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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**

The Company has obtained written Shareholder's approval for the Proposed New Guarantees pursuant to Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be held to approve the Proposed New Guarantees pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 5 to 22 of this circular.

January 19, 2023

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DEFINITIONS

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

“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
“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, the Eleventh Guarantee and the Twelfth Guarantee
“Fifteenth Guarantee”	the performance guarantee provided by Risun Group for the obligations of Risun China Gas under the Three New Powchan Financial Factoring Agreements
“Fourteenth Guarantee”	the performance guarantee provided by Risun Group for the obligations of Risun China Gas under the SPD Bank Loan Agreement
“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

DEFINITIONS

“ICBC Guarantee Agreement II”	collectively, (i) the Maximum Amount Guarantee Agreement entered into between Risun Group (as guarantor) and ICBC (as guaranteed party) on December 29, 2022; and (ii) the Maximum Amount Guarantee Agreement entered into between the Company and ICBC on December 29, 2022
“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 entered into between Risun China Gas and ICBC on December 29, 2022
“Latest Practicable Date”	January 16, 2023
“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 from time to time
“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 circular, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region
“Proposed New Guarantees”	the Thirteenth Guarantee, the Fourteenth Guarantee and the Fifteenth Guarantee

DEFINITIONS

“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* (旭陽集團有限公司) (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
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	the ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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 entered into between Risun Group and SPD Bank on December 29, 2022
“SPD Bank Loan Agreement”	the Working Capital Loan Agreement entered into between Risun China Gas and SPD Bank on December 29, 2022
“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
“Texson”	Texson Limited (泰克森有限公司), a company incorporated in the BVI on February 19, 2004 and the direct controlling shareholder of the Company which is wholly-owned by Mr. Yang Xuegang
“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

DEFINITIONS

“Three New Powchan Financial Factoring Agreements”	three Domestic Commercial Factoring Agreements and their related service documents entered into between CCESSC, Risun China Gas and Powchan Financial on December 29, 2022 for three 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 and RMB70 million, respectively
“Three New Powchan Financial Guarantee Agreements”	three Maximum Amount Guarantee Agreements entered into between Risun Group and Powchan Financial on December 29, 2022 for the Three New Powchan Financial Factoring Agreements, respectively
“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 Finance Lease Agreement”	the finance lease agreement entered into between Risun China Gas and Yangtze FL on August 24, 2022
“Yangtze FL Guarantee Agreement”	the guarantee agreement entered into between Risun Group and Yangtze FL on August 24, 2022
“%”	percent

In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “subsidiary(ies)” and “controlling shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

In this circular, the English names of the PRC entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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)

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, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Room 2001, 20/F, Sino Plaza

255 Gloucester Road

Causeway Bay

Hong Kong

January 19, 2023

To the Shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

Reference is to the Company's announcement dated December 28, 2022 in relation to the further provision of guarantees for Risun China Gas.

The purpose of this circular is to provide the Shareholders with information in respect of the Proposed New Guarantees and other information required by the Listing Rules.

LETTER FROM THE BOARD

II. PROVISION OF GUARANTEES FOR RISUN CHINA GAS

1. 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 Existing Guarantees, the Group proposes to provide the Proposed New Guarantees for Risun China Gas.

2. Existing Guarantees

During the period from November 2021 to July 2022, the Group provided nine rounds of financial assistance (including three shareholder's loans and six external financing guarantees) to Risun China Gas. For details, please refer to the Company's announcements dated November 17, 2021, November 19, 2021, January 23, 2022 and July 4, 2022. As at the Latest Practicable Date, 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.

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 Latest Practicable Date. 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.

LETTER FROM THE BOARD

2.1 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 agreements:	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 plus a premium of 30 basis points. The prevailing 1-year LPR is 3.65% and 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.

LETTER FROM THE BOARD

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 circular 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".

2.2 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 (as guaranteed party), 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 agreements: 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

LETTER FROM THE BOARD

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 shall be determined based on the 5-year LPR plus a premium of 2.4627%. The 5-year LPR as announced by the National Interbank Funding Center of the PRC in July 2022 was 4.45% and the current applicable interest rate is 6.9127%. 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.

