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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  
FURTHER ACQUISITION OF PROPERTIES**

**PROPERTY ACQUISITION**

Reference is made to the announcement published by the Company on August 30, 2021 in relation to the acquisition from Dingzhou Risun Real Estate of certain properties, which are developed by Dingzhou Risun Real Estate, by Hebei Risun Energy (a wholly-owned subsidiary of the Company). The Board hereby announces that on June 10, 2022, Hebei Risun Energy (a wholly-owned subsidiary of the Company, as purchaser) and Dingzhou Risun Real Estate (as vendor) entered into the Second Property Acquisition Framework Agreement, pursuant to which Hebei Risun Energy has agreed to acquire Commercial Buildings A1A2A3# with an aggregate gross floor area of approximately 1,097.97 square meters and 59 underground parking spaces at South Side, Phase 1, Risun Fortune City, which are developed by Dingzhou Risun Real Estate, from Dingzhou Risun Real Estate as ancillary facilities for the employees in the Group's Dingzhou production base at a total consideration of not exceeding RMB18.849 million.

**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 (on a stand-alone basis or when aggregated with the Previous 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. SECOND PROPERTY ACQUISITION FRAMEWORK AGREEMENT**

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

### **Date**

June 10, 2022

### **Parties**

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

### **Target Properties**

Pursuant to the Second Property Acquisition Framework Agreement, Hebei Risun Energy has agreed to acquire Commercial Buildings A1A2A3# with an aggregate gross floor area of approximately 1,097.97 square meters and 59 underground parking spaces at South Side, Phase 1, Risun Fortune City, which are developed by Dingzhou Risun Real Estate, from Dingzhou Risun Real Estate as canteen, laundry room, multi-purpose activity room and car park for the Group's employees in Dingzhou. The total consideration shall not exceed RMB18.849 million. The parties will enter into a separate commodity house sale and purchase agreement for each of the units of the Target Properties and pay 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 local government authorities.

The aforementioned consideration for the commercial buildings was determined after arm's length negotiation with reference to the average selling price of approximately RMB17,980 per square meter of comparable properties of the same category in the area surrounding Risun Fortune City in the open market. The final selling price of the Target Properties is RMB12,195 per square meter.

Moreover, the aforementioned consideration for the underground parking spaces was determined after arm's length negotiation with reference to the average selling price of approximately RMB115,000 per parking space of underground parking spaces of the same category in the area surrounding Risun Fortune City in the open market. The final selling price of the target underground parking spaces is RMB90,000 per parking space.

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

1. The vendor has full right and capacity required to enter into and perform the Second Property Acquisition Framework Agreement; has obtained all approvals, permits, authorizations and consents required to enter into and perform the Second Property Acquisition Framework Agreement; and shall be legally and effectively bound by the Second Property Acquisition Framework Agreement immediately upon its execution.
2. The execution and performance of the Second Property Acquisition Framework Agreement by the vendor shall not result in the (1) vendor's violation of any relevant laws; (2) vendor's breach of its constitution or other association documents; (3) vendor's violation or breach of any agreements or documents to which it is a party or by which it is bound; (4) vendor's violation of any condition of the granting and/or ongoing effectiveness of any permits or approvals granted to it; or (5) suspension, termination or withdrawal of, or addition of any new conditions to, any permits or approvals granted to it.
3. The vendor has obtained the legal state-owned land use right certificates, construction planning permits, construction work commencement permits and permits for pre-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 shall 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 ownership certificates 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 shall duly address any outstanding issues during the performance of the Second 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 full right, authority and capacity required to enter into and perform the Second Property Acquisition Framework Agreement; has obtained all approvals, permits, authorizations and consents required to enter into and perform the Second Property Acquisition Framework Agreement; and shall be legally and effectively bound by the Second Property Acquisition Framework Agreement immediately upon its execution.
2. The execution and performance of the Second Property Acquisition Framework Agreement by the purchaser shall not result in the: (1) purchaser's violation of any relevant laws; (2) purchaser's breach of its constitution or other association documents; (3) purchaser's violation or breach of any agreements or documents to which it is a party or by which it is bound; (4) purchaser's violation of any condition of the granting and/or ongoing effectiveness of any permits or approvals granted to it; or (5) suspension, termination or withdrawal of, or addition of any new conditions to, any permits or approvals granted to it.

