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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 CANGZHOU RISUN CHEMICALS**

### **THE CAPITAL INJECTION**

The Board is pleased to announce that on December 17, 2024, Shenzhen Venture Capital, Risun Group, Risun Coal Chemicals, Cangzhou Risun Chemicals and Mr. Yang Xuegang (as the ultimate controller of Cangzhou Risun Chemicals) entered into the Capital Injection Agreement, pursuant to which Shenzhen Venture Capital agreed to make additional capital injection of RMB800 million to Cangzhou Risun Chemicals by way of cash injection, among which, approximately RMB632.01 million will contribute to the registered share capital and the excess amount of approximately RMB167.99 million will contribute to the capital reserve of Cangzhou Risun Chemicals.

Immediately prior to the Capital Injection, Cangzhou Risun Chemicals was owned as to 99.99% and 0.01% by Risun Group and Risun Coal Chemicals respectively. Upon completion of the Capital Injection, Cangzhou Risun Chemicals' registered share capital will increase from approximately RMB3,583.95 million to approximately RMB4,215.96 million, and it will be owned as to 85.00% by Risun Group, 14.99% by Shenzhen Venture Capital and 0.01% by Risun Coal Chemicals. Cangzhou Risun Chemicals 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 Cangzhou Risun Chemicals 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 and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE CAPITAL INJECTION

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## THE CAPITAL INJECTION AGREEMENT

The major terms of the Capital Injection Agreement are as follows:

<b>Date:</b>	December 17, 2024
<b>Parties:</b>	Shenzhen Venture Capital; Risun Group; Risun Coal Chemicals; Cangzhou Risun Chemicals; and Mr. Yang Xuegang (who signed the Capital Injection Agreement as the ultimate controller of Cangzhou Risun Chemicals)
<b>Investment Amount:</b>	RMB800 million, which was arrived at after arm's length negotiations among Shenzhen Venture Capital, Risun Group, Risun Coal Chemicals and Cangzhou Risun Chemicals with reference to the unaudited consolidated net assets value of Cangzhou Risun Chemicals of RMB4,320.52 million as at June 30, 2024.

Unless written consent is obtained from Shenzhen Venture Capital, the investment money can only be used for purposes related to the production and operation of Cangzhou Risun Chemicals, including the production of refined chemicals, the expansion and modification of the caprolactam project, etc..

- 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) Cangzhou Risun Chemicals issuing a payment notice to Shenzhen Venture Capital and providing a shareholders' resolution approving the Capital Injection and a resolution of Risun Group and Risun Coal Chemicals waiving their preemptive rights;
  - (2) Cangzhou Risun Chemicals and its subsidiaries having no share pledge, freeze, or other circumstances that would affect the industrial and commercial registration in respect of the Capital Injection, and there being no material adverse events having occurred; and
  - (3) there being no claims attempting to restrict the Capital Injection or cause material adverse effects on it, and no court or government judgments or rulings that may restrict, prohibit, or cancel the Capital Injection.

**Payment and Completion:** Within 15 working days after the satisfaction of the conditions precedent set out in the Capital Injection Agreement, Shenzhen Venture Capital shall pay the entire investment amount. The date on which Shenzhen Venture Capital pays the investment amount to the designated account of Cangzhou Risun Chemicals in accordance with the Capital Injection Agreement shall be the completion date.

**Industrial and Commercial Registration Update:** Risun Group, Risun Coal Chemicals and Cangzhou Risun Chemicals shall, within 20 working days from the completion date, 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 Cangzhou Risun Chemicals.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Company is a leading integrated coke, coking chemicals and refined chemicals (including hydrogen-energy products) producer and supplier as well as relevant operation management services provider in the PRC. Shenzhen Venture Capital is principally engaged in equity investment, venture capital investment and investment management.

The Directors consider that the Capital Injection is beneficial to the Group, because this will widen and deepen the strategic cooperation between Shenzhen Venture Capital and the Group by making use of the equity capital advantages of each other. In view of this, the two parties will strengthen cooperation in the new materials industry and industrial funds, develop new models for the Group's future development, and assist the Group's transformation into the new materials industry. The Capital Injection will also strengthen the capital base and enhance the competitiveness of Cangzhou Risun Chemicals.

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**

### **Shenzhen Venture Capital**

Shenzhen Venture Capital is a limited partnership established in the PRC on June 28, 2020. Shenzhen Venture Capital is principally engaged in equity investment, venture capital investment and investment management. Shenzhen Venture Capital is owned by (1) National Manufacturing Transformation and Upgrading Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) as to 81.82%, Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) as to 7.27%, Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司) as to 5.45%, Shenzhen Luohu Guidance Fund Investment Co., Ltd. (深圳市羅湖引導基金投資有限公司) as to 3.64%, Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) as to 1.32%, as the limited partners, and (2) Shenzhen Venture Capital Red Earth Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (深創投紅土私募股權投資基金管理(深圳)有限公司) as to 0.5%, as the general partner.

