

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

POSITIVE PROFIT ALERT

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 based on preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a significant turnaround for the six months ended 30 June 2011 as compared to a net loss for the six months ended 30 June 2010.

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 the shareholders of the Company and potential investors that based on preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the Group will record a significant turnaround for the six months ended 30 June 2011 as compared to a net loss for the six months ended 30 June 2010. The expected turnaround to profit-making for the six months ended 30 June 2011 was mainly attributable to (i) significant increase in revenue contributed by the Group’s coal mining business, and (ii) the absence of fair value change of the convertible notes issued by the Company in December 2009 (the “2009 CN”), as compared to a fair value loss for the 2009 CN for the six months ended 30 June 2010, following the amendment of terms of the 2009 CN in December 2010.

The Company is still in the process of finalising the Group's unaudited interim results for the six months ended 30 June 2011. 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 reviewed by the Company's auditors. Detailed financial information of the Group for the six months ended 30 June 2011 will be released in August 2011.

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
KING STONE ENERGY GROUP LIMITED
Wang Da Yong
Chairman

Hong Kong, 4 August 2011

As at the date of this announcement, the Board comprises three executive Directors: Mr. Wang Da Yong, Mr. Tian Wenwei and Mr. Wang Tongtian, two non-executive Directors: Mr. Li Yi and Mr. Su Bin and three independent non-executive Directors: Mr. Jacobsen William Keith, Mr. Cao Kuangyu and Mr. Chiu Sui Keung.