LETTER FROM THE BOARD

2.3 *The Twelfth Guarantee*

On September 26, 2022, CCESCC (an independent third party and 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 factor) entered into the Original Powchan Financial Factoring Agreement, in which it is agreed that CCESCC 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 in the factoring transaction) shall be entitled to all the rights to the accounts receivable to be paid by 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 agreements:	September 26, 2022
Parties or relevant parties:	CCESCC (as transferor of the accounts receivable), Risun China Gas (as debtor of the accounts receivable) and Powchan Financial (as factor) in respect of the Original Powchan Financial Factoring Agreement Risun Group (as guarantor) and Powchan Financial (as guaranteed party) in respect of the Original Powchan Financial Guarantee Agreement
Factoring finance:	Powchan Financial shall provide disclosed direct payment factoring for CCESCC by accepting the transfer from CCESCC of its creditor's rights to the accounts receivable under the underlying trade agreements between CCESCC and Risun China Gas. The creditor's rights to the accounts receivable shall comprise accounts receivable by CCESCC 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.
Factoring facility limit:	Powchan Financial shall provide Risun China Gas with a factoring facility of RMB150.0 million.

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The term of the factoring is 36 months from September 26, 2022 to September 25, 2025 and the interest is calculated at a rate of 5.5% per annum. Also, there is an one-off factoring fee of RMB7.44 million.

Pledged assets:

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, with an expected market value of approximately RMB60.5 million as at the Latest Practicable Date, as well as proceeds or assets acquired from the future sale of its products to Powchan Financial as security.

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 Original Powchan Financial Factoring Agreement. The guarantee is 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 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.

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 Latest Practicable Date, 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.

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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.

3. Proposed New Guarantees

In accordance with the funding requirements for the construction, production and operation of its new coking project, Risun China Gas further entered into (1) the ICBC Loan Agreement II with ICBC; (2) the SPD Bank Loan Agreement with SPD Bank; and (3) the Three New Powchan Financial Factoring Agreements with Powchan Financial.

As agreed by the Board, these loan facilities shall be guaranteed by the Group with an expected maximum payment obligation not exceeding RMB827.5 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 RMB3.77 million in aggregate.

3.1 *The Thirteenth Guarantee*

On December 29, 2022, Risun China Gas (as borrower) entered into the ICBC Loan Agreement II with ICBC (as lender), and the Company and Risun Group (as guarantors) entered into the ICBC Guarantee Agreement II with ICBC (as guaranteed party) as performance guarantee for Risun China Gas.

Date of agreements: December 29, 2022

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 plus a premium of 55 basis points. The prevailing 1-year LPR is 3.65% and the current applicable interest rate is 4.2%.

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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.

3.2 The Fourteenth Guarantee

On December 29, 2022, Risun China Gas (as borrower) entered into the SPD Bank Loan Agreement with SPD Bank (as lender), and Risun Group (as guarantor) entered into the SPD Bank Guarantee Agreement with SPD Bank (as guaranteed party) as performance guarantee for Risun China Gas.

Date of agreements: December 29, 2022

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

LETTER FROM THE BOARD

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 plus a premium of 85 basis points. The prevailing 1-year LPR is 3.65% and 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.

3.3 The Fifteenth Guarantee

On December 29, 2022, CCESSC (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 factor) entered into the Three New Powchan Financial Factoring Agreements, in which it is agreed that CCESSC shall transfer to Powchan Financial the accounts receivable amounting to RMB260 million in aggregate from Risun China Gas in order to obtain factoring payments. Powchan Financial (as creditor in the factoring transactions) shall have all the rights to the

LETTER FROM THE BOARD

accounts receivable from Risun China Gas. Risun Group and Powchan Financial entered into the Three New Powchan Financial Guarantee Agreements as performance guarantee for Risun China Gas.

