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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)

**MAJOR TRANSACTION
FURTHER PROVISION OF GUARANTEES FOR RISUN CHINA GAS**

References are made to the announcements published by the Company on November 17, 2021, November 19, 2021, January 23, 2022 and July 4, 2022 in relation to the provision of nine rounds of financial assistance (including three shareholder's loans and six external financing guarantees) by the Group to Risun China Gas. As at the date of this announcement, Risun China Gas has fully repaid the loans to the Group and the total amount of the guarantees for the six outstanding external financing is approximately RMB1,831.4 million.

The Board hereby announces that during the period between July 2022 and September 2022, Risun China Gas entered into (1) the ICBC Loan Agreement I with ICBC; (2) the Yangtze FL Finance Lease Agreement with Yangtze FL; and (3) the Original Powchan Financial Factoring Agreement with Powchan Financial for the purposes of the construction, production and operation of a new coking project. The Group has provided the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee for the above three facilities with a maximum payment obligation not exceeding RMB505.2 million assumed by the Group. The amount of outstanding facilities under the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee provided by the Group is approximately RMB441.67 million as at the date of this announcement. The guarantee fees to be charged by the Group to Risun China Gas for the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee shall amount to approximately RMB1.2 million in aggregate.

In accordance with the funding requirements for the construction, production and operation of its new coking project, Risun China Gas intends to enter into (1) the ICBC Loan Agreement II with ICBC; (2) the SPD Bank Loan Agreement with SPD Bank; and (3) the Four New Powchan Financial Factoring Agreements with Powchan Financial in the near future. As agreed by the Board, these loan facilities shall be guaranteed by the Group with an expected maximum payment obligation not exceeding RMB871.0 million to be assumed by the Group. The guarantee fees to be charged by the Group to Risun China Gas for the above guarantees shall amount to approximately RMB3.89 million in aggregate. The execution of the specific loan and guarantee agreements shall be subject to the written consent of the Company's controlling shareholders and the completion of internal approval processes by the relevant financial institutions.

LISTING RULES IMPLICATIONS

All of the applicable percentage ratios in respect of the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee on both standalone and aggregate bases are below 5%, while all of the applicable percentage ratios in respect of each of the Proposed New Guarantees on a standalone basis are expected to be below 5%. However, as all the financial assistance is provided for the investment in and the construction, production and operation of the same new coking project of Risun China Gas, the Proposed New Guarantees will be aggregated with the Existing Guarantees in accordance with the requirements of Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio(s) in respect of the aggregate maximum guarantee amount to be assumed under the Proposed New Guarantees, when aggregated with the Existing Guarantees, is expected to exceed 25% but be lower than 100%, the provision of the Proposed New Guarantees constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the shareholders of the Company or any of their respective associates has any material interests in the Proposed New Guarantees. As such, no shareholder of the Company is required to abstain from voting for the resolutions approving the Proposed New Guarantees if the Company were to convene a general meeting for the approval thereof. As at the date of this announcement, Texson Limited directly holds 70.60% of the total issued share capital of the Company. The Company will obtain the written shareholders' approval from Texson Limited in lieu of holding a general meeting for the shareholders' approval of the Proposed New Guarantees pursuant to Rule 14.44 of the Listing Rules.

In accordance with Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Proposed New Guarantees shall be despatched to the shareholders of the Company within 15 business days after the publication of this announcement (i.e. on or before January 19, 2023).

I. SUMMARY

In August 2019, the Group acquired a 55% equity interest in Risun China Gas by way of capital injection to Risun China Gas. Following the completion of the capital injection, Risun China Gas became a joint venture of the Company. For details, please refer to the announcement of the Company dated August 20, 2019.

Risun China Gas owns coking and refined chemical facilities in the production base in Qingshuihe County, Hohhot, Inner Mongolia Autonomous Region and plans to invest in and construct a new coking project with an annual production capacity of coke amounting to 3 million tons. The expected total investment of such new coking project is approximately RMB4,800 million.

Since investing in and taking up the management of Risun China Gas, the Group has been providing financial assistance, including borrowings and guarantees for external financing, to Risun China Gas to ensure smooth daily operation and the speedy implementation of the new coking project. In addition to the guarantees provided for the existing external financing of Risun China Gas, the Group proposes to provide guarantees for six additional rounds of external financing.

