated below.

(a) Amendments to IAS 1 "Presentation of Financial Statements"

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that have been applied by the Group. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of IFRS 12 only affects the disclosures relating to the Group's subsidiaries in the consolidated financial statements. IFRS 12 has been applied retrospectively.

(c) IFRS 13 "Fair Value Measurement"

IFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of IFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. IFRS 13 has been applied prospectively.

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 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 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

	2013	2012
	HK$	*HK$*
Sales of goods		
— Production and exploitation of coal	**30,969,363**	24,364,030
— Provision of supply chain management services for mineral business	**235,218,267**	558,790,232
	266,187,630	583,154,262

5. INCOME TAX (CREDIT)/EXPENSE

	2013	2012
	HK$	*HK$*
Current tax — Hong Kong profits tax		
Provision for the year	**—**	242,294
Underprovision for prior year	**9,093**	—
Tax reduction	**(10,000)**	—
Current tax — Overseas		
Provision for the year	**872,605**	585,671
Deferred tax	**(4,692,748)**	—
	(3,821,050)	827,965

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. The amount provided for the year ended 31 December 2012 was calculated at 16.5% based on the assessable profit for that 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"), the tax rate applicable to the subsidiaries in the PRC was 25%.

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

	2013	2012
	HK$	*HK$*
Loss before tax	**(200,836,869)**	(177,355,679)
Tax at the domestic income tax rate of 16.5%	**(33,138,083)**	(29,263,687)
Tax effect of income that is not taxable	**(2,897,942)**	(91,961,565)
Tax effect of expenses that are not deductible	**28,145,053**	118,523,643
Tax effect of tax loss not recognised	**8,087,661**	3,601,998
Temporary difference not recognised	**24,401**	—
Overprovision for current year	**(73,197)**	—
Tax reduction	**(10,000)**	—
Tax effect of utilisation of tax loss not previously recognised	**(35,443)**	(229,654)
Underprovision for prior year	**9,093**	—
Effect of different tax rates of subsidiaries operating in other jurisdiction	**760,155**	157,230
Deferred tax	**(4,692,748)**	—
Income tax (credit)/expense	**(3,821,050)**	827,965

6. LOSS FOR THE YEAR

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

	2013	2012
	HK$	*HK$*
Auditor's remuneration		
Current	**2,504,793**	2,630,000
Under-provision for prior year	**90,000**	200,000
	2,594,793	2,830,000
Cost of inventories sold of supply chain management services for mineral business	**221,322,501**	545,421,344
Depreciation	**11,885,131**	11,710,589
Allowance of trade receivables	**1,534,806**	179,722
Allowance for deposits	**39,000,000**	—
Amortisation of intangible assets	**13,435,236**	13,415,671
Bad debts written off	**6,700,000**	—
Fair value loss on financial assets at fair value through profit or loss (designated upon initial recognition)	**447,735**	621,496
Write off of fixed assets	**6,288,207**	94,356
Write off of obsolete inventories	**123,436**	1,395,422
Loss on disposal of financial assets at fair value through profit or loss	**41,326**	5,341
Loss on disposal of fixed assets	**4,094,081**	44,972
Operating lease rentals in respect of land and buildings	**2,642,423**	889,200
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	**25,748,299**	42,648,127
Equity-settled share-based payments	**—**	949,000
Retirement benefits scheme contributions	**216,644**	172,260
Net exchange gain	**(23,695,342)**	(5,125,783)

7. LOSS PER SHARE

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

	2013	2012
	HK$	*HK$*
Loss for the purpose of calculating basic loss per share	**(167,935,709)**	(174,200,826)

	2013	2012
Number of shares		
Issued ordinary shares at beginning of the year	**2,617,005,700**	2,612,005,700
Effect of exercise of options	**—**	4,262,295
Effect of shares held for share award scheme	**(1,525,205)**	—
Weighted average number of ordinary shares in issue less share held for share award scheme for the purpose of calculating basic loss per share	**2,615,480,495**	2,616,267,995

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2013.

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2012: HK$Nil).

9. TRADE RECEIVABLES

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:

	2013	2012
	HK$	*HK$*
0–30 days	**23,842,094**	60,342,951
31–60 days	**14,241,373**	—
61–90 days	**6,790,942**	2,308,042
Over 90 days	**30,019,705**	202,541
	74,894,114	62,853,534

As at 31 December 2013, an allowance was made for estimated irrecoverable trade receivables of approximately HK$1,560,625 (2012: HK$208,824).

