
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)

2021 ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of China Risun Group Limited to be held at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, on Friday, May 27, 2022 at 10:00 a.m. is set out on pages 18 to 22 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, May 25, 2022 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.

April 25, 2022

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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, May 27, 2022 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong
“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”	April 15, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong

DEFINITIONS

“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

April 25, 2022

To the Shareholders

Dear Sir or Madam,

2021 ANNUAL GENERAL MEETING

INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held on Friday, May 27, 2022 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.

The purpose of this circular is to provide you with the notice of the AGM set out on pages 18 to 22 of this circular and to provide you with the information reasonably necessary to enable

LETTER FROM THE BOARD

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, 2021

The full text of the report of the Board of Directors for the year ended December 31, 2021 is set out in the section headed “Report of the Board of Directors” in the Company’s annual report 2021 to be published on the websites of the Stock Exchange and the Company on April 28, 2022 and despatched to the Shareholders on April 29, 2022.

2. To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended December 31, 2021

The audited financial statements and independent auditors’ report for the year ended December 31, 2021 are set out in the sections headed “Independent Auditors’ Report” and “Financial Statements” in the Company’s annual report 2021 to be published on the websites of the Stock Exchange and the Company on April 28, 2022 and despatched to the Shareholders on April 29, 2022.

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. Yang Xuegang	Executive Director
(ii) Mr. Yu Kwok Kuen Harry	Independent Non-executive Director
(iii) Mr. Wang Yinping	Independent Non-executive Director

The particulars of Mr. Yang Xuegang, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping 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, 2022.

- 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, 2021**

On March 25, 2022, the Board proposed a final dividend in respect of the year ended December 31, 2021 of RMB279,720,000 (the "**Final Dividend**") in total. The dividend amount per Share will be RMB6.3 cents. All Shareholders whose names appear on the register of members of the Company on June 20, 2022 will be entitled to the Final Dividend. The Final Dividend will be paid in HKD with an amount of HK7.7 cents 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 June 30, 2022.

- 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 4,440,000,000 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 888,000,000 Shares with an aggregate nominal amount of HK\$88,800,000 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 4,440,000,000 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 444,000,000 Shares with an aggregate nominal value of HK\$44,400,000; 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.

RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to code provision B.3.4 of the Corporate Governance Code in Appendix 14 of the Listing Rules, where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular (among others): (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (ii) the perspectives, skills and experience that the individual can bring to the board; and (iii) how the individual contributes to diversity of the Board.

In reviewing the structure of the Board, the Nomination Committee of the Company will consider 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 is of the view that Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping have over three and five years of experience as independent non-executive director of a

LETTER FROM THE BOARD

listed company respectively, and are able to devote sufficient time and attention to perform the duties as Independent Non-executive Directors. The re-election of Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping as Independent Non-executive Directors may replenish the professional knowledge of the Board in overall corporate governance related matters. Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping have been serving as Independent Non-executive Directors of the Company since March 2019. During their term of office, Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping have demonstrated their ability to provide an independent view to the Company's matters. As such, the Nomination Committee nominated Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping to the Board for it to recommend to the Shareholders for re-election at the Annual General Meeting.

The Board considers that Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping possess the basic knowledge of operations of listed companies, are familiar with the relevant laws and regulations, and have the relevant working experiences necessary for serving as Independent Non-executive Directors. In addition, Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping have declared their independence by submitting an annual written confirmation of independence to the Board pursuant to Rule 3.13 of the Listing Rules. The Board believes that Mr. Yu Kwok Kuen Harry and Mr. Wang Jinping are independent from the Company and comply with the independence requirements of Rule 3.13 of the Listing Rules.

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, May 27, 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 24, 2022 to Friday, May 27, 2022, 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 Monday, May 23, 2022.

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 Thursday, June 16, 2022 to Monday, June 20, 2022, 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. The record date for entitlement to the Final Dividend is Monday, June 20, 2022. 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 Wednesday, June 15, 2022.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING AND FORM OF PROXY

The notice of the AGM is set out on pages 18 to 22 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, May 25, 2022 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, May 25, 2022 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 Hong Kong. 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 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.

LETTER FROM THE BOARD

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 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. YANG Xuegang (楊雪崗), Executive Director

Mr. YANG, aged 57, is an Executive Director, the chief executive officer of the Company and the chairman of the Board. He was appointed as an Executive Director in November 2007. He is responsible for the overall management and business development of the Group. He is also the chairman of the Nomination Committee.

