
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Risun Group Limited, you should at once hand this circular and the accompanying proxy form for the Annual General Meeting to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

2019 ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of China Risun Group Limited to be held at Building 4, Block 5, ABP Area, No. 188, South 4th Ring Road West, Fengtai District, Beijing, the People's Republic of China, on Friday, June 26, 2020 at 10:00 a.m. is set out on pages 19 to 23 of this circular. A proxy form for use at the Annual General Meeting is also enclosed and published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>).

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of Annual General Meeting and to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. not later than Wednesday, June 24, 2020 at 10:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

May 25, 2020

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held on Friday, June 26, 2020 at 10:00 a.m. at Building 4, Block 5, ABP Area, No. 188, South 4th Ring Road West, Fengtai District, Beijing, the People’s Republic of China
“Articles”	the articles of association of the Company, as amended from time to time
“associate”	has the meaning given to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“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 under the Companies Law
“connected person(s)”	has the meaning given to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules
“Directors”	directors of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Directors”	independent non-executive Directors of the Company

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the number of issued Shares as at the date of passing the relevant resolution at the AGM
“Latest Practicable Date”	May 18, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	the date, being, March 15, 2019, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Yang”	Mr. Yang Xuegang (楊雪崗), an executive Director, the chairman of the Board, chief executive officer and a Controlling Shareholder of the Company
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan region
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them during the relevant period to repurchase Shares, the number of which shall not exceed 10% of the number of issued Shares as at the date of passing the relevant resolution at the AGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Texson Limited”	Texson Limited (泰克森有限公司), a company incorporated in the BVI on February 19, 2004 and wholly-owned by Mr. Yang and a Controlling Shareholder of the Company
“%”	per cent

LETTER FROM THE BOARD



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)

Board of Directors:

Executive Directors:

Mr. Yang Xuegang

(Chairman and Chief Executive Officer)

Mr. Zhang Yingwei

Mr. Han Qinliang

Mr. Wang Fengshan

Mr. Wang Nianping

Mr. Yang Lu

Independent Non-executive Directors:

Mr. Kang Woon

Mr. Yu Kwok Kuen Harry

Mr. Wang Yinping

Registered Office:

Cricket Square

Hutchins Drive, PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Corporate Headquarters:

Building 4, Block 5

ABP Area, No.188

South 4th Ring Road West

Fengtai District

Beijing, PRC

100070

Place of Business in Hong Kong:

Room 2001, 20/F., Sino Plaza,

255 Gloucester Road, Causeway Bay,

Hong Kong

May 25, 2020

To the Shareholders

Dear Sir or Madam,

2019 ANNUAL GENERAL MEETING

INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held on Friday, June 26, 2020 at 10:00 a.m. at Building 4, Block 5, ABP Area, No. 188, South 4th Ring Road West, Fengtai District, Beijing, the People's Republic of China.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the notice of the AGM set out on pages 19 to 23 of this circular and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

PROPOSED RESOLUTIONS AT THE AGM

1. To consider and approve the Report of the Board of Directors of the Company for the year ended December 31, 2019

The full text of the report of the Board of Directors for the year ended December 31, 2019 is set out in the section headed “Report of the Board of Directors” in the Company’s annual report 2019 published on the websites of the Stock Exchange and the Company on May 12, 2020 and despatched to the Shareholders on May 13, 2020.

2. To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended December 31, 2019

The audited financial statements and independent auditors’ report for the year ended December 31, 2019 are set out in the sections headed “Independent Auditors’ Report” and “Financial Statements” in the Company’s annual report 2019 published on the websites of the Stock Exchange and the Company on May 12, 2020 and despatched to the Shareholders on May 13, 2020.

3. Re-election of retiring Directors and fixing of Directors’ remuneration

In accordance with Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. All retiring Directors shall be eligible for re-election.