II. EXISTING GUARANTEES

References are made to the announcements published by the Company on November 17, 2021, November 19, 2021, January 23, 2022 and July 4, 2022 in relation to the provision of nine rounds of financial assistance (including three shareholder's loans and six external financing guarantees) by the Group to Risun China Gas. As at the date of this announcement, Risun China Gas has fully repaid the loans to the Group and the total amount of the guarantees for the six outstanding external financing is approximately RMB1,831.4 million.

The Board hereby announces that during the period between July 2022 and September 2022, Risun China Gas entered into (1) the ICBC Loan Agreement I with ICBC; (2) the Yangtze FL Finance Lease Agreement with Yangtze FL; and (3) the Original Powchan Financial Factoring Agreement with Powchan Financial for the purposes of the construction, production and operation of the new coking project. The Group has provided the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee for the above three facilities with a maximum payment obligation not exceeding RMB505.2 million assumed by the Group. The amount of outstanding facilities under the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee provided by the Group is approximately RMB441.67 million as at the date of this announcement. The guarantee fees to be charged by the Group to Risun China Gas for the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee shall amount to approximately RMB1.2 million in aggregate.

1. The Tenth Guarantee

On July 7, 2022, Risun China Gas (as borrower) entered into the ICBC Loan Agreement I with ICBC (as lender), and the Company and Risun Group (as guarantors) entered into the ICBC Guarantee Agreement I with ICBC (as guaranteed party), pursuant to which the Company and Risun Group shall provide guarantee for the performance by Risun China Gas.

The principal terms of the ICBC Loan Agreement I and the ICBC Guarantee Agreement I are summarized as follows:

Date of agreement: July 7, 2022

Parties: Risun China Gas (as borrower) and ICBC (as lender) in respect of the ICBC Loan Agreement I

The Company (as guarantor) and Risun Group (as guarantor) and ICBC (as guaranteed party) in respect of the ICBC Guarantee Agreement I

Loans: ICBC shall provide Risun China Gas with loans amounting to RMB100 million in aggregate for the procurement of raw materials.

The term of the loans shall be 12 months starting from the date of their initial withdrawal. Each and every loan withdrawn shall be repaid within such term. The interest rate of each and every loan shall be determined based on a benchmark rate, being the 1-year LPR announced by the National Interbank Funding Center on the business day immediately before the withdrawal of that loan, plus a premium, being 30 basis points. The current applicable interest rate is 3.95%.

The interest rates shall be adjusted and accrued every six months. The interest rates of such loans for the second six-month period can be adjusted to the then LPR plus the premium.

Guarantee: The Company and Risun Group shall provide joint guarantee for all liabilities of Risun China Gas under the ICBC Loan Agreement I.

The guarantee shall cover the principals of the primary creditor's rights under the ICBC Loan Agreement I, the interest and other compensations and fees recoverable by the lender from Risun China Gas pursuant thereto.

Taking into account the maximum principal amount of the loans and the interest, fees and costs payable under the ICBC Loan Agreement I, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB105 million.

The guarantee period shall be three years from the expiry date of the term of the loan under the ICBC Loan Agreement I.

The guarantee fees to be charged by the Group to Risun China Gas for the Tenth Guarantee shall be RMB148,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer. Calculated value (having the same meaning in this announcement below) is defined as "an estimate as to the value of a business, business ownership, security or intangible assets, arrived at by applying calculation engagement procedures agreed upon with the client and using professional judgement as to the value or range of values based on those procedures".

2. The Eleventh Guarantee

On August 24, 2022, Risun China Gas (as lessee) entered into the Yangtze FL Finance Lease Agreement with Yangtze FL (as lessor) for the purposes of procuring and leasing coke oven equipment, and Risun Group (as guarantor) entered into the Yangtze FL Guarantee Agreement with Yangtze FL, pursuant to which Risun Group shall provide guarantee for the performance under the Yangtze FL Finance Lease Agreement by Risun China Gas.

