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China Risun Group Limited

中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1907)

DISCLOSEABLE TRANSACTION PROVISION OF GUARANTEE TO A JOINT VENTURE

PROVISION OF GUARANTEE

The Board hereby announces that on February 21, 2020 (after trading hours), the Company entered into the Facility Agreement, pursuant to which, amongst other terms, it agreed to guarantee the punctual performance of all obligations of CNC Risun Coking under the Facility Agreement and other relevant finance documents in favor of the Finance Parties. The principal amount of loans under the Facility will be up to USD150 million, and the maximum payment obligations guaranteed by the Company is expected to be up to USD161.8 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the expected maximum payment obligations guaranteed by the Company under the Guarantee exceeds 5% but are all less than 25%, the provision of the Guarantee constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

CNC Risun Coking is a joint venture of the Company, in which 45% equity interest is held by the Company. To meet its working capital requirement for its daily operation (including procurement of raw materials), CNC Risun Coking proposes to obtain the Facility of up to USD150 million from the Lenders. To facilitate CNC Risun Coking's obtaining the Facility, the Company has agreed to provide a guarantee in favour of the Finance Parties for the punctual performance of all obligations of CNC Risun Coking.

PROVISION OF GUARANTEE

On February 21, 2020 (after trading hours), the Company, as guarantor, entered into the Facility Agreement with CNC Risun Coking and other relevant parties. The principal terms of the Guarantee under the Facility Agreement are summarized below:

Date of the Facility Agreement : February 21, 2020

Parties of the Facility Agreement : (1) CNC Risun Coking as borrower

(2) the Company as guarantor

(3) CITIC Bank International as initial mandated lead arranger and bookrunner

(4) Rabobank HK as initial mandated lead arranger and bookrunner, facility agent and security agent

(5) Natixis HK as initial mandated lead arranger and bookrunner

(6) the Original Lenders comprising a group of financial institutions and other entities listed in the Facility Agreement

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CITIC Bank International, Rabobank HK, Natixis HK, the Original Lenders and each of their ultimate beneficial owners are third parties independent from the Company and the connected persons of the Company.

The Facility

- : The lenders (comprising the Original Lenders and any bank, financial institution, trust, fund or other entity which has become a Party in accordance with the Facility Agreement) will make available to CNC Risun Coking a term loan facility up to a maximum aggregate amount of USD150 million. CNC Risun Coking may utilize the Facility by delivery to the facility agent of a duly completed utilization request within 270 days from the signing date of the Facility Agreement. Each loan is due and repayable on the date which is 24 months after the utilization date of such loan. The interest rate for the Facility is the aggregate of 2% per annum and LIBOR. For information purpose only, the latest applicable LIBOR as at February 19, 2020 is 1.696% per annum.

CNC Risun Coking will apply the proceeds of the loans utilised under the Facility solely towards the financing of its working capital, including but not limited to the procurement of raw materials.

If CNC Risun Coking or the Company fails to pay any amount that is due and payable by it under the finance documents, default interest shall accrue at the rate which is 2% per annum higher than the interest rate that would have been payable.

Guarantee

- : The Company irrevocably and unconditionally guarantees all the obligations of CNC Risun Coking under the Facility Agreement and the other relevant finance documents in favor of the Finance Parties.

The Company irrevocably and unconditionally undertakes, with each Finance Party that whenever CNC Risun Coking does not pay any amount (including principal, interest and any costs or expenses) when due, the Company shall immediately on demand pay that amount as if it was the principal obligor.

The Company further agrees that, if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify each applicable Finance Party immediately on demand against any cost, loss or liability it incurs as a result of CNC Risun Coking not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any finance document on the date when it would have been due. The amount payable by the Company under this indemnity will not exceed the amount it would have had to pay under the Facility Agreement if the amount claimed had been recoverable on the basis of a guarantee.

The Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by CNC Risun Coking under the Facility Agreement and other relevant finance documents, regardless of any intermediate payment or discharge in whole or in part.

Taking into account the maximum principal amount of the Facility and the interests, fees and costs payable under the Facility Agreement, the Company expects that the maximum payment obligations guaranteed by the Company is expected to be up to USD161.8 million.

Consideration

The Company will charge CNC Risun Coking for a guarantee fee of RMB439,500 upon signing the Facility Agreement, which is determined by reference to the calculated value of the Guarantee as advised by an independent valuer.

REASONS FOR AND BENEFITS OF THE GUARANTEE

The provision of the Guarantee will facilitate CNC Risun Coking in obtaining the Facility to meet its working capital requirement for its daily operation at a slightly lower interest rate for an offshore foreign currency loan. It is expected that by obtaining additional funding for its daily operation, CNC Risun Coking will improve its turnover capacity, which will generate substantial investment return to the Group in a long run.

The Directors consider the terms of the Guarantee are entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Company

The Company is a leading integrated coke, coking chemical and refined chemical producer and supplier in the PRC, with customers located both in the PRC and abroad. The Company, together with its subsidiaries, currently operates four production bases in Hebei Province, China.

CNC Risun Coking

CNC Risun Coking is a limited liability company established in the PRC on November 21, 2003. It is a joint venture company of the Company. It is principally engaged in the production and sale of coke and coking products. It has four coke and coking chemical production lines and one alcohol-ether chemical production line in the Xingtai Production Base of the Company.