Accordingly, the following Directors shall retire from office by rotation at the AGM:

Name	Position
(i) Mr. Zhang Yingwei	Executive Director
(ii) Mr. Han Qinliang	Executive Director
(iii) Mr. Wang Fengshan	Executive Director

The particulars of Mr. Zhang Yingwei, Mr. Han Qinliang and Mr. Wang Fengshan are set out in Appendix I to this circular. All of the aforesaid Directors, being eligible, will offer themselves for re-election at the AGM.

LETTER FROM THE BOARD

The Nomination Committee under the Board has reviewed the re-election of the above-mentioned Directors and considered the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

The Nomination Committee recommended to the Board and the Board approved and recommended that the re-election be proposed for Shareholders' approval at the AGM.

A proposal will also be put forward for the Shareholders to authorize the Board to fix the Directors' remuneration for the year ending December 31, 2020.

- 4. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the Company's external auditors and to authorize the Board to determine its remuneration.**
- 5. To consider, approve and declare the final dividend for the year ended December 31, 2019**

On March 30, 2020, the Board proposed a final dividend in respect of the year ended December 31, 2019 of RMB156.2 million (the "**Final Dividend**") in total. The dividend amount per Share will be RMB3.82 cents. All Shareholders whose names appear on the register of members of the Company on July 10, 2020 will be entitled to the Final Dividend. As disclosed in the announcement of the Company dated April 23, 2020, the Final Dividend will be paid in HKD with an amount of HK\$0.042 per Share (tax-inclusive). The payment of the Final Dividend is still subject to the approval by the Shareholders at the AGM and the payment date for the Final Dividend is expected to be on or before July 31, 2020.

- 6. To consider and approve the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Board**

In order to give the Company the flexibility to issue and repurchase Shares if and when appropriate, the following ordinary resolutions will be proposed at the AGM to approve the granting of general and unconditional mandates to the Board:

- (a) to allot, issue or deal with additional Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of such resolution. Based on the 4,090,000,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued and no Shares will be repurchased and cancelled after the Latest Practicable Date and up to the date of the AGM, the Company can issue up to 818,000,000 Shares with an aggregate nominal amount of HK\$81,800,000 under the Issue Mandate;

LETTER FROM THE BOARD

- (b) to purchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, not exceeding 10% of the total number of issued Shares as at the date of passing of such resolution. Based on the 4,090,000,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued and no Shares will be repurchased and cancelled after the Latest Practicable Date and up to the date of the AGM, the Company can repurchase up to 409,000,000 Shares with an aggregate nominal value of HK\$40,900,000; and
- (c) to extend the Issue Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles to be held; or (iii) the revocation or variation by an ordinary resolution of the Shareholders in general meeting.

In accordance with the requirements of Rule 10.06(1)(b) of the Listing Rules, the Company shall send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular.

CLOSURE OF REGISTER OF MEMBERS

For Determining the Entitlement to Attend and Vote at the AGM

The AGM is scheduled to be held on Friday, June 26, 2020. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 22, 2020 to Friday, June 26, 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, June 19, 2020.

LETTER FROM THE BOARD

For Determining the Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed Final Dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will also be closed from Wednesday, July 8, 2020 to Friday, July 10, 2020, both days inclusive, in order to determine the entitlement of the Shareholders to receive the Final Dividend, during which period no share transfers will be registered. In order to be entitled to the Final Dividend, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, July 7, 2020.

ANNUAL GENERAL MEETING AND FORM OF PROXY

The notice of the AGM is set out on pages 19 to 23 in this circular.

A form of proxy for use at the AGM (or any adjournment thereof) is enclosed with this circular. Whether or not you are able to attend the AGM (or any adjournment thereof), you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not later than 48 hours before the time fixed for holding the AGM (i.e. no later than Wednesday, June 24, 2020 at 10:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so desire.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19 (the "**Epidemic**"), the Company reminds all Shareholders that physical attendance in person at the Annual General Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person, by completing and returning the form of proxy attached to this circular. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish. The deadline to submit completed proxy form is Wednesday, June 24, 2020 at 10:00 a.m..