Mr. Yang graduated from Hebei Hydraulic College (河北水利專科學校) (now known as Hebei University of Water Resources and Electric Engineering (河北水利電力學院)) in Cangzhou, the PRC in July 1985 with a diploma in hydraulic engineering construction and obtained the hydraulic engineer qualification issued by the Handan City Labour Bureau (邯鄲市勞動人事局) in December 1993. He completed a master-level training course in business administration at Renmin University of China (中國人民大學) in Beijing, the PRC in March 2000 and was a supervisor of a master's degree program at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in July 2002. He completed a further master-level training course in business administration at the ZhongHua Yanxiu University (中華研修大學) in Beijing, the PRC in September 2003. In November 2003, he obtained a master's degree in business administration from Asia International Open University (Macau) (亞洲(澳門)國際公開大學) in Macau. He obtained the senior engineer qualification awarded by the Hebei Provincial Department of Human Resources and Social Security (河北省人力資源與社會保障廳) in December 2012. In January 2017, Mr. Yang obtained an executive master's degree in business administration from Hebei University of Technology (河北工業大學) in Tianjin, the PRC.

Prior to the establishment of the Group, Mr. Yang was employed at the Dongwushi Reservoir Management Center (東武仕水庫管理處), a public body directly subordinated to the Handan City Hydraulics Bureau (邯鄲水利局), on a full-time basis for approximately 10 years from August 1985, and became a deputy director of the Dongwushi Reservoir Management Center from January 1988. He then joined the Group as general manager as a result of his entrepreneurial efforts since the establishment of Xingtai Risun Coking Limited in May 1995 and became chairman since May 1996. Since September 2012, he has been a director of Beijing Automic Technology Co., Ltd. (北京奧特美克科技股份有限公司) (“**Beijing Automic**”), a company previously listed on the National Equities Exchange and Quotations (全國中小企業股

APPENDIX I PROFILES OF DIRECTORS PROPOSED FOR RE-ELECTION

份轉讓系統) (stock code: 430245), whose principal business is the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services, and held as to 49.92% by Mr. Yang and parties acting-in-concert with him.

Over the years, Mr. Yang has taken up leadership roles in a number of industry associations, including those relating to the coking industry. He has been the vice president of CCIA since October 2005, and the president of HBCCIA since January 2006. In February 2008, Mr. Yang was elected and had served as a deputy to the 11th NPC and in February 2013, he was elected as a deputy to the 12th NPC.

Mr. Yang is the father of Mr. Yang Lu, an executive Director.

A service contract has been signed by Mr. Yang 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 of the Company and shall continue thereafter unless terminated by not less than three months' written notice. Mr. Yang will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

Mr. YU Kwok Kuen Harry (余國權), Independent Non-executive Director

Mr. YU, aged 52, is an Independent Non-executive Director and also the chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee. He was appointed as an Independent Non-executive Director in September 2018.

Mr. Yu received his diploma in accountancy from Morrison Hill Technical Institute in Hong Kong in 1991 and master's degree in business administration from Manchester Business School in the United Kingdom through long-distance learning in July 2000. Mr. Yu is a fellow of the Institute of Chartered Accountants in England and Wales, a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Yu is also a Certified Public Accountant in the Macau Special Administrative Region.

Mr. Yu joined KPMG China, an international accounting firm in October 1991 and was a partner of KPMG from July 2002 to June 2011.

Mr. Yu also serves as an independent non-executive director at Impro Precision Industries Limited, a manufacturer of high-precision, high-complexity and mission-critical casting and machined components and a company listed on the Main Board of the Stock Exchange (stock code: 1286) since April 2019.

APPENDIX I PROFILES OF DIRECTORS PROPOSED FOR RE-ELECTION

A letter of appointment has been signed by Mr. Yu, pursuant to which he is entitled to an annual remuneration of HK\$420,000. The remuneration will be reviewed by our Board and our Remuneration Committee annually and may be adjusted as appropriate. The service contract has a term of three years commencing from the listing date of the Company unless terminated by one month's written notice or in certain circumstances in accordance with the terms of the letter of appointment. Mr. Yu will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

Mr. WANG Yinping (王引平), Independent Non-executive Director

Mr. WANG, aged 61, is an Independent Non-executive Director and also a member of the Audit Committee and Remuneration Committee. He was appointed as an Independent Non-executive Director in September 2018.

