



**King Stone Energy Expands Management Team  
And  
Strengthens Governance Framework**

***Service Contracts Signed with Directors  
New Non-executive Director Appointed  
Safety Production Committee Formed***

(Hong Kong, 14 July 2010) King Stone Energy Group Limited (the "Company" or "King Stone Energy", Stock Code: 00663.HK) announced that, on 14 July 2010, it had entered into two-year service contracts respectively with its Chairman and two Executive Directors of the Company, appointed Mr. Su Bin as Non-executive Director and set up a Coal Mine Production Safety and Technical Committee ("Production Safety Committee"), thus providing stability in its management, further expanding its management team and reinforcing its corporate governance.

The signing of the two-year service contracts with Chairman and CEO Dr. Wang Da Yong and Executive Directors Mr. Tian Wenwei and Mr. Wang Tongtian demonstrates the long-term commitment of the management to King Stone Energy, as well as the stability of the board of directors (the "Board"). Meanwhile, the Company has appointed Mr. Su Bin as a Non-executive Director, who has rich experience in corporate governance, financing, mergers and acquisitions. In addition, he is the son of former paramount leader of China, thus making the line-up of the Board all the more impressive. Mr. Su has involved in the coal industry for years and has extensive and long-running connections, be it in the domestic political circle or the financial sector. Moreover, he accumulated a wealthy industry experience through his experience of being the co-Chairman of the China Coal and Coke Investment Fund LLP from 2005 to 2009 and has been honorary Chairman of the Hong Kong Energy and Minerals United Associations since 2007.

In order that it can have more intensive oversight of production safety as a way of guaranteeing the rapid development of its coal mining business, King Stone Energy has also set up a Production Safety Committee. Chairman and CEO Dr. Wang says, "The Production Safety Committee is set up in view of the numerous domestic and overseas coal mine incidents this year. The Board believes that this committee would help towards raising the safety level of the Company's coal production."

The primary mandates of the newly established Production Safety Committee are to provide assistance towards and oversee the production safety measures and environmental protection at various facets of the coal mines held by the Company; participate in the assessment of designs of major coal projects and the acceptance inspection of key mechanical and electrical equipment; carry out technical and environmental protection assessment of coal mines identified for prospective acquisition; and to complete any other task assigned by the Board. This committee is chaired by Dr. Wang and its members include

Mr. Wang Tongtian and Mr. Li Yi, who was the former Deputy General Manager of China Shenhua Group Coal Transportation and Distribution Company and former Vice Chairman of Shanxi Coking Coal Group respectively, both possessing extensive experience and excellent reputation in the coal industry in China. In addition, within the Committee, a Coal Mine Production Safety Office has been set up in Shanxi and staffed with experienced senior technicians to undertake on-site work.

Looking forward, Dr. Wang says, “Since last February, the Company has recruited a number of eminent talents from within the industry, thereby materially boosting its capability in developing the coal business. Now that Mr. Su has been appointed as our non-executive Director, we are confident that, with his extensive experience and his excellent relations in the political circle and the financial sector in China, he will contribute substantially towards the future development of the Company. From now on, the Company will continue to invest more resources in production safety and environmental protection. Moreover, King Stone Energy will take full advantage of the industry experience and connections of its board members. The Company will venture into more new coal projects in earnest and head towards the target of becoming China’s leading coal mining and sales enterprise.”

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**King Stone Energy Group Limited (Stock Code: 00663.HK)**

In December 2009, King Stone Energy expanded its business in coal mining through the acquisition of Eerduosi Hengtai Coal Company Limited. Eerduosi Hengtai Coal Company Limited owns and operates coal mines located in Eerduosi, Inner Mongolia, a location with the richest coal reserves in China. Under the leadership of a professional management team and backed by extensive operational and corporate governance experience, King Stone Energy Group aims at becoming a top diversified coal enterprise in China through organic growth and synergies resulting from mergers and acquisitions.

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