Shareholders attending the Annual General Meeting shall pay attention to and comply with the relevant regulations and requirements regarding health declaration, quarantine and observation during the Epidemic prevention and control period in Beijing. The Company will strictly comply with the requirements regarding the Epidemic prevention and control stipulated by government departments, and take relevant prevention and control measures including monitoring the temperatures of Shareholders attending the

LETTER FROM THE BOARD

Annual General Meeting under the guidance and supervision of relevant government departments. Shareholders having a fever or other symptoms, not wearing a face mask as required, or failing to comply with the relevant regulations and requirements regarding the Epidemic prevention and control will not be able to enter the venue of the Annual General Meeting.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board believes that the resolutions proposed in the notice of the AGM are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favor of all the resolutions to be proposed at the AGM (or any adjournment thereof).

Yours faithfully,

By order of the Board

China Risun Group Holdings Limited

Mr. Yang Xuegang

Chairman

APPENDIX I PROFILES OF DIRECTORS PROPOSED FOR RE-ELECTION

Set out below are details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM. As at the Latest Practicable Date, none of the following Directors, save as disclosed herein, had any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, none of the following Director holds any position with the Company or any other member of the Group, nor has any directorships in other listed public companies in the last three years. In addition, save as disclosed herein, none of the following Directors has any relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company. Save as disclosed herein, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Mr. ZHANG Yingwei (張英偉), *Executive Director*

Mr. Zhang, aged 48, is an Executive Director and a vice president of our Group. He was appointed as an Executive Director in July 2009. He is responsible for the overall management of the Tangshan Production Base and the Cangzhou Production Base.

Mr. Zhang graduated with a bachelor's degree in coal chemistry from Tangshan Institute of Technology (唐山工程技術學院) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in June 1993. He completed a master-level training program in business administration at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in November 2004. He also obtained a master's degree in metallurgical engineering at Hebei Polytechnic University (河北理工大學) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in April 2007. In December 2012, he obtained the senior engineer qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Zhang has over 26 years of experience in iron and steel industry and coal chemical industry. Mr. Zhang worked for Xingtai Metallurgical Machinery and Mill Roll Joint Stock Corporation (邢台冶金機械軋軋股份有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋軋有限公司)), whose principal business is the manufacturing of metallurgical machinery and parts for the production of metallurgical rolls and equipment, from September 1993. He then joined our Group in February 1996. He has been serving as a vice president of the Coking Chemistry Sub-committee of the National Technical Committee on Coal Chemical Industry of Standardization Administration of China (全國煤化工標準化技術委員會) since May 2016, an expert on the expert panel of the CCIA since January 2018 and an expert of both the HBCCIA and the Department of Industry and Information Technology of Hebei Province since April 2018.

APPENDIX I PROFILES OF DIRECTORS PROPOSED FOR RE-ELECTION

A service contract has been signed by Mr. Zhang, pursuant to which he is not entitled to any fixed salary but is eligible to receive a discretionary bonus as may be determined by our Board and our Remuneration Committee based on the relevant Director's performance of his duties and our Company's earnings. The remuneration will be reviewed by our Board and our Remuneration Committee annually and may be adjusted as appropriate. The service contract has an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by not less than three months' written notice. Mr. Zhang will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

Mr. HAN Qinliang (韓勤亮), Executive Director

Mr. Han, aged 46, is an Executive Director and a vice president of our Group. Mr. Han was appointed as an Executive Director in May 2011. He is primarily responsible for the management of the financial, accounting and information systems of the Group.

Mr. Han obtained a diploma in industrial economy administration from Hebei College of Mechanical Engineering (河北機電學院) in Xingtai, the PRC in June 1993 (as a result of a merger, Hebei College of Mechanical Engineering is now part of Hebei University of Science and Technology (河北科技大學)). In December 2001, he obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC. In July 2001, he became a member of Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in the PRC. In December 2003, he obtained the senior accountant qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Han joined our Group in March 2004. Mr. Han has approximately 26 years of experience in steel and coal chemical industry. From September 1993 to April 2004, he was the deputy head of the finance department cost division in Xingtai Machinery and Mill Roll (Group) Corporation (邢台機械軋輥集團有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋輥有限公司)). In March 2004, Mr. Han joined Xingtai Risun Trading as a general manager assistant.

