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KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00663)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a significant increase in loss for the year ended 31 December 2009 as compared to the results for the year ended 31 December 2008. The expected loss in the Group's results for 2009 was mainly attributable to change in the fair value of the convertible notes issued by the Company in December 2009. The Board is of the view that the Fair Value Change does not have any immediate impact on the cashflow and business operation of the Group.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by King Stone Energy Group Limited (the "Company" and together with its subsidiaries, the "Group") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors of the Company (the "Board") wishes to inform shareholders of the Company and potential investors that based on preliminary review of the unaudited consolidated management accounts of the Group, it is expected the Group will record a significant increase in loss for the year ended 31 December 2009 as compared to the results for the year ended 31 December 2008. The expected loss in the Group's results for 2009 was mainly attributable to change in the fair value of the convertible notes issued by the Company in December 2009 (the "Fair Value Change"). The Board is of the view that the Fair Value Change does not have any immediate impact on the cashflow and business operation of the Group.

The Company is still in the process of finalising the Group's audited results for the year ended 31 December 2009. The information contained in this announcement is only based on the Company's preliminary review of the unaudited consolidated management accounts of the Group, which have not been audited or confirmed by the Company's auditors. Detailed financial information of the Group will be disclosed in the Company's 2009 annual report, which is expected to be published before the end of April 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Wang Da Yong
Chairman

Hong Kong, 16 April 2010

As at the date of this announcement, the Board comprises four executive Directors: Mr. Wang Da Yong, Ms. Liu Yee Nee, Ms. Louie Mei Po and Mr. Tian Wenwei, two non-executive Directors: Mr. Wang Tongtian and Mr. Li Yi and three independent non-executive Directors: Mr. Jacobsen William Keith, Mr. Cao Kuangyu and Mr. Chiu Sui Keung.