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

To meet the labor requirement for the new development projects (including but not limited to hydrogen energy projects) in its production base in Dingzhou, the Group has been recruiting from different universities and enterprises across the PRC in recent years. The number of employees at the Group's production base in Dingzhou continues to increase and is expected to be over 2,400 by the end of 2022. Meanwhile, in December 2021, certain leasehold lands of the Group's production base in Dingzhou were acquired by the Dingzhou Municipal Natural Resources and Planning Bureau (定州市自然資源和規劃局) and the staff quarters originally built on these lands will be demolished. As a result, the supply of staff quarters will decrease accordingly.

In view of the above reasons, the existing staff ancillary facilities in the production base in Dingzhou are inadequate. The Property Acquisition can further ease the pressure of the demand for staff facilities and provide ancillary facilities (such as property management, canteens and other basic facilities) which are currently lacking in the staff quarters, so as to address the concern of the Group's employees and motivate them to dedicate their best efforts to fostering the Group's development, thus allowing the Group to overcome future challenges and seize future opportunities.

In addition, the prices of RMB12,195 per square meter of commercial buildings and RMB90,000 per parking space are more favorable than the average selling prices in the market and are therefore in the long-term interest of the Group. Furthermore, the acquisition of parking spaces can meet the demand of some employees.

The Directors (including the independent non-executive Directors) are of the view that even though the Second Property Acquisition Framework Agreement and the transactions thereunder are not conducted in the Group's ordinary and usual course of business, they are necessary for 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 Second Property Acquisition Framework Agreement are fair and reasonable and in the interests of the Company and its 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 Second Property Acquisition Framework Agreement and the transactions thereunder as required under 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.

As the highest applicable percentage ratio in respect of the Property Acquisition (on a stand-alone basis or when aggregated with the Previous 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.

### **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 both in the PRC and abroad. The Group initially operated four production bases in Hebei Province, the PRC and has since then extended its businesses to other provinces of the PRC, such as Inner Mongolia Autonomous Region and Shandong Province, and expanded its foreign operation to Sulawesi Province, Republic of Indonesia progressively. 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, among other things, 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” or “Vendor”	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 on July 8, 2010 with limited liability and a connected person of the Company
“Director(s)”	the director(s) of the Company
“First Property Acquisition Framework Agreement”	the Property Acquisition Framework Agreement entered into between Hebei Risun Energy and Dingzhou Risun Real Estate on August 30, 2021
“Group”	the Company and its subsidiaries
“Hebei Risun Energy” or “Purchaser”	Hebei Risun Energy Limited* (河北旭陽能源有限公司), a company incorporated in the PRC on October 30, 2003 with limited liability 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, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region
“Previous Property Acquisition”	the transaction involving the acquisition of properties as staff quarters by Hebei Risun Energy from Dingzhou Risun Real Estate pursuant to the First Property Acquisition Framework Agreement
“Property Acquisition”	the transaction involving the acquisition of the Target Properties by Hebei Risun Energy from Dingzhou Risun Real Estate pursuant to the Second Property Acquisition Framework Agreement
“Second Property Acquisition Framework Agreement”	the property acquisition framework agreement entered into between Hebei Risun Energy and Dingzhou Risun Real Estate on June 10, 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Properties”	Commercial Buildings A1A2A3# with an aggregate gross floor area of approximately 1,097.97 square meters and 59 underground parking spaces at South Side, Phase 1, Risun Fortune City, which are located to the north of Jungong Road, Dingzhou, Hebei Province, the PRC
“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 and a connected person of the Company

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

Hong Kong, June 10, 2022

*As at the date of this announcement, the executive Directors are Mr. Yang Xuegang, Mr. Zhang Yingwei, Mr. Han Qinliang, Mr. Wang Fengshan, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.*

\* For identification purpose only