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

Date of agreements:	December 29, 2022
Parties or relevant parties:	<p>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 factor) in respect of each and every definite factoring agreement under the Three New Powchan Financial Factoring Agreements</p> <p>Risun Group (as guarantor) and Powchan Financial (as guaranteed party) in respect of each and every definite factoring agreement under the Three New Powchan Financial Guarantee Agreements</p>
Factoring facility:	<p>Powchan Financial shall provide disclosed direct payment factoring for CCESCC by accepting the transfer from CCESCC of its creditor's rights to the accounts receivable under the underlying trade agreements between CCESCC and Risun China Gas.</p> <p>The creditor's rights to the accounts receivable shall comprise accounts receivable by CCESCC from Risun China Gas already incurred in the amount of RMB260 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.</p>
Factoring facility limit:	Powchan Financial shall provide Risun China Gas with a factoring facility of RMB260 million in aggregate.

LETTER FROM THE BOARD

The term of the factoring shall be 36 months starting from the date of the initial withdrawal and the interest shall be calculated at a rate 5.5% per annum. Each and every loan withdrawn shall be repaid within such term. Also, there shall be an one-off factoring fee of RMB12,880,000.

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 Three 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 Three New Powchan Financial Factoring Agreements as well as all expenses and costs incurred by Powchan Financial in realizing its rights under the Three New Powchan Financial Factoring Agreements and relevant guarantee rights.

The guarantee period of each and every principal debt under the Three 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 Three New Powchan Financial Factoring Agreements, it is expected that the maximum payment obligation to be guaranteed by the Group shall be up to approximately RMB282.4 million.

The guarantee fees to be charged by the Group to Risun China Gas for the Fifteenth Guarantee upon the execution of the Three New Powchan Financial Guarantee Agreements shall be RMB783,000, which is determined based on the calculated value of the guarantee as advised by an independent valuer.

LETTER FROM THE BOARD

4. 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.

Risun Group has been in charge of the daily management and operation of Risun China Gas, ranging from procurement, production, sales and marketing since August 2019. 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 audited revenue of Risun China Gas had increased from RMB1,811.9 million for the year ended December 31, 2020 to RMB2,926.6 million for the year ended December 31, 2021, while its audited net profits had increased from RMB158.6 million for the year ended December 31, 2020 to RMB298.0 million for the year ended December 31, 2021. The audited profits of Risun China Gas shared to the Group for the years ended December 31, 2020 and 2021 are RMB87.2 million and RMB163.8 million, respectively, representing 5.3% and 6.3% of the profit attributable to owners of the Company for the corresponding years.

The Proposed New Guarantees, together with the Existing Guarantees, are provided to Risun China Gas for the construction, production and operation of the new coking project. The Company expects that with the gradual commencement of operation of the newly constructed coking project of Risun China Gas by phrases by end of 2023, the Group's annual equity production capacity of coke is expected to gradually increase by 1.65 million tonnes by end of 2024, which will be the first year of full operation of new coking facilities. 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".

In light of the Group's managing role in Risun China Gas and the importance of the production facilities of Risun China Gas, it is justifiable that the Group provides full guarantees for the Proposed New Guarantees to empower Risun China Gas's continuous development, despite the Group's shareholding of 55% in it.

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 circular 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.

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The Company considers that the credit default risk of Risun China Gas is minimal based on the followings:

- (1) the Company has in depth familiarity with the financial position and business operation of Risun China Gas as it actively manages the daily operations of Risun China Gas. The majority of the senior management team of Risun China Gas are nominated by the Group. According to the management accounts of Risun China Gas, the unaudited net assets of Risun China Gas as at June 30, 2022 is approximately RMB855.3 million. Therefore the Company believes that Risun China Gas will have sufficient net assets to repay its debts guaranteed by the Group; and
- (2) to the best knowledge of the Directors, no credit default of Risun China Gas has occurred since the Group's investment in it. There are no foreseeable events indicating that Risun China Gas will be unable to meet its payment obligations under the respective financing agreements.

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.