CITIC Bank International

CITIC Bank International is a licensed bank in Hong Kong and is 75%-owned by CITIC International Financial Holdings Limited (“**CIFH**”), which in turn is a wholly-owned subsidiary of China CITIC Bank Corporation Limited (“**CNCB**”). The remaining 25% of CNCBI are owned by Tian Yuan Trading Limited, Hong Kong Guansheng Investment Co., Limited, Anxin Trust Co., Limited, Clear Option Limited and Elegant Prime Limited. By providing value-creating financial solutions to define and exceed both wealth management and international business objectives of Greater China and overseas customers, CITIC Bank International aspires to be “the best integrated financial services institution”, with the highest international standards and capabilities. CITIC Bank International’s footprint in Greater China includes 31 branches in Hong Kong, as well as branches and presence in Beijing, Shanghai, Shenzhen and Macau. CITIC Bank International also has overseas branches in New York, Los Angeles and Singapore. It received a credit rating of A3 and BBB+ assigned by Moody’s and Fitch respectively.

Rabobank HK

Rabobank HK is a licensed bank in Hong Kong and is a branch of Coöperatieve Rabobank U.A., (“**Rabobank**”) whose place of incorporation is the Netherlands. Rabobank is an international financial services provider operating on the basis of cooperative principles covering retail banking, wholesale banking, private banking, leasing and real estate. Rabobank serves approximately 8.3 million clients around the world. Currently, Rabobank operates in over 39 countries worldwide. Measured by Tier 1 capital, Rabobank Group is one of the world’s largest financial institutions. Rabobank received a credit rating of A+ and Aa3 assigned by S&P’s and Moody’s respectively.

Natixis HK

Natixis is a French multinational financial services firm specialized in asset & wealth management, corporate & investment banking, insurance and payments. A subsidiary of Groupe BPCE, the second-largest banking group in France through its two retail banking networks, Banque Populaire and Caisse d'Épargne, Natixis counts nearly 16,000 employees across 38 countries. Its clients include corporations, financial institutions, sovereign and supranational organizations, as well as the customers of Groupe BPCE's networks. Listed on the Paris stock exchange, Natixis has a solid financial base with a CET1 capital under Basel 3⁽¹⁾ of €11.4 billion, a Basel 3 CET1 Ratio⁽¹⁾ of 11.5% and quality long-term ratings (Standard & Poor's: A+ / Moody's: A1 / Fitch Ratings: A+).

Note:

- (1) Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise – without phase-in and including current financial year's earnings and accrued dividend (based on a 60% pay-out).

Figures as at 30 September 2019.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the expected maximum payment obligations guaranteed by the Company under the Guarantee exceeds 5% but are all less than 25%, the provision of the Guarantee constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“CITIC Bank International”	China Citic Bank International Limited, a licensed bank in Hong Kong and an independent third party

“CNC Risun Coking”	Hebei CNC Risun Coking Limited (河北中煤旭陽焦化有限公司), a limited liability company established in the PRC on November 21, 2003. It is a joint venture company of the Company. As at the date of this Announcement, CNC Risun Coking is owned as to 45% by Xingtai Risun Trading Limited* (邢台旭陽貿易有限公司), a subsidiary of the Company, 45% by China Coal and Coke Holdings Limited* (中煤焦化控股有限責任公司), an independent third party, and 10% by Delong Steel Limited (德龍鋼鐵有限公司), a company listed on the Main Board of the Singapore Exchange Securities and Trading Limited (Stock Code: SGX: BQO) and an independent third party
“Company”	China Risun Group Limited (中國旭陽集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 8, 2007 and listed on the Stock Exchange (stock code: 1907)
“Director(s)”	the directors of the Company
“Facility”	the term loan facility up to USD150,000,000 available under the Facility Agreement
“Facility Agreement”	the up to USD150,000,000 Term Loan Facility Agreement entered into among CNC Risun Coking, the Company, CITIC Bank International, Rabobank HK, Natixis HK and the Original Lenders on February 21, 2020
“Finance Party(ies)”	the agent, security agent, arranger(s), account bank or lender(s) under the Facility Agreement
“Guarantee”	the guarantee given by the Company to each Finance Party pursuant to the terms of the Facility Agreement to secure the due and punctual performance of the obligations of CNC Risun Coking under the Facility Agreement and other relevant finance documents
“LIBOR”	the London Interbank Offered Rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time

“Natixis HK”	Natixis, Hong Kong Branch, a licensed bank in Hong Kong and an independent third party
“Original Lenders”	the financial institutions and entities being the original lenders under the Facility Agreement for the Facility
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan region
“Rabobank HK”	Coöperatieve Rabobank U.A., Hong Kong Branch, a branch of Coöperatieve Rabobank U.A., a licensed bank in Hong Kong whose place of incorporation is the Netherlands and an independent third party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
China Risun Group Limited
Yang Xuegang
Chairman

Hong Kong, February 21, 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Yang Xuegang, Mr. Zhang Yingwei, Mr. Han Qinliang, Mr. Wang Fengshan, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors of the Company are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.

* *For identification purposes only*