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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
ESTABLISHMENT OF WUHU CHANGYU LIMITED PARTNERSHIP**

The Board is pleased to announce that on March 24, 2022 (after trading hours), Hebei Risun Energy, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Great Wall Tianjin, pursuant to which the parties agreed to jointly establish Wuhu Changyu, a limited partnership to be established in the PRC. Wuhu Changyu will be principally engaged in investment activities in the coal industry, including but not limited to equity investment, debt investment, merger and acquisition, and restructuring. The Group's interests in Wuhu Changyu is expected to be accounted for as financial assets in the consolidated financial statements of the Company.

The total initial capital contribution commitment of Wuhu Changyu by the Partners is RMB2,450,010,000, of which Hebei Risun Energy (as Limited Partner) agreed to contribute RMB2,450,000,000, and Great Wall Tianjin (as General Partner) agreed to contribute RMB10,000. Upon establishment, Wuhu Changyu will be managed by Great Wall Tianjin as the Executive Partner and management fees will be paid to Great Wall Tianjin in accordance with the Partnership Agreement.

As one or more applicable percentage ratio(s) set out in Rule 14.07 of the Listing Rules in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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SALIENT TERMS OF THE PARTNERSHIP AGREEMENT

Date March 24, 2022 (after trading hours)

Parties (i) Great Wall Tianjin (as General Partner); and
(ii) Hebei Risun Energy (as Limited Partner).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, Great Wall Tianjin and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Organizational form and domicile Wuhu Changyu will be established as a limited partnership in the PRC pursuant to the Partnership Enterprise Law of the PRC and other application laws and regulations.

Capital contribution Each party committed to make capital contribution to Wuhu Changyu in accordance with the Partnership Agreement as follows:

Partner	Committed contribution (RMB'000)	Method of contribution
Great Wall Tianjin (as General Partner)	10	Cash contribution
Hebei Risun Energy (as Limited Partner)	2,450,000	Cash contribution
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Total	<u>2,450,010</u>	

The capital injection shall be made in accordance with the request of the General Partner in one or more installments as the General Partner deems appropriate.

Business scope	<p>Wuhu Changyu will be principally engaged in investment activities in the coal industry, including but not limited to equity investment, debt investment, merger and acquisition, and restructuring.</p> <p>Partnership assets may not be used for:</p> <ul style="list-style-type: none"> (i) Provision of guarantee to external parties; (ii) Investment with unlimited liabilities; (iii) Inside trading, market manipulation and other illegal securities transactions; and (iv) Any other investment activities prohibited by applicable laws and regulations.
Management	<p>Wuhu Changyu shall be managed by the Executive Partner which shall be (i) a corporation incorporated in the PRC, and (ii) a General Partner of Wuhu Changyu. The Executive Partner shall have the rights to manage Wuhu Changyu, including but not limited to manage and deal with the assets owned by Wuhu Changyu. Limited Partners shall not participate in the management of Wuhu Changyu but are permitted to provide suggestions.</p> <p>Upon establishment of Wuhu Changyu, Great Wall Tianjin will be the Executive Partner and management fees of RMB10,000 per month will be paid to Great Wall Tianjin in its capacity as the Executive Partner in accordance with the Partnership Agreement.</p>
Term	<p>The term of partnership is 10 years. The term may be shortened or extended with unanimous consent of all Partners.</p>
Profit distribution and loss sharing	<p>Distribution shall be made by cash unless all Partners agree that non-cash distribution is in the best interests of the Partners as a whole. Cash distribution shall be made in proportion to the capital contribution to the project by the Partners after deducting the partnership expenses including but not limited to management fees and other expenses incurred in the course of the operations of the partnership.</p> <p>Loss shall be shared by the Partners in proportion to the capital contribution to the project, subject to a cap of an amount equal to the committed capital contribution of the Partner.</p>

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF WUHU CHANGYU

The Company believes that the Transaction provides an opportunity to identify and invest in potential target entities in the coal industry. The Transaction allows the Group to leverage on the General Partner's experience and knowledge in identifying investment targets in both upstream and downstream of the coal industry and structuring the investment. The investment to be made by Wuhu Changyu could further increase the Group's production capacity and expand the Group's coverage and influence in the industry, and thus could further strengthen the Group's global leading position in the coal industry. In the long run, the Company believes that the Transaction will further enhance the profitability and earnings of the Group.

Based on the above reasons, the Board is of the view that the terms of the Partnership Agreement and the Transaction are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the shareholders as a whole.

INFORMATION ON THE GROUP

Hebei Risun Energy is an indirect wholly-owned subsidiary of 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 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, and planned to expand its foreign operation to Sulawesi Province, Republic of Indonesia progressively.

INFORMATION ON GREAT WALL TIANJIN

Great Wall Tianjin is a subsidiary of China Great Wall Asset Management Co., Ltd.* (中國長城資產管理股份有限公司) (“**China Great Wall Asset**”) in which China Great Wall Asset holds approximately 72.7% interests. The remaining 27.3% interests in Great Wall Tianjin are held by the Financial Investment Business Center of Tianjin Municipal Bureau of Finance* (天津市財政局財政投資業務中心). China Great Wall Asset was jointly established by the Ministry of Finance of the PRC, the National Council of Social Security Fund and China Life Insurance (Group) Company.

Great Wall Tianjin is principally engaged in private investment funds management business. In April 2014, it obtained a registration approval from the Asset Management Association of China and became a financial institution that is permitted to carry out private equity investment, equity investment, venture capital and other private equity fund business. In March 2015, Great Wall Tianjin was admitted as a “Special Member” of the Asset Management Association of China (Asset Management Category). In 2017, pursuant to the requirements of professional management of private fund managers, Great Wall Tianjin invested and established two private fund management companies, Wuhu Great Wall Guolong Investment Management Co., Ltd.* (蕪湖長城國隆投資管理有限公司) and Wuhu Great Wall Guochang Investment Management Co., Ltd.* (蕪湖長城國昌投資管理有限公司), which

have successfully passed the filing permission of the Asset Management Association of China. Great Wall Tianjin is a multi-licensed private equity fund manager covering private bonds, private equity/venture investments, and private securities investment funds, and is committed to providing financial services such as equity financing, debt financing, liquidity relief, debt restructuring, and M&A restructuring to enterprises. As of the end of 2021, Great Wall Tianjin had assets under management of RMB75.6 billion.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratio(s) set out in Rule 14.07 of the Listing Rules in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement 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
“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 director(s) of the Company
“Executive Partner”	the executive partner of Wuhu Changyu
“General Partner(s)”	the general partner(s) of Wuhu Changyu
“Great Wall Tianjin”	Great Wall (Tianjin) Equity Investment Fund Management Co., Ltd.* (長城(天津)股權投資基金管理有限責任公司), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hebei Risun Energy”	Hebei Risun Energy Limited* (河北旭陽能源有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Limited Partner(s)”	the limited partner(s) of Wuhu Changyu

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“Partner(s)”	the General Partner(s) and the Limited Partner(s)
“Partnership Agreement”	the limited partnership agreement entered into by Hebei Risun Energy and Great Wall Tianjin on March 24, 2022 in relation to the establishment of Wuhu Changyu
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the establishment of Wuhu Changyu pursuant to the Partnership Agreement
“Wuhu Changyu”	Wuhu Changyu Investment Centre (Limited Partnership)* (蕪湖長餘投資中心(有限合夥)), a limited partnership to be established in the PRC pursuant to the Partnership Agreement

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

Hong Kong, March 24, 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.

* For identification purpose only