5. 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

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approval thereof. As at the Latest Practicable Date, Texson directly holds 70.60% of the total issued share capital of the Company.

The Company obtained the written shareholder's approval from Texson on December 29, 2022 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.

6. Financial Effects of the Provision of the Guarantees

Assuming all the guarantee agreements under the Existing Guarantees and Proposed New Guarantees had been executed and effective as at the Latest Practicable Date, (i) there would be an increase in earnings of the Group which amounts to approximately RMB63.6 million, being the aggregate guarantee fees payable to the Group under the Existing Guarantees and Proposed New Guarantees, and the same will be recorded in the Group's statement of profit or loss; (ii) the contingent liabilities of the Group arising from the Existing Guarantees and the Proposed New Guarantees would amount to RMB3,164.2 million; and (iii) there would be no immediate effect on the assets and liabilities of the Group arising from the provision of the Existing Guarantees and the Proposed New Guarantees.

7. 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)).

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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.

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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.

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III. FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended December 31, 2019, 2020 and 2021 and for the six months ended June 30, 2022 are set out in the Company's 2019, 2020 and 2021 annual reports and the 2022 interim report, respectively.

Quick links to the annual reports and interim report of the Company are set out below:

- annual report of the Company for the year ended December 31, 2019 (refer to pages 138 to 294):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0512/2020051200405.pdf>
(English version)

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0512/2020051200406_c.pdf
(Chinese version)

- annual report of the Company the year ended December 31, 2020 (refer to pages from 131 to 282):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101627.pdf>
(English version)

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101628_c.pdf
(Chinese version)

- annual report of the Company the year ended December 31, 2021 (refer to pages from 125 to 282):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800359.pdf>
(English version)

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800360_c.pdf
(Chinese version)

- Interim report of the Company for the six months ended June 30, 2022 (refer to pages from 45 to 82):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0926/2022092600279.pdf>
(English version)

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0926/2022092600280_c.pdf
(Chinese version)

2. INDEBTEDNESS

2.1 Borrowings

At the close of business on November 30, 2022, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining the information contained in this indebtedness statement, the total outstanding bank and other loans of the Group were approximately RMB19,958 million, details of which are set out below:

	As of November 30, 2022
	<i>RMB in million</i>
	(Unaudited)
Bank loans	
Secured and guaranteed	8,097
Secured and unguaranteed	1,101
Unsecured and guaranteed	4,770
Unsecured and unguaranteed	5
Other loans	
Secured and guaranteed	2,743
Secured and unguaranteed	317
Unsecured and guaranteed	340
Unsecured and unguaranteed	45
Discounted bills financing – secured and unguaranteed	<u>2,540</u>
	<u><u>19,958</u></u>

As of November 30, 2022, the bank loans and other loans of approximately RMB9,198 million and RMB3,060 million, respectively, were secured by property, plant and equipment, leasehold land, inventories, trade receivables or restricted bank deposits which were owned by the Group. Discounted bills financing of approximately RMB2,540 million were secured by bank acceptance bills.

As of November 30, 2022, bank loans and other loans of RMB12,867 million and RMB3,083 million, respectively, were guaranteed, and the remaining bank loans, other loans and discounted bills financing were unguaranteed.

2.2 Lease obligation

At the close of business on November 30, 2022, the Group, as a lessee, has outstanding unpaid contractual lease payments for the remainder of the relevant lease terms amounting to approximately RMB774 million, which are neither secured nor guaranteed.

2.3 Guarantees and contingent liabilities

At the close of business on November 30, 2022, the Group had provided guarantees to certain banks and licensed finance companies relating to loan facilities granted to a certain joint venture of the Group, the outstanding balance of bank and other loans under these guarantees was RMB1,514 million.

