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KAISUN ENERGY GROUP LIMITED

凱順能源集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

VOLUNTARY ANNOUNCEMENT INSIDE INFORMATION

MEMORANDUM OF UNDERSTANDING IN RELATION TO SUPPLY AND PROCUREMENT OF ZIRCON SAND AND ZIRCON FLOUR

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of the directors (the “**Directors**”) of Kaisun Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 10 August 2016, the Company, Daiichi Kigenso Kagaku Kogyo Co. Ltd. (a Japanese company which is one of the largest company for manufacture of Zirconium products in the world) (“**DKK**”, together with its subsidiaries, the “**DKK Group**”) and Solid Success International Limited (a company that controls a Vietnamese factory that produces zircon sand and zircon flour) (“**SSI**”) have entered into a memorandum of understanding (the “**MOU**”) in relation to supply and procurement of zircon sand and zircon flour (collectively, the “**Goods**”). The MOU only sets out the general principles of cooperation and the parties’ preliminary understanding regarding the supply and procurement of the Goods and is not legally binding. Details of the terms of the supply and procurement will be subject to the execution and completion of the formal off taking agreements.

Principal terms of the MOU

Parties: (a) DKK, as buyer
(b) the Company, as supplier
(c) SSI, as manufacturer

Pursuant to the terms of the MOU, the Company will act as “super-connector” between DKK and SSI regarding the supply and procurement of the Goods. The Company will supply the Goods to DKK Group. In order to obtain the Goods required for supply to the DKK Group and to satisfy the quality and product specifications of the Goods as required by DKK Group, the Company will procure the Goods from SSI. Subject to the approval of the Board of Directors of DKK (which is currently expected to take place in early September 2016) and the further negotiation between the parties, the Group will enter into formal off taking agreements with each of DKK and SSI for the supply and procurement of the Goods.

Pursuant to the terms of the MOU, it was proposed that DKK Group will pay a deposit amounting to 100% of the purchase price payable by DKK Group to the Group for the purchase of the Goods contemplated under the formal off taking agreements.

Information about the Group, DKK and SSI

The Company is an investment holding company listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited. The Group has operating experience in Hong Kong, Shenzhen, and Shandong of China and also Silk Road related regions such as Xinjiang. Not only does the Group has years of operating experience in energy industry but it has also taken on consulting roles in other Central Asian projects with its business partners.

DKK is a Japan-based manufacturer of various Zirconium Oxide and Composite Oxides. Since the establishment of DKK in 1956, it has been conducting research and development in zirconium and zirconium compounds to further develop their use and applications. As the world’s top-ranking zirconium compound producer accounting for more than 50% of the global market share (source: Philip Capital, 2013), and under the backdrop of Japan being the largest global producer of hybrid electric vehicles (HEV) (source: Jamestown, 2011), DKK holds a position of monopolizing the oxygen sensors of Japanese market for automobiles. Furthermore, DKK is one of the two manufacturers in the world that has an integrated production system from crude ores to finished products. In particular, its production system has a high level of cost-wise competitiveness that positions itself ahead of its competitors. For further details on DKK, please refer to DKK’s website at <http://www.dkkk.co.jp/english>.

SSI controls Duong Lam JSC, which is one of the largest titanium and zircon ore mining and refining companies in Vietnam with longest history. SSI has obtained the largest titanium slag manufacturing license among the four licenses issued by Vietnam Government approved by the Prime Minister of Vietnam. With this license obtained, Duong Lam JSC can start to build the largest titanium slag factory in Binh Thuan Province in Vietnam with production capacity of 120,000 ton high grade titanium slags each year.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, DKK, SSI and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company.

The entering into of the MOU is conducted in the usual and ordinary course of business of the Group. Further announcement(s) in relation to the supply and procurement of the Goods will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate.

The Board wishes to emphasise that as the MOU is not legally binding and it may or may not lead to the entering into and/or completion of any formal agreement, 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
Kaisun Energy Group Limited
Chan Nap Kee, Joseph
Chairman

Hong Kong, 10 August, 2016

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.kaisunenergy.com.

** for identification purpose only*