The principal terms of the Yangtze FL Finance Lease Agreement and the Yangtze FL Guarantee Agreement are summarized as follows:

Date of agreement: August 24, 2022

Parties: Risun China Gas (as lessee) and Yangtze FL (as lessor) in respect of the Yangtze FL Finance Lease Agreement

Risun Group (as guarantor) and Yangtze FL (as guaranteed party) in respect of the Yangtze FL Guarantee Agreement

Finance lease: Yangtze FL shall provide Risun China Gas with finance lease amounting up to approximately RMB229.83 million in aggregate. The leased items shall be the equipment related to the coke oven procured by Risun China Gas.

The term of the finance lease shall be 36 months. The interest rate of the finance lease is fixed at 6.9127%, being the 5-year LPR plus 2.4627 percentage points. If the LPR is adjusted upward/downward, Yangtze FL will make corresponding upward/downward adjustment at the same amount according to the closing LPR for the year, and such adjustment will take effect in the following year in the term of the lease.

Guarantee: Risun Group shall provide joint guarantee for all liabilities of Risun China Gas under the Yangtze FL Finance Lease Agreement. The guarantee is an irrevocable joint guarantee.

The guarantee shall cover all rents, default penalties, damages, various costs paid by Yangtze FL to realize its primary creditor's rights and guarantee rights and all other amounts payable by Risun China Gas to Yangtze FL under the Yangtze FL Finance Lease Agreement.

Taking into account the maximum principal amount of the finance lease and the interest, fees and costs payable, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB229.83 million.

The guarantee period shall begin on the date of the Yangtze FL Guarantee Agreement and expire on the second anniversary of the expiry date of the performance period of the principal debt under the Yangtze FL Finance Lease Agreement.

The guarantee fees to be charged by the Group to Risun China Gas for the Eleventh Guarantee shall be RMB596,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

3. The Twelfth Guarantee

On September 26, 2022, CCESSC (an independent third party), Risun China Gas and Powchan Financial entered into the Original Powchan Financial Factoring Agreement, in which it is agreed that CCESSC shall transfer to Powchan Financial the accounts receivable amounting to RMB150 million from Risun China Gas in order to obtain factoring payments. Powchan Financial (as creditor) shall be entitled to all the rights to the accounts receivable from Risun China Gas. Risun Group and Powchan Financial entered into the Original Powchan Financial Guarantee Agreement, pursuant to which Risun Group shall provide guarantee for the performance of Risun China Gas.

The principal terms of the Original Powchan Financial Factoring Agreement and the Original Powchan Financial Guarantee Agreement are summarized as follows:

Date of agreement: September 26, 2022

Parties or relevant parties: CCESSC (as transferor of the accounts receivable), Risun China Gas (as debtor of the accounts receivable) and Powchan Financial (as transferee of the accounts receivable) in respect of the Original Powchan Financial Factoring Agreement

Risun Group (as guarantor) and Powchan Financial (as creditor in the factoring transaction) in respect of the Original Powchan Financial Guarantee Agreement

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| Factoring finance: | <p>Powchan Financial shall provide disclosed direct payment factoring for CCESSC by accepting the transfer from CCESSC of its creditor's rights to the accounts receivable under the underlying trade agreements between CCESSC and Risun China Gas.</p> <p>The creditor's rights to the accounts receivable shall comprise accounts receivable by CCESSC from Risun China Gas already incurred in the amount of RMB150 million. Such accounts receivable are related to construction payments made by Risun China Gas between January 2022 and August 2022 for its investment in and construction of the new coking project.</p> |
| Factoring facility limit: | <p>Powchan Financial shall provide Risun China Gas with a factoring facility of RMB150.0 million.</p> <p>The term of the factoring is 36 months from September 26, 2022 to September 25, 2025. The factoring fee is RMB7.44 million.</p> |
| Pledged assets: | <p>To secure the due performance of its obligations under the Original Powchan Financial Factoring Agreement, Risun China Gas shall pledge its inventory of 30,000 tonnes of coking coal to Powchan Financial as well as proceeds or assets acquired from the future sale of its products to Powchan Financial as security.</p> |
| Guarantee: | <p>Risun Group shall provide maximum amount guarantee for a series of creditor's rights of Powchan Financial as a result of its acceptance of the transfer of accounts receivable under the Original Powchan Financial Factoring Agreement. The guarantee is a joint guarantee.</p> <p>The guarantee shall cover all accounts payable by Risun China Gas (as debtor in the factoring transaction) to the creditor in the factoring transaction as well as all expenses and costs paid by Powchan Financial to realize the Original Powchan Financial Factoring Agreement and relevant guarantee rights under the Original Powchan Financial Factoring Agreement.</p> |

The guarantee period of each and every principal debt under the Original Powchan Financial Guarantee Agreement shall be three years from the expiry date of the performance period of such principal debt.