A service contract has been signed by Mr. Han, pursuant to which he is not entitled to any fixed salary but is eligible to receive a discretionary bonus as may be determined by our Board and our Remuneration Committee based on the relevant Director's performance of his duties and our Company's earnings. The remuneration will be reviewed by our Board and our Remuneration Committee annually and may be adjusted as appropriate. The service contract has an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by not less than three months' written notice. Mr. Han will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

Mr. WANG Fengshan (王風山), Executive Director

Mr. Wang, aged 61, is a vice president of our Group. He was appointed as an Executive Director in September 2018. He is primarily responsible for the procurement and sales management of our Group.

Mr. Wang obtained a diploma in statistics from Hebei University (河北大學) in Baoding, the PRC in June 1989.

Mr. Wang joined our Group in March 2004. Mr. Wang has approximately 31 years of experience in procurement and sales management. From August 1983 to September 1996, he was the sales manager in Hebei Hongxing Automobile Factory Co., Ltd. (河北紅星汽車製造有限公司), a company principally engaged in the automobile and automobile parts manufacturing business, and from October 1996 to October 1998, he was the general manager of Bear Asia Furniture Co., Ltd. (亞泰家具股份有限公司), a company principally engaged in the metal furniture and furnishings manufacturing business. From February 1999 to January 2004, he was a general manager of Xingtai Zhongxing Pharmaceutical Co., Ltd. (邢台中興藥業有限公司), a company principally engaged in the pharmaceutical business. In March 2004, Mr. Wang joined the human resources department of Xingtai Risun Trading and oversaw the human resources and administrative management in Hebei CNC Risun Energy Limited (河北中煤旭陽能源有限公司) (formerly known as Hebei CNC Risun Coking Limited (河北中煤旭陽焦化有限公司)) from November 2004 to August 2009. He has been overseeing the Group's procurement and sales management since August 2009. Mr. Wang has been a vice president of the HBCCIA since December 2016 and an expert on the expert panel of the CCIA since January 2018.

A service contract has been signed by Mr. Wang, pursuant to which he is not entitled to any fixed salary but is eligible to receive a discretionary bonus as may be determined by our Board and our Remuneration Committee based on the relevant Director's performance of his duties and our Company's earnings. The remuneration will be reviewed by our Board and our Remuneration Committee annually and may be adjusted as appropriate. The service contract has an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by not less than three months' written notice. Mr. Wang will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the AGM in relation to the Repurchase Mandate.

1. REASONS FOR REPURCHASE OF SHARES

The Directors have no present intention for any repurchase of Shares but are seeking the granting of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The Directors believe that it is in the best interests of the Company, the Group and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company, the Group and the Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,090,000,000 Shares of nominal value of HK\$0.10 each.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged after the Latest Practicable Date and up to the date of the AGM, i.e. being 4,090,000,000 Shares, the Directors would be authorised under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, up to 409,000,000 Shares (representing 10% of the total number of issued Shares as at the date of the AGM) with an aggregate nominal value of HK\$40,900,000.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the laws of the Cayman Islands, the Listing Rules and/or any other applicable laws, as the case may be.

Pursuant to the Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilized in this connection, including profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or out of share premium account or, if authorised by the Articles and subject to the applicable laws of the Cayman Islands, out of capital of the Company and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the applicable laws of the Cayman Islands, out of capital of the Company.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company. There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended December 31, 2019) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period.

