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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)**

**TOP-UP PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION OF SHARES  
UNDER GENERAL MANDATE**

**Overall Coordinators, Placing Agents and Capital Market Intermediaries**



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL



**MACQUARIE**

**Placing Agents and Capital Market Intermediaries**



**CITIC SECURITIES**



**國證國際**  
SDICSI



**建銀国际**  
CCB International



**盛源**  
SHENG  
YUAN



**海通國際 HAITONG**

On December 18, 2024 (before trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which the Placing Agents agreed to act as agents of the Vendor and to procure no less than six placees (as purchasers) to purchase on a best efforts basis, up to 52,000,000 Placing Shares at a price of HK\$3.00 per Share on behalf of the Vendor. The Vendor conditionally agreed to subscribe for up to 52,000,000 Subscription Shares at the Placing Price of HK\$3.00 per Placing Share.

The number of Placing Shares represents (a) approximately 1.21% of the total existing issued Shares (excluding Treasury Shares) of the Company and (b) approximately 1.20% of the total issued Shares (excluding Treasury Shares) of the Company as enlarged by the Subscription (assuming that there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares), respectively. The net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$153.6 million.

**As completion of the Placing and Subscription Agreement is subject to the fulfilment of a number of conditions, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## **1. TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE**

### **PLACING AND SUBSCRIPTION AGREEMENT**

Date: December 18, 2024

Parties: The Company;

The Vendor, i.e. Texson Limited, is a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by Mr. Yang Xuegang. The Vendor is a controlling shareholder of the Company directly holding 3,173,687,928 Shares, which represent approximately 72.09% of the existing issued Shares of the Company (excluding Treasury Shares) as at the date of this announcement;

The Placing Agents, i.e., Guotai Junan Securities (Hong Kong) Limited, Macquarie Capital Limited, CLSA Limited, SDICS International Securities (Hong Kong) Limited, CCB International Capital Limited, Sheng Yuan Securities Limited and Haitong International Securities Company Limited, who together with their respective ultimate beneficial owners are, to best knowledge, information and belief of the Directors, and after having made all reasonable enquiries, third parties independent of, and not connected with, the Company and the connected persons (as defined under the Listing Rules) of the Company.

## **PLACING**

### **Number of Placing Shares**

Up to 52,000,000 existing Shares, representing (i) approximately 1.21% of the total existing issued Shares (excluding Treasury Shares) of the Company and (b) approximately 1.20% of the total issued Shares (excluding Treasury Shares) of the Company as enlarged by the Subscription (assuming that there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

### **Placing Price**

The Placing Price is HK\$3.00 per Share and represents:

- (a) a discount of approximately 12.02% to the closing price of HK\$3.41 per Share as quoted on the Stock Exchange on December 17, 2024, being the last full trading day immediately prior to the date of the Placing and Subscription Agreement; and
- (b) a discount of approximately 4.76% to the average closing price of HK\$3.15 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to December 17, 2024 (being the last full trading day immediately prior to the date of the Placing and Subscription Agreement).

The Placing Price was determined after arm's length negotiation between the Company, the Vendor and the Placing Agents based on the prevailing market closing price per Share. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable under the current market condition and is in the best interests of the Company and the Shareholders as a whole.

### **Rights**

The Placing Shares will be free of all liens, charges and encumbrances, and will have the same rights as, and rank *pari passu* with all the other Shares of the same class.

### **Independence of the Placing Agents and the Placees**

The Placing Shares will be placed by the Placing Agents to no less than six independent placees who shall be professional, institutional and other investors that are, together with their respective ultimate beneficial owners, third parties independent of, and not connected with, the Vendor, the Company and the connected persons of the Company.

Immediately after the completion of the Placing and the Subscription, it is expected that none of the placees will become a substantial shareholder (as defined under the Listing Rules) of the Company.

### **Termination of the Placing**

The Placing is subject to customary termination events.