As at the date of this announcement, the amounts of the accounts payable repaid by Risun China Gas and outstanding are RMB8.33 million and RMB141.67 million, respectively. Taking into account the maximum principal amount of the commercial factoring and the factoring payments, factoring fees, other fees and costs payable under the Original Powchan Financial Factoring Agreement, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB170.34 million.

The guarantee fees to be charged by the Group to Risun China Gas for the Twelfth Guarantee shall be RMB453,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

III. PROPOSED NEW GUARANTEES

In accordance with the funding requirements for the construction, production and operation of its new coking project, Risun China Gas intends to enter into (1) the ICBC Loan Agreement II with ICBC; (2) the SPD Bank Loan Agreement with SPD Bank; and (3) the Four New Powchan Financial Factoring Agreements with Powchan Financial in the near future. As agreed by the Board, these loan facilities shall be guaranteed by the Group with an expected maximum payment obligation not exceeding RMB871.0 million to be assumed by the Group. The guarantee fees to be charged by the Group to Risun China Gas for the above guarantees shall amount to RMB3.89 million in aggregate. The execution of the specific loan and guarantee agreements shall be subject to the written consent of the Company's controlling shareholders and the completion of internal approval processes by the relevant financial institutions.

1. The Thirteenth Guarantee

Risun China Gas (as borrower) intends to enter into the ICBC Loan Agreement II with ICBC (as lender), and the Company and Risun Group (as guarantors) intend to enter into the ICBC Guarantee Agreement II with ICBC (as guaranteed party) as performance guarantee for Risun China Gas.

Parties: Risun China Gas (as borrower) and ICBC (as lender) in respect of the ICBC Loan Agreement II

The Company and Risun Group (as guarantors) and ICBC (as guaranteed party) in respect of the ICBC Guarantee Agreement II

Loans: ICBC shall provide Risun China Gas with loans amounting to RMB400 million in aggregate for advance expenses such as payments for procuring equipment and supplies for the new coking project. The term of the loans shall be 36 months starting from the date of their initial withdrawal. Each and every loan withdrawn shall be repaid within such term. The interest rate of each and every loan shall be determined based on a benchmark rate, being the 1-year LPR announced by the National Interbank Funding Center on the business day immediately before the withdrawal of that loan, plus a premium, being 55 basis points. The current applicable interest rate is 4.2%.

The interest rates shall be adjusted and accrued every twelve months. The interest rates of such loans for the second twelve-month and subsequent periods can be adjusted to the then LPR plus the premium.

Guarantee: The Company and Risun Group shall provide joint guarantee for all liabilities of Risun China Gas under the ICBC Loan Agreement II.

The guarantee shall cover the principals of the primary creditor's rights under the ICBC Loan Agreement II, the interest and other compensations and fees recoverable by the lender from Risun China Gas pursuant thereto.

Taking into account the maximum principal amount of the loans and the interest, fees and costs payable under the ICBC Loan Agreement II, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB451.1 million.

The guarantee period shall be three years from the expiry date of the term of the loan under the ICBC Loan Agreement II.

The guarantee fees to be charged by the Group to Risun China Gas for the Thirteenth Guarantee upon the execution of the ICBC Guarantee Agreement II shall be RMB2,852,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

2. The Fourteenth Guarantee

Risun China Gas (as borrower) intends to enter into the SPD Bank Loan Agreement with SPD Bank (as lender), and Risun Group (as guarantor) intends to enter into the SPD Bank Guarantee Agreement with SPD Bank (as guaranteed party) as performance guarantee for Risun China Gas.