Reconciliation of allowance of trade receivables:

	2013	2012
	HK$	*HK$*
At 1 January	**208,824**	29,102
Allowance for the year	**1,534,806**	179,722
Written off	**(180,031)**	—
Exchange difference	**(2,974)**	—
At 31 December	**1,560,625**	208,824

As of 31 December 2013, trade receivables of HK$30,558,218 (2012: HK$2,510,584) 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:

	2013	2012
	HK$	*HK$*
Up to 3 months	**960,154**	218,043
Over 3 months	**29,598,064**	2,292,541
	30,558,218	2,510,584

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

	2013	2012
	HK$	*HK$*
HK$	**28,680,388**	38,608,775
RMB	**37,111,511**	710,112
US$	**—**	23,114,064
TJS	**9,102,215**	420,583
	74,894,114	62,853,534

10. TRADE PAYABLES

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

	2013	2012
	HK$	*HK$*
0–30 days	**14,612,672**	23,014,397
31–60 days	**1,935,442**	—
181–365 days	**12,315**	—
	16,560,429	23,014,397

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

	2013	2012
	HK$	*HK$*
RMB	**12,901,503**	—
US$	**—**	23,014,397
TJS	**3,658,926**	—
	16,560,429	23,014,397

11. 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'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 notes to the financial statements. 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	**Production and exploitation of coal in Tajikistan**	**Total**
	HK$	*HK$*	*HK$*
Year ended 31 December 2013			
Revenue from external customers	**235,218,267**	**30,969,363**	**266,187,630**
Segment loss	**(33,113,567)**	**(58,374,945)**	**(91,488,512)**
Interest revenue	**50,168**	**—**	**50,168**
Depreciation and amortisation	**1,495,864**	**23,608,909**	**25,104,773**
Income tax expense	**580,654**	**291,044**	**871,698**
Additions to segment non-current assets	**9,000**	**1,375,356**	**1,384,356**
As at 31 December 2013			
Segment assets	**374,224,482**	**168,148,413**	**542,372,895**
Segment liabilities	**14,278,204**	**11,362,569**	**25,640,773**

	Provision of supply chain management services for mineral business	Production and exploitation of coal in Tajikistan	Total
	HK$	*HK$*	*HK$*
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	24,739,188	24,929,186
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	26,108,668	4,954,579	31,063,247

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

	2013	2012
	HK$	*HK$*
Revenue		
Total revenue of reportable segments	**266,187,630**	583,154,262
Consolidated revenue	**266,187,630**	583,154,262
Profit or loss		
Total profit or loss of reportable segments	**(91,488,512)**	(50,831,917)
Impairment loss on intangible assets	**(73,447,274)**	—
Deferred tax	**4,692,748**	—
Unallocated corporate income	**21,582,584**	5,828,824
Unallocated corporate expense	**(58,355,365)**	(133,180,551)
Consolidated loss for the year	**(197,015,819)**	(178,183,644)
Assets		
Total assets of reportable segments	**542,372,895**	646,456,215
Available-for-sale financial assets	**70,814**	70,837
Financial assets at fair value through profit or loss	**—**	7,889,661
Unallocated corporate assets	**55,732,747**	230,455,584
Consolidated total assets	**598,176,456**	884,872,297
Liabilities		
Total liabilities of reportable segments	**25,640,773**	31,063,247
Convertible bonds	**—**	119,915,250
Deferred tax liabilities	**34,261,182**	38,957,118
Unallocated corporate liabilities	**59,369,067**	12,813,883
Consolidated total liabilities	**119,271,022**	202,749,498

Geographical information:

Revenue

	2013	2012
	HK$	*HK$*
Tajikistan	**30,969,363**	24,364,030
Hong Kong	**—**	307,347,016
The PRC except Hong Kong	**162,345,790**	103,986,672
Brunei	**72,872,477**	147,456,544
Consolidated total	**266,187,630**	583,154,262

Non-current assets

	2013	2012
	HK$	*HK$*
Hong Kong	**389,353**	583,022
Tajikistan	**88,726,813**	195,952,257
The PRC except Hong Kong	**7,007,004**	6,525,352
Consolidated total	**96,123,170**	203,060,631

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

	2013	2012
	HK$	*HK$*
Provision of supply chain management services for mineral business		
Customer a	—	234,309,466
Customer b	**50,904,060**	89,088,512
Customer c	—	73,037,550
Customer d	**91,799,184**	24,710,112
Customer e	**39,308,160**	63,893,760

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

Hong Kong, 26 March 2014

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*