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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

MEMORANDUM OF UNDERSTANDING IN RELATION OF SUPPLY AND PROCUREMENT OF ZIRCON SAND, ZIRCON FLOUR, NATURAL RUTILE AND ILMENITE

Reference is made to the announcement of Kaisun Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 25 November 2016 in relation to the Company’s role as super-connector in Belt and Road for supply and procurement of Zircon Sand through the entering into of a sale and purchase agreement between 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 Mineral Land Holdings Limited (a company that controls Duong Lam, a Vietnamese factory that produces zircon sand and zircon flour).

Following the Company’s successful implementation of the sales and purchase agreement stated in the Company’s announcement on 25 November 2016, cooperation built between all parties lead to further expansion of business in terms of scale of trade and products for all parties.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 19 April 2017 (after trading hours), the Company, DKK or its subsidiary, Vietnam Rare Elements Chemical JSC (“**VREC**”) 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 the supply and procurement of zircon sand, zircon flour, natural rutile and ilmenite (collectively, the “**Goods**”) from 2017 to 2019. 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, or its subsidiary, Vietnam Rare Elements Chemical JSC (“VREC”) 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. 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 July 2017 and further negotiations regarding specific terms and conditions by 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 50% of the purchase price payable by DKK Group to the Group for the purchase of the Goods contemplated under the formal off taking agreements. As the duration of the contracts involved are of 3 years, all 3 parties will enter into formal agreements for every 6 months. As stated in the MOU and subject to further negotiations by the parties, it is expected by the parties that the total amount of supply and procurement of the Goods for each of the calendar year 2017, 2018 and 2019 will be as follows:

Commodity	2017(US\$)	2018(US\$)	2019(US\$)	Total amount of supply and procurement from 2017 to 2019 (US\$)
(A)Zircon Flour	1,988,000	6,972,000	14,244,000	23,204,000
(B)Natural Rutile	2,488,000	5,448,000	11,096,000	19,032,000
(C)Zircon Sand	1,210,000	4,140,000	8,730,000	14,080,000
(D)Ilmenite	2,304,000	5,364,000	12,168,000	19,836,000
Grand Total Sales	<u>7,990,000</u>	<u>21,924,000</u>	<u>46,238,000</u>	<u>76,152,000</u>

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 the “Belt and Road” regions such as Xinjiang and Vietnam. 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 Rules Governing the Listing of Securities on GEM) of the Company.

The Directors consider that the entering into of the MOU is conducted in the usual and ordinary course of business of the Group and the transactions contemplated under the MOU and the formal off taking agreements are in the ordinary and usual 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 Rules Governing the Listing of Securities on GEM as and when appropriate.

The Board wishes to emphasize that as the MOU is not legally binding, it may or may not lead to the entering into and/or completion of any formal agreement. The transactions contemplated under the MOU (including the expectation of the total amount of supply and procurement of the Goods for each of the calendar year 2017, 2018 and 2019 as set out in the MOU) are subject to the conditions as set out above and therefore may or may not materialise. 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, 19 April, 2017

** For identification purpose only*

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 and 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.