At the close of business on November 30, 2022, a subsidiary of the Group is undergoing an arbitration with a contractor in respect of the services provided to one of its subsidiaries prior to May 2020. According to the analysis and opinion of the independent lawyer, the probable claim of the arbitration for the Group was approximate RMB157 million as at November 30, 2022. The Directors are of the view that after due consideration of the claims and counterclaims, no further legal obligation and provision should be made by the Group other than those arising from the ordinary course of business which have been recognized in trade payables as at November 30, 2022.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as of November 30, 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, recognized lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

After taking into account the resources currently available to the Group, including internally generated funds, external borrowings and the currently available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's vertically integrated business model and its experience of almost 27 years in the coal chemicals industry production chain allow the Group to tap into the downstream refined chemicals markets. With an aim of strengthening its leading position as a global coke and refined chemicals producer and supplier, the Group will make use of the establishment of new subsidiaries/joint ventures, acquisition of existing coke and refined chemicals producers, together with provision of operation management services to third parties, to achieve its aim.

Coke and refined chemicals

Looking forward to 2023, the Group will continue to increase the market share in independent coke market and certain refined chemicals market by expanding the annual coke production capacity, entering into different operation management services together with merger and acquisition (including forming joint ventures). For the price spread, the

Group will explore by using different kinds of coal in order to continuously improve the price spread by lowering the cost of coals and applying the advanced coal blending techniques.

The Group will also enhance the production capacity of refined chemicals facilities by expanding the production capacity of caprolactam (CPL) in Hebei Province and Shandong Province in the PRC. It is expected that the annual capacity of caprolactam (CPL) will reach 750,000 tons per annum and its industry ranking will come up to the leading position.

Hydrogen

The Group is going to participate actively into the hydrogen industrialization plan in different cities in the PRC, including Dingzhou, Xingtai and Baoding in the Hebei Province and Hohhot in Inner Mongolia, etc. The Group aims at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to develop from production, storage, transportation, hydrogenation to usage, together with radiation of intelligent supply of hydrogen to the whole country with advanced technology and more customer-oriented services.

1. RESPONSIBILITY STATEMENT

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.

2. DISCLOSURE OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of the Securities and Futures Ordinance) which were required to be recorded in the register referred to in section 352 of the Securities and Futures Ordinance, or which were required to be notified to the Company and the Stock Exchange (including interests and short positions which they were deemed or taken to have under provisions of the Securities and Futures Ordinance) pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance or the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules were as follows:

Name	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Director			
Mr. Yang Xuegang ⁽¹⁾	Interest in controlled corporation	3,124,478,928 (L)	70.60%
Mr. Han Qinliang	Beneficial owner	300,000 (L)	0.01%
Mr. Wang Feng Shan	Beneficial owner	432,000 (L)	0.01%
Mr. Yang Lu	Beneficial owner	6,230,000 (L)	0.14%

(L) denotes long positions

Note:

1. Texson is wholly-owned by Mr. Yang Xuegang. Accordingly, Mr. Yang Xuegang is deemed to be interested in the Shares held by Texson.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

(b) Substantial Shareholders

To the best knowledge of any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholder who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance was as follows:

Name	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Texson	Beneficial owner	3,124,478,928 (L)	70.60%

(L) denotes long positions

Save as disclosed above and to the best knowledge of the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance. As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which should fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, Yang Xuegang, a Director, is a director of Texson, which holds interests or short positions in the Shares and underlying Shares that are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group that is not determinable within one year without payment of compensation (other than statutory compensation).

5. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, to the knowledge of the Directors, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2021 (being the date up to which the latest published audited accounts of the Company were prepared).

7. SIGNIFICANT LITIGATION AND ARBITRATION

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, none of the members of the Group was engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts were entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and are or may be material:

- 8.1 the Placing Agreement dated May 26, 2021, entered into among the Company, Guotai Junan Securities (Hong Kong) Limited, Credit Agricole Corporate and Investment Bank, Essence International Securities (Hong Kong) Limited, Haitong International Securities Company Limited and China Tonghai Securities Limited, in relation to the placing of 350,000,000 new shares of the Company, details of which are set out in the Company's announcement dated May 26, 2021;
- 8.2 the Joint Venture Agreement dated June 30, 2021, entered into among Risun Investments (Hainan) Co., Ltd. (旭陽投資(海南)有限公司), a wholly-owned subsidiary of the Company, Tianjin Xintiangang Project Management Co., Ltd. (天津市新天鋼項目管理有限公司) and Stephanie Development Pte. Ltd. in relation to the joint