Parties: Risun China Gas (as borrower) and SPD Bank (as lender) in respect of the SPD Bank Loan Agreement

Risun Group (as guarantor) and SPD Bank (as guaranteed party) in respect of the SPD Bank Guarantee Agreement

Loans: SPD Bank shall provide Risun China Gas with loans amounting to RMB90 million in aggregate for short-term working capital. The term of the loans shall be 12 months starting from the date of their initial withdrawal. Each and every loan withdrawn shall be repaid within such term. The interest rate of each and every loan shall be determined based on a benchmark rate, being the 1-year LPR announced by the National Interbank Funding Center on the business day immediately before the withdrawal of that loan, plus a premium, being 85 basis points. The current applicable interest rate is 4.5%.

Guarantee: Risun Group shall provide joint guarantee for all liabilities of Risun China Gas under the SPD Bank Loan Agreement.

The guarantee shall cover the principals of the primary creditor's rights under the SPD Bank Loan Agreement, the interest and other deposits, compensations and fees recoverable by the lender from Risun China Gas pursuant thereto.

Taking into account the maximum principal amount of the loans and the interest, fees and costs payable under the SPD Bank Loan Agreement, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB94.1 million.

The guarantee period shall be three years from the expiry date of the performance period of the final matured debt due under the SPD Bank Loan Agreement.

The guarantee fees to be charged by the Group to Risun China Gas for the Fourteenth Guarantee upon the execution of the SPD Bank Guarantee Agreement shall be RMB131,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

3. The Fifteenth Guarantee

CCESCC (as creditor of the accounts receivable), Risun China Gas (as debtor of the accounts receivable and debtor in the factoring transaction) and Powchan Financial (as transferee of the accounts receivable) intend to enter into the Four New Powchan Financial Factoring Agreements, in which it is agreed that CCESCC shall transfer to Powchan Financial the accounts receivable amounting to RMB300 million in aggregate from Risun China Gas in order to obtain factoring payments. Powchan Financial (as creditor) shall have all the rights to the accounts receivable from Risun China Gas. Risun Group and Powchan Financial intend to enter into the Four New Powchan Financial Guarantee Agreements as performance guarantee for Risun China Gas.

The principal terms of the Four New Powchan Financial Factoring Agreements and the Four New Powchan Financial Guarantee Agreements are summarized as follows:

Parties or relevant parties: CCESCC (as transferor of the accounts receivable), Risun China Gas (as debtor of the accounts receivable and debtor in the factoring transaction) and Powchan Financial (as transferee of the accounts receivable) in respect of each and every definite factoring agreement under the Four New Powchan Financial Factoring Agreements

Risun Group (as guarantor) and Powchan Financial (as creditor in the factoring transaction) in respect of each and every definite factoring agreement under the Four New Powchan Financial Guarantee Agreements

Factoring facility: Powchan Financial shall provide disclosed direct payment factoring for CCESSC by accepting the transfer from CCESSC of its creditor's rights to the accounts receivable under the underlying trade agreements between CCESSC and Risun China Gas.

The creditor's rights to the accounts receivable shall comprise accounts receivable by CCESSC from Risun China Gas already incurred in the amount of RMB300 million. Such accounts receivable will be related to construction payments made by Risun China Gas between January 2022 and August 2022 for its new coking project.

Factoring facility limit: Powchan Financial shall provide Risun China Gas with a factoring facility of RMB300 million in aggregate.

The term of the factoring shall be 36 months starting from the date of the initial withdrawal. Each and every loan withdrawn shall be repaid within such term. The factoring fee shall be RMB14,860,000.

Guarantee: Risun Group shall provide maximum amount guarantee for a series of creditor's rights of Powchan Financial as a result of its acceptance of the transfer of accounts receivable under the Four New Powchan Financial Factoring Agreements. The guarantee shall be a joint guarantee.

The guarantee shall cover all accounts payable by Risun China Gas (as debtor in the factoring transaction) to the creditor in the factoring transaction under the Four New Powchan Financial Factoring Agreements as well as all expenses and costs incurred by Powchan Financial in realizing its rights under the Four New Powchan Financial Factoring Agreements and relevant guarantee rights.

