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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
FURTHER PROVISION OF GUARANTEES
TO A JOINT VENTURE**

FURTHER PROVISION OF GUARANTEES TO A JOINT VENTURE

The Board hereby announces that, on January 22, 2022, each of Risun Group and Hebei Risun Energy, being wholly-owned subsidiaries of the Company, entered into the Guarantee Agreements, pursuant to which Risun Group and Hebei Risun shall guarantee the performance of the obligations of Risun China Gas (as borrower) under a loan contract entered into between Risun China Gas and China Everbright Bank. The loan amount under the Loan is RMB 80 million and the estimated maximum payment obligation assumed by the Group under the Guarantee will not exceed RMB84.4 million.

Taking into account the Sixth Borrowing/Guarantee, which is the sixth borrowing/guarantee provided by the Group for the investment and construction of the same new coking project of Risun China Gas for which the first to fifth borrowings/guarantees were provided for, the aggregate estimated maximum borrowing and guarantee obligation assumed by the Group under the first to sixth borrowing/guarantee will not exceed approximately RMB1,234.5 million.

LISTING RULES IMPLICATIONS

Prior to the provision of the Guarantee, the Group has provided short-term borrowing/guarantee in the aggregate amount of approximately RMB1,150.1 million to Risun China Gas. As the Sixth Borrowing/Guarantee is agreed for the investment and construction of the same new coking project of Risun China Gas, the first to sixth borrowings/guarantees will be aggregated in accordance with Rule 14.22 of the Listing Rules. The Company expects that one or more of the applicable percentage ratios in respect of the aggregate maximum borrowing/guarantee amount assumed (approximately RMB1,234.5 million) will exceed 5% but are all lower than 25%, therefore the provision of the aggregate borrowings and guarantees 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

References are made to the announcements of the Company dated November 17, 2021 and November 19, 2021 in relation to provision of borrowings and guarantees to Risun China Gas by the Group.

Risun China Gas is a joint venture of the Company and 55% of its equity interests are held by the Company. Pursuant to the articles of association of Risun China Gas, the Group is entitled to appoint two of its five directors, and unanimous approval from all shareholders is required for financial decisions on financing and dividend activities of Risun China Gas. In this regard, Risun China Gas is considered a joint venture of the Group. In order to satisfy the funding requirement for the investment and construction of the same new coking project, Risun China Gas is granted a current loan of RMB80 million by China Everbright Bank. The Group has agreed to provide the Guarantee in relation to the performance of all obligations owed to the financing party, to enable Risun China Gas to acquire the current loan.

PROVISION OF GUARANTEES

On January 22, 2022, each of Risun Group and Hebei Risun Energy (as guarantors), being wholly-owned subsidiaries of the Company, entered into a guarantee agreement with China Everbright Bank (collectively, the “**Guarantee Agreements**”), pursuant to which Risun Group and Hebei Risun shall guarantee the performance of Risun China Gas (as borrower) (the “**Guarantee**”) under a loan (the “**Loan**”, together with the Guarantee, the “**Sixth Borrowing/Guarantee**”) under a loan contract entered into between Risun China Gas and China Everbright Bank (the “**Loan Agreement**”). The principal terms under the Guarantee Agreements and the Current Loan Contract entered into jointly in respect of Risun China Gas and China Everbright Bank are summarized as follows:

- (I) Date of the Loan Agreement : January 22, 2022
- Parties to the Loan Agreement : (1) Risun China Gas (as borrower)
(2) China Everbright Bank (as lending bank)
- The Loan : China Everbright Bank will provide Risun China Gas with a loan totaling up to RMB80 million. The term of the loan is 6 months. The interest rate of the loan is fixed at 5.655%, which is equivalent to the Loan Prime Rate plus 185.5 basis points (BP).

The purpose of the Loan is for Risun China Gas to procure coke ovens for the investment and construction of the same new coking project.

- (II) Date of the Guarantee Agreements : January 22, 2022
- Parties to the Guarantee Agreements : (1) Risun Group and Hebei Risun Energy respectively (as guarantor)
- (2) China Everbright Bank (as creditor)
- Guarantee : Risun Group and Hebei Risun Energy shall be irrevocably, jointly and severally liable for all liabilities of Risun China Gas under the Loan Agreement as a borrower.

The Guarantee covers the debt principal, interests, compound interests, default fines, liquidated damages, various costs in relation to realizing the creditor's rights and other amounts payable by Risun China Gas to the creditor under the Loan Agreement. In the event that there is a change in the agreed interest rate under the Loan Agreement, the Guarantee will also cover any resulting changes.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, China Everbright Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Taking into account the maximum principal amount of the Loan and the interest, fees and costs payable under the Loan Agreement, the Group expects that the payment obligation under the Guarantee will be up to approximately RMB84.4 million.

