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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)

**DISCLOSEABLE TRANSACTION
CAPITAL INJECTION TO HEBEI RISUN ENERGY**

THE CAPITAL INJECTION

The Board is pleased to announce that on July 27, 2022 (after trading hours), Xiamen Xiangyue, Risun Group and Hebei Risun Energy entered into the Investment Agreement, pursuant to which Xiamen Xiangyue agreed to make additional capital injection of RMB600 million to Hebei Risun Energy by way of cash injection, among which, RMB80 million will contribute to the registered share capital and the excess amount of RMB520 million will contribute to the capital reserve of Hebei Risun Energy.

Immediately prior to the Capital Injection, Hebei Risun Energy was wholly owned by Risun Group. Upon completion of the Capital Injection, Hebei Risun Energy's registered share capital will increase from RMB1,000 million to RMB1,080 million, and it will be owned as to 92.61% by Risun Group and 7.39% by Xiamen Xiangyue. Hebei Risun Energy will continue to be a subsidiary of the Group after the Capital Injection.

LISTING RULES IMPLICATION

The Capital Injection constitutes a deemed disposal of the Group's equity interest in Hebei Risun Energy under Rule 14.29 of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) for the Capital Injection exceeds 5% but all are less than 25%, the Capital Injection constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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THE INVESTMENT AGREEMENT

The major terms of the Investment Agreement are as follows:

- Date:** July 27, 2022 (after trading hours)
- Parties:** Xiamen Xiangyue;
Risun Group; and
Hebei Risun Energy
- Consideration:** RMB600 million, which was arrived at after arm's length negotiations among Xiamen Xiangyue, Risun Group and Hebei Risun Energy with reference to the unaudited net assets value of Hebei Risun Energy of RMB6,264 million as at June 30, 2022.

**Conditions
Precedent for the
Completion:** The Completion of the Capital Injection shall be subject to the satisfaction of customary condition precedents including without limitation to:

- (1) the parties have complied with all relevant and applicable legal regulations and obtained all internal and external approvals in relation to the execution of the Investment Agreement, the Capital Injection and the related affairs, such as adoption of new articles of association;
- (2) Hebei Risun Energy shall have only one supervisor, who is appointed by Xiamen Xiangyue; and
- (3) Risun Group has paid up all the subscribed registered share capital to Hebei Risun Energy.

**Industrial and
commercial
Registration
update:** Risun Group and Hebei Risun Energy shall, within 10 working days from the date of signing the Investment Agreement, sign other transaction documents relating to the Capital Injection (including but not limited to the requisite shareholders' resolutions, board resolutions, and the new articles of association, etc.), complete the industrial and commercial registration and update the register of members of Hebei Risun Energy.

**Payment and
completion:** Hebei Risun Energy shall issue a payment notice to Xiamen Xiangyue upon the satisfaction of the conditions precedent as set out in the Investment Agreement and Xiamen Xiangyue shall make payment of the Consideration within fifteen working days upon receipt of the payment notice. The date when Xiamen Xiangyue pays the agreed capital contribution to the designated account of Hebei Risun Energy in accordance with the Investment Agreement is the completion date, and it is deemed that Xiamen Xiangyue has completed the payment obligation for capital contribution to Hebei Risun Energy under the Investment Agreement. Hebei Risun Energy shall deliver relevant closing documents to Xiamen Xiangyue on the completion date, including but not limited to the original capital contribution certificate of Xiamen Xiangyue.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Company is a leading integrated coke, coking chemical and refined chemical producer and supplier in the PRC and Xiamen Xiangyue is controlled by XMXYG. The businesses of XMXYG include commodity supply chain, urban development and operation, integrated financial services, port and shipping, innovation incubation, etc.

The Directors consider that the Capital Injection is beneficial to the Group, because this will widen and deepen the strategic cooperation between XMXYG and the Group by making use of the equity capital advantages of each other. On this basis, both parties will increase international and domestic trade cooperation and enhance the cooperation of integrating and extending industrial chains in different industries. It will also strengthen the capital base and enhance the competitiveness of Hebei Risun Energy.

The Directors are of the view that the terms of the Capital Injection are on normal commercial terms, fair and reasonable and in the interests of the Group and its shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

Xiamen Xiangyue

Xiamen Xiangyue is a limited partnership, in which Xiamen Jinniu Industrial Venture Capital Co., Ltd.* (廈門金牛興業創業投資有限公司) and Inner Mongolia Xingruiheng Trading Co., Ltd.* (內蒙古興瑞恒貿易有限公司) holds 83.17% and 16.67% limited partner interests respectively and Xiamen Xinjinniu Investment Advisory Co., Ltd.* (廈門鑫金牛投資諮詢有限公司) holds 0.16% general partner interests.

Xiamen Jinniu Industrial Venture Capital Co., Ltd.* is a wholly-owned subsidiary of XMXYG and its principal business is venture capital and advisory services.

Inner Mongolia Xingruiheng Trading Co., Ltd.* is a company established in the PRC with limited liability on April 28, 2021 and its ultimate beneficial owner is Zhao Yang, an independent third party of the Company. Its principal business is trading of mineral materials such as coal and iron ore in the PRC.

Xiamen Xinjinniu Investment Advisory Co., Ltd.* is a wholly-owned subsidiary of XMXYG and its principal business is investment advisory service.

XMXYG was founded on November 28, 1995 and listed on the Shanghai Stock Exchange (600057.SH). XMXYG is committed to the mission of benefiting the world and achieving success together and is engaged in industrial investment and specialized operation. The businesses of XMXYG include commodity supply chain, urban development and operation, integrated financial services, port and shipping, innovation incubation, etc.

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

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 businesses 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.

As at the date of this announcement, Risun Group is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

As at the date of this announcement, Hebei Risun Energy is an indirect wholly-owned subsidiary of the Company and is principally engaged in the production of coke and coking products.

Set out below is certain financial information of Hebei Risun Energy, as extracted from the audited financial statements of Hebei Risun Energy for the two financial years ended December 31, 2021 and 2020 which were prepared in accordance with the IFRS.

	For the year ended	
	December 31	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Net profit before taxation	2,305,809	1,559,702
Net profit after taxation	1,969,178	1,341,459

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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
“Capital Injection”	the cash injection of RMB600 million into Hebei Risun Energy by Xiamen Xiangyue pursuant to the Investment Agreement
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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) (formerly known as Hebei Risun Coking Limited* (河北旭陽焦化有限公司)), a company established in the PRC with limited liability on October 30, 2003 and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“IFRS”	the International Financial Reporting Standards issued by the International Accounting Standards Board from time to time
“Investment Agreement”	the investment agreement entered into among Xiamen Xiangyue, Risun Group and Hebei Risun Energy on July 27, 2022 (after trading hours) in respect of the Capital Injection
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	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

“RMB”	Renminbi, the lawful currency of the PRC
“Risun Group”	Risun Group Limited* (旭陽集團有限公司) (formerly known as Risun Chemicals Limited* (旭陽化工有限公司)), a company established in the PRC with limited liability on January 8, 2010 and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Xiangyue”	Xiamen Xiangyue Investment Partnership Enterprise (LP)* (廈門象悅投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on August 21, 2020 and an independent third party of the Company
“XMXYG”	XMXYG Co., Ltd.* (廈門象嶼集團有限公司), a company established in the PRC with limited liability on November 28, 1995 and listed on the Shanghai Stock Exchange (600057.SH), and an independent third party of the Company
“%”	per cent

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

Hong Kong, July 27, 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