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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)**

**CONNECTED TRANSACTION  
ACQUISITION OF PROPERTIES AS STAFF QUARTERS**

**THE PROPERTY ACQUISITION**

The Board is pleased to announce that on August 30, 2021, Hebei Risun Energy (a wholly-owned subsidiary of the Company, as the purchaser) and Dingzhou Risun Real Estate (as the vendor) entered into the Property Acquisition Framework Agreement, pursuant to which Hebei Risun Energy agreed to acquire from Dingzhou Risun Real Estate 205 units in Apartment Building A1#, South Side, Phase 1, Risun Fortune City, which is developed by Dingzhou Risun Real Estate, as staff quarters at a total consideration of not exceeding RMB80,809,000.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Dingzhou Risun Real Estate is a company beneficially owned by Mr. Yang Xuegang, the chairman and chief executive officer of the Company, and his spouse. As such, Dingzhou Risun Real Estate is an associate of Mr. Yang Xuegang and a connected person of the Company, and the Property Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Property Acquisition exceeds 0.1% but is less than 5.0%, the Property Acquisition is subject to the announcement and annual reporting requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## **I. PROPERTY ACQUISITION FRAMEWORK AGREEMENT**

Major terms of the Property Acquisition Framework Agreement are set out below:

### **Date**

August 30, 2021

### **Parties**

- (i) Hebei Risun Energy (as the purchaser)
- (ii) Dingzhou Risun Real Estate (as the vendor)

### **Target Properties**

Pursuant to the Property Acquisition Framework Agreement, Hebei Risun Energy has agreed to acquire from Dingzhou Risun Real Estate 205 units in Apartment Building A1#, South Side, Phase 1, Risun Fortune City, which is developed by Dingzhou Risun Real Estate, as staff quarters. The Target Properties are located to the north of Jungong Road, Dingzhou, Hebei Province, the PRC, with an aggregate gross floor area of approximately 10,774.63 square meters. The total consideration for the Property Acquisition will not exceed RMB80,809,000. The parties will enter into a separate commodity house sale and purchase agreement for each of the units of the Target Properties and transfer the purchase price of each unit pursuant to the agreed-upon terms in accordance with the relevant laws and regulations of the PRC and the requirements of the local government authorities.

The aforementioned consideration was determined after arm's length negotiation with reference to the average selling price of approximately RMB7,600 per square meter of comparable properties of the same category in the open markets near Risun Fortune City. The final unit price of the Target Properties is RMB7,500 per square meter.

## **Representations, Warranties and Undertakings of the Vendor**

1. The vendor has complete right and capacity required to enter into and perform the obligations under the Property Acquisition Framework Agreement; has obtained all approvals, permits, authorizations and consents required to enter into and perform the obligations under the Property Acquisition Framework Agreement; and will be legally and effectively bound by such agreement immediately upon their execution.
2. The execution and performance of the Property Acquisition Framework Agreement will not result in the vendor's (1) violation of any relevant laws; (2) breach of its constitution or other association documents; (3) violation or breach of any agreements or documents to which it is a party or by which it is bound; (4) violation of any condition of the granting and/or ongoing effectiveness of any permits or approvals granted to it; or (5) triggering the suspension, termination or withdrawal of, or the addition of any new conditions to, any permits or approvals granted to it.
3. The vendor has obtained legal state-owned land use rights certificates, construction planning permits, construction work commencement permits and permits for advance sale of commodity houses for the Target Properties, and warrants that the Target Properties comply with laws, regulations and the standards required by government authorities, as well as the specific requirements set out in the commodity house sale and purchase agreements to be subsequently entered into by the parties, or otherwise it will compensate the loss incurred by the purchaser in accordance with the agreement on liabilities for breach of contract.
4. The vendor undertakes to apply for title documents of the properties for the purchaser in a timely manner in accordance with the specific requirements set out in the commodity house sale and purchase agreements to be subsequently entered into by the parties, or otherwise compensate the loss incurred by the purchaser in accordance with the agreement on liabilities for breach of contract.
5. The vendor will duly address any outstanding issues during the performance of the Property Acquisition Framework Agreement and any related agreements jointly with the other party in accordance with the requirements under the laws and regulations of the PRC.

## **Representations, Warranties and Undertakings of the Purchaser**

1. The Purchaser has complete right, authority and capacity required to enter into and perform the obligations under the Property Acquisition Framework Agreement; has obtained all approvals, permits, authorizations and consents required to enter into and perform the obligations under the Property Acquisition Framework Agreement; and will be legally and effectively bound by the Property Acquisition Framework Agreement immediately upon its execution.