Consideration

Upon signing of the Guarantee Agreements, the Group will charge Risun China Gas a guarantee fee of RMB122,000, which is determined by reference to the calculated value of the Guarantee as advised by an independent valuer.

REASONS FOR AND BENEFITS OF PROVIDING THE GUARANTEE

The provision of the Guarantee by the Group will facilitate Risun China Gas in obtaining sufficient facilities to satisfy the funding requirement for the investment and construction of the same new coking project. The Company expects that the new coking project will enable Risun China Gas to increase its coke production volume, which will generate considerable investment return to the Group in a long run. In addition, the new coking project invested by Risun China Gas is in accordance with the new energy production capacity indicators, and therefore is particularly precious under the general direction of climate action goals of "striving to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060".

The Directors consider that the terms of the Guarantee Agreements 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 Group and Risun Group

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 Group initially operated four production bases in Hebei Province, the PRC and has since then extended its business to other provinces of the PRC, such as Inner Mongolia Autonomous Region and Shandong Province. It is also planning to progressively expand its overseas businesses to Sulawesi Province, Republic of Indonesia. Risun Group (formerly known as Risun Chemicals) and Hebei Risun Energy (formerly known as Hebei Risun Coking) are indirect wholly-owned subsidiaries of the Company.

Risun China Gas

Risun China Gas owns coking and fine chemical facilities in the production base located at Qingshuihe county, Huhhot, Inner Mongolia Autonomous Region. It is a joint venture of the Company. Risun China Gas is owned as to 55% by Risun Group Limited (旭陽集團有限公司) (an indirect wholly-owned subsidiary of the Company), 30% by Huhehaote Zhongran Urban Gas Development Co., Ltd. (呼和浩特中燃城市燃氣發展有限公司) (the ultimate beneficial owner of which is China Gas Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited) and 15% by Tianjin Baisen Energy Technology Co., Ltd. (天津百森能源科技有限公司) (the ultimate beneficial owner of which is Jia Tielin (賈鐵林)). To the best of the Directors' knowledge, information and belief, the other two shareholders of Risun China Gas and their respective ultimate beneficial owners are independent of the Company and its connected persons.

China Everbright Bank

Established in 1992, China Everbright Bank (601818.SH, 6818.HK) is a national joint-stock commercial bank approved by the State Council of China and established with the approval of the People's Bank of China. China Everbright Bank was listed on the Shanghai Stock Exchange in August 2010 and on the Stock Exchange in December 2013. China Everbright Bank has been focusing on the strategic vision of building a "first-class wealth management bank", and promoting the transformation towards "agility, technology and ecosphere". Through comprehensive, featured, light-asset, and digitalized development, China Everbright Bank accelerated the innovation in product, channel and service model and sharpened strong competitive edges in the market in terms of wealth management and Fintech. So far, China Everbright Bank has formed a development pattern with well-balanced business operation, gradually improved risk management and increasingly enhanced innovation, thus establishing the social image of a first-class wealth management bank in a progressive manner.

LISTING RULES IMPLICATIONS

Prior to the provision of the Guarantee, the Group has provided short-term borrowing/guarantee in the aggregate amount of approximately RMB1,150.1 million to Risun China Gas. As the Sixth Borrowing/Guarantee is agreed for the investment and construction of the same new coking project of Risun China Gas, the first to sixth borrowings/guarantees will be aggregated in accordance with Rule 14.22 of the Listing Rules. The Company expects that one or more of the applicable percentage ratios in respect of the aggregate maximum borrowing/guarantee amount assumed (approximately RMB1,234.5 million) will exceed 5% but are all lower than 25%, therefore the provision of the aggregate borrowings and Guarantees 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
“China Everbright Bank”	China Everbright Bank Company Limited, a national joint-stock commercial bank approved by the State Council of China and established with the approval of the People’s Bank of China on June 18, 1992, and an independent third party 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 and listed on the Stock Exchange (stock code: 1907)
“Director(s)”	the directors of the Company
“Hebei Risun Energy”	Hebei Risun Energy Limited (formerly known as Hebei Risun Coking Limited), a company incorporated in the PRC on October 30, 2003 with limited liability, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“Loan Prime Rate”	The 1-Year Loan Prime Rate announced by the National Interbank Funding Center of the PRC on December 20, 2021, being 3.8%

“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
“Risun China Gas”	Hohhot Risun China Gas Energy Limited (呼和浩特旭陽中 燃 能源有限公司), a company incorporated in the PRC on June 15, 2018 with limited liability and a joint venture of the Company
“Risun Group”	Risun Group Limited (formerly known as Risun Chemicals Limited), a company incorporated in the PRC on January 8, 2010 with limited liability, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, January 23, 2022

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.