- establishment of PT. De Tian Coking Co., Ltd. (德天焦化(印尼)股份公司), details of which are set out in the Company's announcement dated June 30, 2021 and circular dated December 24, 2021;
- 8.3 the Joint Venture Agreement dated July 15, 2021, entered into among Risun Global Investments (Hainan) Co., Ltd. and Risun Global Limited (wholly-owned subsidiaries of the Company), Zoomwe Hong Kong Energy Trading Co., Limited and Dawn International Capital Pte. Ltd. in relation to the joint establishment of Risun Wei Shan (旭陽偉山新能源(印尼)有限公司) for the investment in the construction of a coking project in Morowali Industrial Park in Sulawesi, Indonesia, details of which are set out in the Company's announcement dated July 15, 2021 and circular dated December 24, 2021;
- 8.4 the Joint Venture Agreement dated July 16, 2021, entered into among Risun Investments (Hainan) Co., Ltd. (a wholly-owned subsidiary of the Company), Hainan Jinmancheng Technology Investment Company Limited (海南金滿成科技投資有限公司), New Era Development Pte. Ltd., Hainan Dongxin Corporate Management Partnership (Limited Partnership)* and Jiangsu Shagang Coking Investment Company Limited* in relation to the joint establishment of PT. KinXiang New Energy Technologies Indonesia for the investment in the construction of a coking project in Morowali Industrial Park in Central Sulawesi, Indonesia, details of which are set out in the Company's announcements dated November 12, 2021 and December 3, 2021 and circular dated December 24, 2021;
- 8.5 the Borrowing Agreement dated July 28, 2021, entered into between Risun Group and Risun China Gas, pursuant to which Risun Group agreed to provide a short-term borrowing in the amount of RMB200 million to Risun China Gas, details of which are set out in the announcement of the Company dated November 17, 2021;
- 8.6 the Borrowing Agreement dated September 13, 2021, entered into between Risun Group and Risun China Gas, pursuant to which Risun Group agreed to provide a short-term borrowing in the amount of RMB100 million to Risun China Gas, details of which are set out in the announcement of the Company dated November 17, 2021;
- 8.7 the Guarantee Agreement dated September 27, 2021, entered into between Risun Group and Hua Xu International Financial Leasing Co., Ltd. (華旭國際融資租賃有限公司), pursuant to which Risun Group will provide guarantee of up to RMB644.7 million of the timely performance of the obligations of Risun China Gas in a finance lease agreement with Hua Xu International Financial Leasing Co., Ltd. dated September 27, 2021, details of which are set out in the announcement of the Company dated November 17, 2021;

