

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)

LAPSE OF PLACING AGREEMENT

The Company announces that the Placing Agreement was lapsed on 18 August 2010, being the long stop date for the fulfillment of the conditions in the Placing Agreement. The Directors are of the view that the lapse of the Placing Agreement will not cause any negative impact on the operations and working capital of the Company.

Reference is made to the announcement of the Company dated 21 June 2010 (the “Announcement”) in relation to a placing of 2,673,000,000 Placing Shares by the Placing Agent on a best effort basis at a price of HK\$0.195 per Placing Share. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Placing Agreement was lapsed on 18 August 2010, being the long stop date for the fulfillment of the conditions in the Placing Agreement. However, the Company will consider other financing plans or alternative as and when appropriate.

The Directors are of the view that the lapse of the Placing Agreement will not cause any negative impact on the operations and working capital of the Company.

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

Hong Kong, 18 August 2010

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.