The guarantee period of each and every principal debt under the Four New Powchan Financial Factoring Agreements shall be three years from the expiry date of the performance period of such principal debt.

Taking into account the maximum principal amount of the commercial factoring and the factoring payments, factoring fees, other fees and costs payable under the Four New Powchan Financial Factoring Agreements, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB325.8 million.

The guarantee fees to be charged by the Group to Risun China Gas for the Fifteenth Guarantee upon the execution of the Four New Powchan Financial Guarantee Agreements shall be RMB903,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

IV. REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEES

The operation of coking facility in Qingshuihe County, Hohhot, Inner Mongolia of Risun China Gas was suspended prior to August 2019. Subsequently, the Group invested in Risun China Gas by way of capital injection and resumed the operation of the coking facility of Risun China Gas. With the Group's continuous effort to optimize the operation of Risun China Gas over the past three years, Risun China Gas has seen improvements in its financial position. The Company recently expects that with the gradual commencement of operation of the newly constructed coking project of Risun China Gas by phrases from the first half of 2023, the Group's coke production volume is expected to further increase. This will generate considerable investment returns for the Group in the long run, thereby bringing profit to the Group and returns to the Company's shareholders. In addition, the new coking project invested by Risun China Gas exhibits tremendous future development potential and commercial value under the climate action goals of "striving to achieve peak carbon dioxide emissions before 2030 and carbon neutrality before 2060".

Given that the finance costs of the Group range from 1.82% to 12.00% per annum in general with an average of approximately 6% per annum, the Directors are of the view that the interest rates per annum agreed for the six facilities as disclosed in this announcement are appropriate based on the financial position of Risun China Gas. Such facilities are critical to the on-going new coking project of Risun China Gas and will assist Risun China Gas in obtaining necessary funding from the market at appropriate costs based on the current supply and demand of capital in the financing market.

The Directors consider that the Proposed New Guarantees and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

V. LISTING RULES IMPLICATIONS

All of the applicable percentage ratios in respect of the Tenth Guarantee, the Eleventh Guarantee and the Twelfth Guarantee on both standalone and aggregate bases are below 5%, while all of the applicable percentage ratios in respect of each of the Proposed New Guarantees on a standalone basis are expected to be below 5%. However, as all the financial assistance is provided for the investment in and the construction, production and operation of the same new coking project of Risun China Gas, the Proposed New Guarantees will be aggregated with the Existing Guarantees in accordance with the requirements of Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio(s) in respect of the aggregate maximum guarantee amount to be assumed under the Proposed New Guarantees, when aggregated with the Existing Guarantees, is expected to exceed 25% but be lower than 100%, the provision of the Proposed New Guarantees constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the shareholders of the Company or any of their respective associates has any material interests in the Proposed New Guarantees. As such, no shareholder of the Company is required to abstain from voting for the resolutions approving the Proposed New Guarantees if the Company were to convene a general meeting for the approval thereof. As at the date of this announcement, Texson Limited directly holds 70.60% of the total issued share capital of the Company. The Company will obtain the written shareholders' approval from Texson Limited in lieu of holding a general meeting for the shareholders' approval of the Proposed New Guarantees pursuant to Rule 14.44 of the Listing Rules.

In accordance with Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Proposed New Guarantees shall be despatched to the shareholders of the Company within 15 business days after the publication of this announcement (i.e. on or before January 19, 2023).

VI. GENERAL

The 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 operations 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.

Risun Group is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Risun China Gas

Risun China Gas owns coking and refined chemical facilities in the production base in Qingshuihe County, Hohhot, Inner Mongolia Autonomous Region. It is a joint venture of the Company and is owned as to 55% by Risun Group (an indirect wholly-owned subsidiary of the Company), 30% by Huhhot Zhongran Urban Gas Development Co., Ltd.* (呼和浩特中燃城市燃氣發展有限公司) (whose ultimate beneficial owner is China Gas Holdings Limited (中國燃氣控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0384.HK)) and 15% by Tianjin Baisen Energy Technology Co., Ltd.* (天津百森能源科技有限公司) (whose ultimate beneficial owner is Jia Tielin (賈鐵林)).