- 8.8 the Borrowing Agreement dated November 17, 2021, entered into between Risun Group and Risun China Gas, pursuant to which Risun Group agreed to provide a short-term borrowing in the amount of RMB100 million to Risun China Gas, details of which are set out in the announcement of the Company dated November 17, 2021;
- 8.9 the Guarantee Agreement dated November 17, 2021, entered into between each of Risun Group and Hebei Risun Energy Limited and Zhejiang Zheyin Financial Leasing Co., Ltd. (浙江浙銀金融租賃股份有限公司), pursuant to which Risun Group and Hebei Risun Energy Limited will provide guarantee of up to RMB105.4 million of the timely performance of the obligations of Risun China Gas in a finance lease agreement with Zhejiang Zheyin Financial Leasing Co., Ltd. dated November 17, 2021, details of which are set out in the announcement of the Company dated November 17, 2021;
- 8.10 the Guarantee Agreement dated January 22, 2022, entered into between each of Risun Group and Hebei Risun Energy Limited and China Everbright Bank Company Limited, pursuant to which Risun Group and Hebei Risun Energy Limited will provide guarantee of up to RMB84.4 million of the timely performance of the obligations of Risun China Gas in a loan agreement with China Everbright Bank Company Limited dated January 22, 2022, details of which are set out in the announcement of the Company dated January 23, 2022;
- 8.11 the Limited Partnership Agreement dated March 24, 2022, entered into between Hebei Risun Energy Limited (河北旭陽能源有限公司), a wholly-owned subsidiary of the Company and Great Wall (Tianjin) Equity Investment Fund Management Co., Ltd. (長城(天津)股權投資基金管理有限責任公司) in relation to the joint establishment of Wuhu Changyu Investment Centre (Limited Partnership) (蕪湖長餘投資中心(有限合伙)), details of which are set out in the Company's announcement dated March 24, 2022;
- 8.12 the Guarantee Agreement dated May 30, 2022, entered into between each of Risun Group and Hebei Risun Energy Limited and Zhejiang Zheyin Financial Leasing Co., Ltd., pursuant to which Risun Group and Hebei Risun Energy Limited will provide guarantee of up to RMB278.83 million of the timely performance of the obligations of Risun China Gas in a finance lease agreement with Zhejiang Zheyin Financial Leasing Co., Ltd. dated May 30, 2022, details of which are set out in the Company's announcement dated July 4, 2022;
- 8.13 the Guarantee Agreement dated June 27, 2022, entered into between Risun Group and Yuan Hui Commercial Factoring (Tianjin) Co., Ltd. (元滙商業保理(天津)有限公司), pursuant to which Risun Group will provide guarantee of up to RMB108 million of the timely performance of the obligations of Risun China Gas and Risun Marketing in a factoring agreement with Yuan Hui Commercial Factoring (Tianjin) Co., Ltd. dated June 27, 2022, details of which are set out in the announcement of the Company dated July 4, 2022;

- 8.14 the Guarantee Agreements dated July 4, 2022, entered into between each of the Company, Risun Group and Hebei Risun Energy Limited (as guarantors) and Cinda Financial Leasing Co., Ltd.*, pursuant to which the Company, Risun Group and Hebei Risun Energy Limited will provide guarantee of up to RMB705.63 million of the timely performance of the obligations of Risun China Gas in a finance lease agreement with Cinda Financial Leasing Co., Ltd.* dated July 4, 2022, details of which are set out in the announcement of the Company dated July 4, 2022; and
- 8.15 the Investment Agreement dated July 27, 2022, entered into among Xiamen Xiangyue Investment Partnership Enterprise (LP) (廈門象悅投資合夥企業(有限合夥)), Risun Group and Hebei Risun Energy Limited pursuant to which Xiamen Xiangyue Investment Partnership Enterprise (LP) agreed to make additional capital injection of RMB600 million to Hebei Risun Energy Limited by way of cash injection, details of which are set out in the announcement of the Company dated July 27, 2022.

9. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group from December 31, 2021 (being the date up to which the latest published audited accounts of the Company were prepared) up to the Latest Practicable Date.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Mr. Ho Pui Lam Joseph, a fellow of the Hong Kong Institute of Certified Public Accountants.
- (d) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The headquarters of the Company is at Building 1, Risun Plaza, Sihezhuang No. 2 Road, Huaxiang Town, Fengtai District, Beijing, PRC.
- (f) The principal place of business of the Company in Hong Kong is at Room 2001, 20/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.
- (g) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited.
- (h) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited.

- (i) In case of any inconsistency between the English and Chinese versions of this circular, the English version shall prevail.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Hong Kong Stock Exchange's website at <http://www.hkexnews.hk> and the Company's own website at <http://www.risun.com> for a period of 14 days from the date of this circular:

- (a) the ICBC Guarantee Agreement I;
- (b) the Yangtze FL Guarantee Agreement;
- (c) the Original Powchan Financial Guarantee Agreement;
- (d) the ICBC Guarantee Agreement II;
- (e) the SPD Bank Guarantee Agreement;
- (f) the Three New Powchan Financial Guarantee Agreements; and
- (g) the material contracts referred to in the section headed "Material Contracts" in this appendix II.