## **Completion of the Placing**

The parties expect that the completion of the Placing will take place on the Placing Closing Date (i.e. December 20, 2024).

## **SUBSCRIPTION**

### **Subscription Shares**

Up to 52,000,000 new Shares, being the same number as the Placing Shares, will be subscribed by the Vendor, representing (i) approximately 1.21% of the total existing issued Shares (excluding Treasury Shares) of the Company and (b) approximately 1.20% of the total issued Shares (excluding Treasury Shares) of the Company as enlarged by the Subscription (assuming that there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares by the Company).

### **Subscription Price**

The Subscription Price per Subscription Share is equivalent to the Placing Price of HK\$3.00 per Share. The net price of the Subscription is approximately HK\$2.95 per Subscription Share. The Subscription Shares have a nominal value of HK\$5.2 million based on the par value of HK\$0.1 per Share and a market value of approximately HK\$177.32 million based on the closing price of HK\$3.41 per Share as quoted on the Stock Exchange on December 17, 2024.

The Subscription Price was determined based on the Placing Price. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market condition and are in the interest of the Company and the Shareholders as a whole.

### **Ranking of the Subscription Shares**

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued on or prior to the completion date of the Subscription, including the right to any dividends or distributions declared, made or paid on the record date of which falls after the date of allotment.

### **Conditions of the Subscription**

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement.

None of the conditions stated above can be waived by any party.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

### **Completion of the Subscription**

Completion of the Subscription shall take place on the business day after the date upon which the last of the conditions of the Subscription to be satisfied shall have been so satisfied (or such other time and/or date as the Vendor and the Company may agree in writing), provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

If any of the conditions of the Subscription has not been fulfilled within 14 days after the date of the Placing and Subscription Agreement, all rights, obligations and liabilities of the Vendor and the Company in relation to the Subscription shall cease and terminate and neither of the Vendor nor the Company shall have any claim against the other, save for antecedent breaches.

### **LOCK-UP UNDERTAKING**

The Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any affiliate of the Vendor or any person in privity with the Vendor or any affiliate of the Vendor), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 45 days after the Placing Closing Date. The foregoing shall not apply to the sale of the Placing Shares under the Placing and Subscription Agreement.

The Company shall not, and the Vendor shall procure that the Company will not, without the prior written consent of the Placing Agents, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 45 days after the Placing Closing Date. The foregoing shall not apply to the issue of the Subscription Shares under the Placing and Subscription Agreement.

## 2. GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to further Shareholders' approval and the Subscription Shares will be issued under the general mandate and extension mandate granted by the Shareholders to the Directors pursuant to the resolutions passed in the annual general meeting held on May 30, 2024. Pursuant to such mandates, the Directors were granted authority to issue additional ordinary Shares of the Company, or to resell or transfer treasury shares, in an aggregate of up to 991,133,200 shares, comprising (i) 880,597,200 Shares, representing 20% of the issued share capital of the Company as at May 30, 2024 (excluding repurchased Shares pending for cancellation as at May 30, 2024) and (ii) 110,536,000 Shares repurchased by the Company since May 30, 2024 under the repurchase mandate passed in the same annual general meeting. Since the grant of the mandates on May 30, 2024 and prior to the Placing, the Directors have not exercised their power to allot and issue any new Shares pursuant to such general mandate. Accordingly, the issue of the Subscription Shares will fall within the limit of the general mandate and will not be subject to further approval by the Shareholders.