2. The execution and performance of the Property Acquisition Framework Agreement will not result in the purchaser's: (1) violation of any relevant laws; (2) breach of its constitution or other association documents; (3) violation or breach of any agreements or documents to which it is a party or by which it is bound; (4) violation of any condition of the granting and/or ongoing effectiveness of any permits or approvals granted to it; or (5) triggering the suspension, termination or withdrawal of, or the addition of any new conditions to, any permits or approvals granted to it.

## **II. REASONS FOR AND BENEFITS OF THE PROPERTY ACQUISITION**

The Group's production base in Dingzhou has over 2,200 employees. To meet the labor requirement for the Group's development of new projects (including but not limited to hydrogen energy projects) in its production base in Dingzhou, the Group intends to recruit over 300 employees from different universities and enterprises across the PRC in the second half of 2021. However, the current living quarters and facilities in the production base in Dingzhou are inadequate. The Property Acquisition can effectively ease the pressure of the demand for staff quarters, improve the staff's welfare, attract more talent from across the PRC to join the Group and foster the Group's development for the Group to overcome future challenges and seize future opportunities.

Furthermore, as the Target Properties are located near the production base in Dingzhou, the Group believes that it will not only provide accommodations to, but also reduce the commuting distance and time of, its staff. In addition, the price of RMB7,500 per square meter is slightly more favorable than the average selling prices on the market and is therefore in the long-term interest of the Group.

The Directors (including the independent non-executive Directors) are of the view that even though the Property Acquisition Framework Agreement and the transactions contemplated thereunder are not conducted in the Group's ordinary and usual course of business, they are necessary for the operation of the Group's daily operation and are entered into on normal commercial terms or better during the ordinary course of business of the Group, and that the terms of the Property Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the ultimate beneficial owner of Dingzhou Risun Real Estate, Mr. Yang Xuegang has abstained from voting on the Board resolution approving the Property Acquisition Framework Agreement and the transactions contemplated thereunder in accordance with the Company's articles of association.

## **III. IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Dingzhou Risun Real Estate is a company beneficially owned by Mr. Yang Xuegang, the chairman and chief executive officer of the Company, and his spouse. As such, Dingzhou Risun Real Estate is an associate of Mr. Yang Xuegang and a connected person of the Company, and the Property Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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#### **IV. GENERAL INFORMATION**

##### **The Company and Hebei Risun Energy**

The Company is a leading integrated coke, coking chemical and refined chemical producer and supplier in the PRC with customers located in both the PRC and abroad. The Group initially operated four production bases in Hebei Province, the PRC and has since then expanded its operations to other provinces of the PRC, such as Inner Mongolia Autonomous Region and Shandong Province. It intends to gradually extend its overseas presence to Sulawesi Province, the Republic of Indonesia. Hebei Risun Energy is an indirect wholly-owned subsidiary of the Company and is principally engaged in, among other things, the production and sale of coke, coking chemical and hydrogen energy products in Dingzhou, Hebei Province, the PRC.

##### **Dingzhou Risun Real Estate**

Dingzhou Risun Real Estate is a company incorporated in the PRC with limited liability on July 8, 2010 and a wholly-owned subsidiary of Xuyang Holding. It was established and is beneficially owned by Mr. Yang Xuegang and his spouse. Dingzhou Risun Real Estate is engaged in real estate development, sale and investment in Dingzhou, Hebei Province, the PRC.

#### **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Company”	China Risun Group Limited (中國旭陽集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 8, 2007 and listed on the Stock Exchange (stock code: 1907)
“Dingzhou Risun Real Estate”	Dingzhou Risun Real Estate Development Co., Ltd.* (定州旭陽房地產開發有限公司), a company incorporated in the PRC with limited liability on July 8, 2010 and a connected person of the Company

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hebei Risun Energy”	Hebei Risun Energy Limited* (河北旭陽能源有限公司), a company incorporated in the PRC with limited liability on October 30, 2003 and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Phase 1, Risun Fortune City”	a project developed and constructed by Dingzhou Risun Real Estate, located in Dingzhou, Hebei Province, the PRC
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region
“Property Acquisition”	the acquisition of the Target Properties as staff quarters by Hebei Risun Energy from Dingzhou Risun Real Estate pursuant to the Property Acquisition Framework Agreement
“Property Acquisition Framework Agreement”	the Property Acquisition Framework Agreement entered into between Hebei Risun Energy and Dingzhou Risun Real Estate on August 30, 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Properties”	205 units in Apartment Building A1#, South Side, Phase 1, Risun Fortune City
“Xuyang Holding”	Xuyang Holding Limited* (旭陽控股有限公司), a company established in the PRC with limited liability on August 4, 2004

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

Hong Kong, August 30, 2021

*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*