Mr. Wang obtained a bachelor's degree in law from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1985 and a master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC in November 2004.

Mr. Wang has extensive experience in corporate management. He joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Group Co., Ltd. (中國中化集團有限公司)) ("**Sinochem**"), a conglomerate offering exploration and production of oil and gas, energy, agriculture, chemical, real estate and financial services, in March 1988 and held various senior positions between March 1988 and March 2014 in Sinochem and its subsidiaries ("**Sinochem Group**"), including the deputy general manager of the Hainan branch of Sinochem, the general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信託有限公司) a company principally engaged in microfinance, industrial finance, capital market and wealth management, the general manager of the human resource department of Sinochem Group, the vice president of Sinochem Group, the general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600500) and principally engaged in the chemical and rubber business, the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd. (中化藍天集團有限公司), a company principally engaged in research, production and sale of fluorine chemicals. Mr. Wang also served as chairman of the board of Zhejiang Int'l Group Co., Ltd. (浙江英特集團股份有限公司), a company that produces and sells pharmaceutical and Chinese medicine health products in China and listed on the Shenzhen Stock Exchange (stock code: 000411) from December 2010 to March 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1345) and a comprehensive marketing, promotion and channel management service provider dedicated to imported pharmaceutical products and medical devices in the PRC, and was re-designated and has been serving as a non-executive director since December 2016.

APPENDIX I PROFILES OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Wang has been an independent non-executive director of Yida China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3639) since December 2016.

A letter of appointment has been signed by Mr. Wang, pursuant to which he is entitled to an annual remuneration of HK\$420,000. The remuneration will be reviewed by our Board and our Remuneration Committee annually and may be adjusted as appropriate. The service contract has a term of three years commencing from the listing date of the Company unless terminated by one month's written notice or in certain circumstances in accordance with the terms of the letter of appointment. 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

Save as disclosed in the announcement of the Company dated April 12, 2022, 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 4,440,000,000 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 4,440,000,000 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 444,000,000 Shares (representing 10% of the total number of issued Shares as at the date of the AGM) with an aggregate nominal value of HK\$44,400,000.

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, 2021) 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)
	HK\$	HK\$
2021		
May	6.23	4.90
June	6.48	4.80
July	5.15	4.54
August	5.80	4.50
September	6.05	4.76
October	5.34	4.53
November	4.87	4.50
December	4.92	4.00
2022		
January	4.89	4.14
February	5.02	4.08
March	4.19	3.58
April (up to the Latest Practicable Date)	4.49	3.84

6. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has repurchased certain Shares on the Stock Exchange as follows:

Date of Repurchase	No. of Shares Repurchased	Highest Price per Share <i>HK\$</i>	Lowest Price per Share <i>HK\$</i>
April 13, 2022	500,000	4.13	4.08
April 14, 2022	500,000	4.25	4.19

Save as disclosed above, 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 (%)
Texson Limited	Beneficial owner	3,122,444,928	70.33%	78.14%

Note:

(1) All interests stated are long positions.

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 2021 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, May 27, 2022 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, 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, 2021.
2. To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended December 31, 2021.
3. To re-elect Mr. Yang Xuegang as an executive director of the Company.
4. To re-elect Mr. Yu Kwok Kuen Harry as an independent non-executive director of the Company.
5. To re-elect Mr. Wang Yinping as an independent non-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, 2022.
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 RMB6.3 cents per Share (the “**Final Dividend**”), which in aggregate amounted to RMB279,720,000, to be paid in HKD of an amount of HK7.7 cents per Share (tax-inclusive) for the year ended December 31, 2021.

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

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.”

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, April 25, 2022

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 Tuesday, May 24, 2022 to Friday, May 27, 2022 (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 Monday, May 23, 2022.
7. The register of members of the Company will also be closed from Thursday, June 16, 2022 to Monday, June 20, 2022, both days inclusive, for the purpose of determining the entitlement of the Shareholders to receive the Final Dividend, during which period no share transfers will be registered. The record date for entitlement to the Final Dividend is Monday, June 20, 2022. In order to be entitled to the Final Dividend, 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 Wednesday, June 15, 2022.
8. With regard to ordinary resolutions Nos. 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.
9. 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.