National Manufacturing Transformation and Upgrading Fund Co., Ltd. is owned by the Ministry of Finance of the PRC (中國財政部) as to 15.29%, China Development Bank Capital Co., Ltd. (國開金融有限責任公司) as to 13.59%, China National Tobacco Corporation (中國煙草總公司) as to 10.19%, China Insurance Investment Fund II (Limited Partnership) (中國保險投資基金二期(有限合夥)) as to 10.19%, Beijing Yizhuang International Investment Development Co., Ltd. (北京亦莊國際投資發展有限公司) as to 6.79%, China Pacific Insurance Corporation (中國太平洋人壽保險股份有限公司) as to 6.79%, Yangtze River Industry Investment Group Co., Ltd. (長江產業投資集團有限公司) as to 6.79%, Zhejiang Manufacturing Transformation Upgrade Industry Investment Co., Ltd. (浙江製造業轉型升級產業投資有限公司) as to 6.79%, and other 12 shareholders as to 23.58% in total, each of which holds less than 5% equity interest.

Shenzhen Venture Capital Red Earth Private Equity Investment Fund Management (Shenzhen) Co., Ltd. is a wholly-owned subsidiary of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) (“SCGC”). SCGC is owned by Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會) as to 28.20%, Shenzhen Galaxy Real Estate Development Co., Ltd. (深圳市星河房地產開發有限公司) as to 20%, Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司) as to 12.79%, Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司) as to 10.80%, Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) as to 5.03%, Septwolves Group Holding Co., Ltd. (七匹狼控股集團股份有限公司) as to 4.89%, Shenzhen Liye Group Co., Ltd. (深圳市立業集團有限公司) as to 4.89%, Guangdong Electric Power Development Co., Ltd. (廣東電力發展股份有限公司) as to 3.67%, Shenzhen Yixin Investment Co., Ltd. (深圳市億鑫投資有限公司) as to 3.31%, Shenzhen Futian Investment Holdings Co., Ltd. (深圳市福田投資控股有限公司) as to 2.44%, Shenzhen Port Group Co., Ltd. (深圳港集團有限公司) as to 2.33%, Guangshen Railway Co., Ltd. (廣深鐵路股份有限公司) as to 1.40%, and ZTE Corporation (中興通訊股份有限公司) as to 0.23%. SCGC is a comprehensive investment group with a primary focus on venture capital and has consistently ranked among the top in comprehensive rankings of venture capital institutions conducted by multiple authoritative organizations for several years.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Shenzhen Venture Capital 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 chemicals and refined chemicals (including hydrogen-energy products) producer and supplier as well as relevant operation management services provider 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 has gradually extended its overseas presence to Sulawesi Province, the Republic of Indonesia.

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

Risun Coal Chemicals is an indirect wholly-owned subsidiary of the Company and is principally engaged in the production of refined chemicals.

Cangzhou Risun Chemicals is an indirect wholly-owned subsidiary of the Company and is principally engaged in the production of refined chemicals.

Set out below is certain financial information of Cangzhou Risun Chemicals, as extracted from the audited financial statements of Cangzhou Risun Chemicals for the two financial years ended December 31, 2023 and 2022 and the unaudited financial statements of Cangzhou Risun Chemicals for six months ended June 30, 2024 which were prepared in accordance with the PRC GAAP.

	For the year ended December 31		For the six months ended June 30
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Net profit before taxation	30,010.9	221,116.0	229,234.4
Net profit after taxation	29,625.7	188,936.7	190,737.2

## LISTING RULES IMPLICATION

The Capital Injection constitutes a deemed disposal of the Group's equity interest in Cangzhou Risun Chemicals 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 and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## 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
“Cangzhou Risun Chemicals”	Cangzhou Risun Chemicals Limited (滄州旭陽化工有限公司), a limited liability company established in the PRC on June 27, 2011 and owned as to 99.99% by Risun Group and 0.01% by Risun Coal Chemicals. Cangzhou Risun Chemicals is an indirect wholly-owned subsidiary of the Company
“Capital Injection Agreement”	the capital injection agreement entered into among Shenzhen Venture Capital, Risun Group, Risun Coal Chemicals, Cangzhou Risun Chemicals and Mr. Yang Xuegang on December 17, 2024 in respect of the Capital Injection
“Capital Injection”	the cash injection of RMB800 million into Cangzhou Risun Chemicals by Shenzhen Venture Capital pursuant to the Capital Injection 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the generally accepted accounting principles in the PRC
“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
“Risun Coal Chemicals”	Xingtai Risun Coal Chemicals Limited* (邢台旭陽煤化工有限公司), a company established in the PRC with limited liability on April 7, 2006. Risun Coal Chemicals is an indirect wholly-owned subsidiary of the Company
“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. Risun Group is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Venture Capital”	Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)), a limited partnership incorporated in the PRC on June 28, 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, December 17, 2024

*As at the date of this announcement, the executive Directors of the Company are Mr. Yang Xuegang, Ms. Lu Xiaomei, Mr. Li Qinghua, Mr. Han Qinliang, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors are Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng.*

\* For identification purpose only