## 3. EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

Assuming that there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares, the shareholding structure of the Company (1) as at the date of this announcement; (2) immediately after completion of the Placing but before the Subscription; and (3) immediately after completion of the Placing and the Subscription is and will be as follows:

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approximate percentage of issued share capital of the Company <sup>(1)</sup>	Number of Shares	Approximate percentage of issued share capital of the Company <sup>(1)</sup>	Number of Shares	Approximate percentage of issued share capital of the Company <sup>(1)</sup>
The Vendor <sup>(2)</sup>	3,173,687,928	72.09%	3,121,687,928	70.91%	3,173,687,928	71.25%
Treasury Shares <sup>(2)</sup>	109,736,000	2.49%	109,736,000	2.49%	109,736,000	2.46%
Placees	-	-	52,000,000	1.18%	52,000,000	1.17%
Other public Shareholders	1,118,762,072	25.41%	1,118,762,072	25.41%	1,118,762,072	25.12%
Total	<u>4,402,186,000</u>	<u>100.00%</u>	<u>4,402,186,000</u>	<u>100.00%</u>	<u>4,454,186,000</u>	<u>100.00%</u>

### Notes:

- (1) Certain amounts and percentage figures in the table above have been rounded to the nearest whole figures. The discrepancies between the total amounts and the amounts shown in the table are due to rounding.
- (2) Texson Limited is wholly-owned by Mr. Yang Xuegang. It directly held 3,173,687,928 Shares, and was deemed to be interested in 109,736,000 Treasury Share held by the Company as at the date of this announcement. Accordingly, Mr. Yang Xuegang is deemed to be interested in the Shares held by Texson Limited.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **4. REASONS FOR THE PLACING AND THE SUBSCRIPTION**

The Company believes that the refined chemicals manufacturing business will strengthen its competitiveness by means of product line extension and technological research, development and innovation while the operation management business grows steadily. All of these developments will bring new opportunities for the Group's business growth. The Placing and the Subscription can help the Company continue to seize the market opportunity to achieve a constant and stable improvement in the Group's results.

In addition, the Placing and the Subscription will further enlarge the Company's shareholders' equity base, optimize the capital structure of the Company, strengthen the financial position and liquidity of the Group and provide support and flexibility for the development of the Group.

#### **5. USE OF PROCEEDS**

Assuming that all 52,000,000 Placing Shares are placed to the places in full and all 52,000,000 Subscription Shares are subscribed for by the Vendor under the Subscription at the same price, the gross proceeds from the Placing and the Subscription are expected to be HK\$156 million.

The net proceeds from the Placing and the Subscription, after deducting relevant costs and expenses, commission, incentive payment based on the Company's discretion and levies, are expected to be approximately HK\$153.6 million (on this basis the net price per Subscription Share will be approximately HK\$2.95), and will be utilized in the following manner:

- (a) approximately 50% of the net proceeds will be used to optimize the financial structure, including but not limited to repayment of bank borrowings and lease liabilities; and
- (b) approximately 50% of the net proceeds will be used as the general working capital.

#### **6. FUNDRAISING ACTIVITIES DURING THE PAST TWELVE MONTHS**

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

**As completion of the Placing and Subscription Agreement is subject to the fulfilment of a number of conditions, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## 7. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	China Risun Group Limited (中國旭陽集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01907)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares to independent professional, institutional and/or other individual investors pursuant to the Placing and Subscription Agreement
“Placing Agents”	Guotai Junan Securities (Hong Kong) Limited, Macquarie Capital Limited, CLSA Limited, SDICS International Securities (Hong Kong) Limited, CCB International Capital Limited, Sheng Yuan Securities Limited and Haitong International Securities Company Limited
“Placing Closing Date”	two business days after the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange, or such other date as the Vendor and the Placing Agents may agree in writing
“Placing and Subscription Agreement”	the placing and subscription agreement dated December 18, 2024 between the Company, the Vendor and the Placing Agents



“Placing Price”	the placing price of HK\$3.00 per Share
“Placing Shares”	52,000,000 existing Shares
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Price”	the subscription price of HK\$3.00 per Share
“Subscription Shares”	52,000,000 new Shares
“Treasury Shares”	the Shares repurchased and held by the Company in treasury
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Texson Limited (泰克森有限公司), a company incorporated in the BVI on February 19, 2004 and wholly-owned by Mr. Yang Xuegang and a controlling shareholder of the Company

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

Hong Kong, December 18, 2024

*As at the date of this announcement, the executive Directors 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 Mr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng.*