In accordance with the bye-laws of Risun China Gas, the Group shall be entitled to appoint two of the five directors while the financial decisions of Risun China Gas in relation to financing and dividend require the unanimous consent of all the shareholders. As such, notwithstanding that 55% of the equity interests in Risun China Gas is held by the Company, Risun China Gas is considered as a joint venture of the Group.

To the best of the knowledge, information and belief of the Directors, the other two shareholders of Risun China Gas and their respective ultimate beneficial owners are independent of the Company and the connected persons of the Company.

Powchan Financial

Powchan Financial is a company incorporated in the PRC with limited liability. The controlling shareholder of Powchan Financial is China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), which is wholly-owned by the SASAC. Powchan Financial is one of the key operating enterprises in the shipping finance industry. It provides integrated financial products and services combining financing and leasing (such as financing leases and commercial factoring) with trade and technological development to clients that operate mainly in a number of sectors such as healthcare, education, energy, construction, industrial equipment, electronic communication, consumer goods, transportation, logistics and auto financing.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Powchan Financial and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

ICBC

ICBC is a large state-owned commercial bank incorporated in the PRC with shares listed on the Shanghai Stock Exchange and the Stock Exchange (stock code (A-shares): 601398, stock code (H-shares): 1398). The largest single shareholder of ICBC is Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), which is in turn indirectly wholly-owned by SASAC and holds a 34.71% equity interest in ICBC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, ICBC and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

Yangtze FL

Yangtze FL, a company incorporated in the PRC with limited liability, is jointly promoted by Shanghai Rural Commercial Bank Co., Ltd.* (上海農村商業銀行股份有限公司), the principal promoter with a 40% shareholding, and shareholders from other industries. Yangtze FL is a financial leasing company approved by the China Banking Regulatory Commission. Shanghai Rural Commercial Bank Co., Ltd. is a state-owned enterprise and the first provincial-level joint stock commercial bank established following the reform of rural credit cooperatives in the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Yangtze FL and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

SPD Bank

SPD Bank is a company incorporated in the PRC with limited liability on August 28, 1992 with the approval of the People's Bank of China. As a nationwide joint-stock commercial bank, it is listed on the Shanghai Stock Exchange (stock code: 600000.SH). The largest single shareholder of SPD Bank is Shanghai International Group Co., Ltd.* (上海國際集團有限公司), which is ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of Shanghai Municipality, with a 29.67% shareholding in SPD Bank.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, SPD Bank and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

CCESCC

CCESCC, a company incorporated in the PRC with limited liability, engages in various businesses including turnkey contracts, research and development, design, manufacturing, construction, property development and infrastructure investment and financing. It is a leader in the PRC petrochemical engineering and construction sector in terms of project construction capacity, engineering management, technique and equipment. CCESCC is wholly-owned by China National Chemical Engineering Co, Ltd.* (中國化學工程股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601117.SH) and its ultimate controlling shareholder is China National Chemical Engineering Group Corporation Ltd* (中國化學工程集團有限公司), a company wholly-owned by the SASAC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, CCESCC and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

VII. DEFINITIONS

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

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| “Board” | the board of Directors of the Company |
| “CCESCC” | China Chemical Engineering Second Construction Corporation* (中化二建集團有限公司), 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 director(s) of the Company |
| “Eleventh Guarantee” | the performance guarantee provided by Risun Group for the obligations of Risun China Gas under the Yangtze FL Finance Lease Agreement |