4. INTENTION OF DIRECTORS AND CONNECTED PERSONS TO SELL SHARES

None of the Directors nor, to the best of their knowledge and belief, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell Shares to the Company, or that they have undertaken not to do so, in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

5. SHARE PRICES

The monthly highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the following months were as follows:

	PER SHARE	
	Highest	Lowest
	(per Share)	(per Share)
	<i>HK\$</i>	<i>HK\$</i>
2019		
May	2.99	2.70
June	3.05	2.76
July	2.90	2.59
August	3.15	2.65
September	3.03	2.59
October	3.04	2.61
November	2.88	2.46
December	2.78	2.48
2020		
January	2.67	2.45
February	2.65	2.43
March	2.64	1.78
April	2.33	1.97
May (up to the Latest Practicable Date)	2.40	2.03

6. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the 6 months immediately preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate shall be in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

8. EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC FLOAT

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition pursuant to Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the interest of the Shareholder (and concerted parties, if any), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, the following person held 5% or more of the issued share capital of the Company:

Name of Shareholder	Nature of interest	Number of Shares (share) ⁽¹⁾	Approximate	If Repurchase
			percentage of the total issued share capital of the Company as at the Latest Practicable Date	Mandate is exercised fully, approximate percentage of the total issued share capital of the Company as at the Latest Practicable Date
First Milestone SPC on behalf of and for the account of First Milestone I SP ⁽²⁾⁽³⁾	Beneficial owner	849,408,259	20.8%	23.1%
Texson Limited ⁽²⁾	Beneficial owner	2,266,666,669	55.4%	61.6%
	Interest of a controlled corporation	849,408,259	20.8%	23.1%
China Cinda Asset Management Co., Ltd. ⁽³⁾⁽⁴⁾ 中國信達資產管理股份有限公司	Interest of a controlled corporation	857,816,259	21.0%	23.3%
China Cinda (HK) Holdings Company Limited ⁽³⁾⁽⁴⁾ 中國信達(香港)控股有限公司	Interest of a controlled corporation	857,816,259	20.8%	23.1%
	Beneficial owner	8,408,000	0.2%	0.2%

Name of Shareholder	Nature of interest	Number of Shares (share) ⁽¹⁾	Approximate	If Repurchase
			percentage of the total issued share capital of the Company as at the Latest Practicable Date (%)	Mandate is exercised fully, approximate percentage of the total issued share capital of the Company as at the Latest Practicable Date (%)
Sino-Rock Investment Management Company Limited 漢石投資管理有限 公司	Interest of a controlled corporation	849,408,259	20.8%	23.1%
Cinda Sino-Rock Investment Limited ⁽²⁾	Interest of a controlled corporation	849,408,259	20.8%	23.1%
Sinostone Capital Management (Overseas) Company Limited ⁽³⁾ 信石資本管理(海外)有限公司	Interest of a controlled corporation	849,408,259	20.8%	23.1%

Notes:

- (1) All interests stated are long positions.
- (2) Texson Limited holds 27,469.38308 class A non-redeemable participating shares in First Milestone SPC and as such, is deemed to be interested in the Shares held by First Milestone SPC.
- (3) Sinostone Capital Management (Overseas) Company Limited holds 100% management shares in First Milestone SPC. Sinostone Capital Management (Overseas) Company Limited is wholly-owned by Cinda Sino-Rock Investment Limited, which in turn is wholly owned by Sino-Rock Investment Management Company Limited. China Cinda (HK) Holdings Company Limited indirectly holds 48.28% interests in Sino-Rock Investment Management Company Limited, and is wholly-owned by China Cinda Asset Management Co., Ltd. Accordingly, each of Sinostone Capital Management (Overseas) Company Limited, Cinda Sino-Rock Investment Limited, Sino-Rock Investment Management Company Limited, China Cinda (HK) Holdings Company Limited and China Cinda Asset Management Co., Ltd. is deemed to be interested in the Shares held by First Milestone SPC.
- (4) China Cinda (HK) Holdings Company Limited is wholly-owned by China Cinda Asset Management Co., Ltd. Accordingly, China Cinda Asset Management Co., Ltd. is deemed to be interested in the Shares held by China Cinda (HK) Holdings Company Limited.

