

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)

ANNOUNCEMENT

It has recently come to the attention of the board (the “Board”) of directors (the “Directors”) of King Stone Energy Group Limited (the “Company”, together with its subsidiaries, the “Group”) that Mr. Zhao Ming (“Mr. Zhao”) and Mr. Zhu Liping (“Mr. Zhu”) are both involved in a litigation (“Litigation”) instituted by the Securities and Exchange Commission (the “SEC”) of the United States of America for the alleged misappropriation of assets of Puda Coal, Inc. (“Puda”), namely its indirect 90% equity interests in Shanxi Puda Coal Group Co., Ltd. (“Shanxi Puda”).

The Board wishes to emphasize that neither Mr. Zhao nor Mr. Zhu is a director or a staff of any member of the Group and that the Group is not involved and none of the staff of the Group including Directors are involved in the Litigation. Mr. Zhao is the holder of convertible notes (“CNs”) of principal amount of HK\$50,000,000 due 2014 issued by the Company in 2009 but has entered into agreement to dispose of his entire CNs to Simsen International Corporation Limited, a listed company in Hong Kong under stock code: 993. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Mr. Zhao and Mr. Zhu do not have a notifiable interests in the shares, underlying shares or debenture of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong.

The Board confirms that the Group has no business relationship with either Mr. Zhao, Mr. Zhu, Puda or Shanxi Puda. However, Mr. Zhao and Shanxi Puda have provided guarantees in favour of the Group in respect of certain bank loans which are disclosed in the interim report of the Company for the six months ended 30 June 2011. Up to the date hereof, the Board is not aware that the loans provided by the banks are adversely affected by the Litigation and does not envisage that the Litigation would have any material adverse impact on the business and operation of the Group.

Further announcement will be made by the Company as and when required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited on any impact of the Group as a result of the Litigation.

By order of the Board
King Stone Energy Group Limited
Wang Da Yong
Chairman

Hong Kong, 7 March 2012

As at the date of this announcement, the executive Directors are Mr. Wang Da Yong, Mr. Tian Wenwei, Mr. Wang Tongtian and Mr. Chen Marlon Ray, the non-executive Directors are Mr. Li Yi and Mr. Su Bin, and the independent non-executive Directors are Mr. Chiu Sui Keung, Mr. Cao Kuangyu, Mr. Li Peiming and Mr. Lee Chi Hwa, Joshua.