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| “Existing Guarantees” | (i) the financial assistance provided by the Group to Risun China Gas during the period between November 2021 and July 2022, the details of which are set out in the announcements of the Company dated November 17, 2021, November 19, 2021 and January 23, 2022; and (ii) the Tenth Guarantee to the Twelfth Guarantee disclosed in this announcement |
| “Fifteenth Guarantee” | the performance guarantee proposed to be provided by Risun Group for the obligations of Risun China Gas under the Four New Powchan Financial Factoring Agreements |
| “Fourteenth Guarantee” | the performance guarantee proposed to be provided by Risun Group for the obligations of Risun China Gas under the SPD Bank Loan Agreement |
| “Four New Powchan Financial Factoring Agreements” | four Domestic Commercial Factoring Agreements and their related service documents proposed to be entered into between CCESCC, Risun China Gas and Powchan Financial for four construction payments for the new coking project of Risun China Gas between January 2022 and August 2022 with corresponding factoring payments of RMB110 million, RMB80 million, RMB70 million and RMB40 million, respectively |
| “Four New Powchan Financial Guarantee Agreements” | four Maximum Amount Guarantee Agreements proposed to be entered into between Risun Group and Powchan Financial for the Four New Powchan Financial Factoring Agreements, respectively |
| “Group” | the Company and its subsidiaries |
| “ICBC” | the Togtoh branch of Industrial and Commercial Bank of China Limited, an independent third party of the Company |
| “ICBC Guarantee Agreement I” | collectively, (i) the Maximum Amount Guarantee Agreement entered into between Risun Group and ICBC on July 7, 2022; and (ii) the Guarantee Agreement entered into between the Company and ICBC on July 7, 2022 |
| “ICBC Guarantee Agreement II” | collectively, (i) the Maximum Amount Guarantee Agreement proposed to be entered into between Risun Group (as guarantor) and ICBC (as guaranteed party); and (ii) the Maximum Amount Guarantee Agreement proposed to be entered into between the Company and ICBC |

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| “ICBC Loan Agreement I” | the Working Capital Loan Agreement entered into between ICBC and Risun China Gas on July 7, 2022 |
| “ICBC Loan Agreement II” | the Fixed Asset Loan Agreement proposed to be entered into between Risun China Gas and ICBC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “LPR” | the loan prime rate announced by the National Interbank Funding Center of the PRC. For reference purpose, the prevailing 5-year and 1-year LPRs as at the date of this announcement are 4.30% and 3.65%, respectively |
| “Original Powchan Financial Factoring Agreement” | the Domestic Commercial Factoring Agreement and its related service documents entered into between CCESCC, Risun China Gas and Powchan Financial on September 26, 2022 |
| “Original Powchan Financial Guarantee Agreement” | the Maximum Amount Guarantee Agreement entered into between Risun Group (as guarantor) and Powchan Financial (as guaranteed party) on September 26, 2022 |
| “Powchan Financial” | Powchan Financial Group Co., Ltd.* (海發寶誠融資租賃有限公司), an independent third party of the Company |
| “PRC” | the People’s Republic of China, excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region |
| “Proposed New Guarantees” | the Thirteenth Guarantee to the Fifteenth Guarantee |
| “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 with limited liability on June 15, 2018 and a joint venture of the Company |
| “Risun Group” | Risun Group Limited (formerly known as Risun Chemicals Limited), a company established in the PRC with limited liability on January 8, 2010 and an indirect wholly-owned subsidiary of the Company |

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| “SASAC” | the State-owned Assets Supervision and Administration Commission of the State Council of the PRC |
| “SPD Bank” | the Hohhot branch of Shanghai Pudong Development Bank Co., Ltd., an independent third party of the Company |
| “SPD Bank Guarantee Agreement” | the Maximum Amount Guarantee Agreement proposed to be entered into between Risun Group and SPD Bank |
| “SPD Bank Loan Agreement” | the Working Capital Loan Agreement proposed to be entered into between Risun China Gas and SPD Bank |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tenth Guarantee” | the performance guarantee provided by Risun Group for the obligations of Risun China Gas under the ICBC Loan Agreement I |
| “Thirteenth Guarantee” | the performance guarantee proposed to be provided by the Company and Risun Group for the obligations of Risun China Gas under the ICBC Loan Agreement II |
| “Twelfth Guarantee” | the performance guarantee provided by Risun Group for the obligations of Risun China Gas under the Original Powchan Financial Factoring Agreement |
| “Yangtze FL” | Yangtze United Financial Leasing Co., Ltd.* (長江聯合金融租賃有限公司), an independent third party of the Company |
| “Yangtze FL Guarantee Agreement” | the guarantee agreement entered into between Risun Group and Yangtze FL on August 24, 2022 |
| “Yangtze FL Finance Lease Agreement” | the finance lease agreement entered into between Risun China Gas and Yangtze FL on August 24, 2022 |

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

Hong Kong, December 28, 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 purposes only