In the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Mandate, the interest of the above persons in the issued share capital of the Company will be increased as shown above. On the basis of the aforesaid increase of shareholding, the Directors are not presently aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors have no intention to exercise the Repurchase Mandate to the extent that will result in the number of Shares in hands of public falling below the prescribed minimum percentage.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of China Risun Group Limited (the “**Company**”) will be held on Friday, June 26, 2020 at 10:00 a.m. at Building 4, Block 5, ABP Area, No. 188, South 4th Ring Road West, Fengtai District, Beijing, the People’s Republic of China, for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors of the Company for the year ended December 31, 2019.
2. To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended December 31, 2019.
3. To re-elect Mr. Zhang Yingwei as an executive director of the Company.
4. To re-elect Mr. Han Qinliang as an executive director of the Company.
5. To re-elect Mr. Wang Fengshan as an executive director of the Company.
6. To authorize the board of directors of the Company to fix the remuneration of the directors of the Company for the year ending December 31, 2020.
7. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the Company’s external auditor and to authorize the Board to determine its remuneration.
8. To consider, approve and declare the final dividend of RMB3.82 cents per Share, which in aggregate amounted to RMB156.2 million, to be paid in HKD of an amount of HK\$0.042 per Share (tax-inclusive) for the year ended December 31, 2019.

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of the shares allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of the outstanding conversion rights attaching to any convertible bonds or securities issued by the Company, which are convertible into shares of the Company; or (iii) the exercise of option under a share option scheme of the Company or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed twenty per cent. (20%) of the total number of issued shares of the Company at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company's shareholders in general meetings.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company of any class thereof on the register on a fixed record date in proportion to their then holdings of such shares of the Company thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange)."

- 10. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

"THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company which might be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued shares of the Company at the date of passing of this resolution and the said approval be limited accordingly; and
- (c) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company's shareholders in general meetings."

NOTICE OF ANNUAL GENERAL MEETING

11. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT**, subject to the passing of resolutions nos. 9 and 10 set out in this notice, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with authorised and unissued shares of the Company pursuant to resolution No. 9 set out in this notice be and is hereby extended by the addition thereto the number of the shares of the Company which has been repurchased by the Company since the granting of such general mandate pursuant to resolution No. 10 set out in this notice, provided that such amount of shares of the Company shall not exceed ten per cent. (10%) of the number of shares of the Company in issue at the date of passing of this resolution.”

Yours faithfully,
By order of the Board
China Risun Group Limited
Mr. Yang Xuegang
Chairman

Hong Kong, May 25, 2020

Notes:

1. A form of proxy for use at the AGM (or any adjournment thereof) is enclosed herewith. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member.
2. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for holding the AGM (or any adjournment thereof).
4. Completion and return of the proxy form in respect of the proposed ordinary resolutions for the AGM will not preclude a member of the Company from attending and voting in person at the AGM (or any adjournment thereof) should he/she so wishes and in such event, the proxy form for the AGM (or any adjournment thereof) will be deemed to have been revoked.

NOTICE OF ANNUAL GENERAL MEETING

5. All resolutions at the AGM will be taken by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
6. The register of members of the Company will be closed from Monday, June 22, 2020 to Friday, June 26, 2020 (both days inclusive) for the purpose of determining the right to attend and vote at the AGM, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, June 19, 2020.
7. With regard to ordinary resolutions set out in paragraphs 3 to 5 and 9 to 11 of this notice, a circular giving details of the re-electing of Directors and general mandates to issue and to repurchase Shares will be despatched to Shareholders. The biographical details of the retiring Directors who are subject to re-election at the meeting are set out in Appendix I to the circular.
8. The AGM is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses. However, taking into account of the recent development of the epidemic caused by COVID-19, in order to facilitate the prevention and control of the epidemic and to safeguard the health and safety of the Shareholders and investors, the Company encourages the Shareholders to adopt the appropriate way to vote at the AGM, such as appoint the chairman of the AGM as a proxy to vote on relevant resolution, instead of attending the AGM in person.

As at the date of this notice, the executive Directors 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 are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.