
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Risun Group Limited, you should at once hand this circular and the accompanying proxy form for the Annual General Meeting to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) RE-ELECTION OF RETIRING DIRECTORS;**
- (2) RE-APPOINTMENT OF AUDITOR;**
- (3) PROPOSED DECLARATION AND PAYMENT OF SPECIAL DIVIDEND;**
- (4) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
- (5) ADOPTION OF SHARE AWARD PLAN;**
- AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of China Risun Group Limited to be held at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, on Friday, May 30, 2025 at 10:00 a.m. is set out on pages 43 to 48 of this circular. A proxy form for use at the Annual General Meeting is also enclosed and published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>).

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of Annual General Meeting and to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. not later than 10:00 a.m. on Wednesday, May 28, 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

April 30, 2025

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DEFINITIONS

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

“Adoption Date”	the date on which the Share Award Plan is adopted by the Shareholders
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held on Friday, May 30, 2025 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong
“Articles”	the fifth amended and restated articles of association of the Company adopted pursuant to a special resolution passed on May 30, 2023
“associate(s)”	has the meaning given to it under the Listing Rules
“Award”	a provisional award of the Awarded Shares made in accordance with paragraph 2 of Appendix III to this circular
“Award Notice”	the notice to be sent to the Trustee upon the making of an Award containing the particulars referred to in paragraph 2.3 of Appendix III to this circular
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award
“Board” or “Board of Directors”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“close associate(s)”	has the meaning given to it under the Listing Rules
“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Plan in accordance with the rules of the Share Award Plan
“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 under the Companies Law

DEFINITIONS

“connected person(s)”	has the meaning given to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules
“core connected person(s)”	has the meaning given to it under the Listing Rules
“Directors”	directors of the Company
“Eligible Participant”	any person belonging to the following classes of participants: (a) Employee Participant, and (b) Related Entity Participant, provided that such Eligible Participant is not an Excluded Participant
“Employee Participant(s)”	any director and employee of the Company or the Group (including persons who are granted Awards under the Share Award Plan as an inducement to enter into employment contracts with the Group)
“Excluded Participant”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Group Contribution”	such contribution in the form of money or otherwise made by the Company or any of its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Non-executive Directors”	independent non-executive Directors of the Company
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the number of issued Shares as at the date of passing the relevant resolution at the AGM (excluding Treasury Shares)
“Latest Practicable Date”	April 25, 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Distributions”	any dividends and other distributions declared and made in respect of any Awarded Shares
“Partial Lapse”	has the meaning as set out in paragraph 5.2 of Appendix III to this circular
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable to a deceased Selected Participant, is or are entitled to collect and receive the Awarded Shares which have been vested in such Selected Participant and formed part of his estate
“Plan Mandate Limit”	has the meaning as defined in paragraph 6.1 of Appendix III to this circular
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan region
“Related Entity”	the holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant(s)”	directors and employees of the Related Entity
“Remuneration Committee”	the remuneration committee of the Company as appointed by the Board for the time being

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them during the relevant period to repurchase Shares, the number of which shall not exceed 10% of the number of issued Shares as at the date of passing the relevant resolution at the AGM (excluding Treasury Shares)
“Residual Cash”	being cash remaining in the trust fund in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and sale proceeds which have not been applied in the acquisition of Shares)
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Share Award Plan (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award or his Personal Representative
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares of HK\$0.1 each in the share capital of the Company
“Share Award Plan”	the share award plan proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Share Option Scheme”	the share option scheme of the Company approved and adopted pursuant to an ordinary resolution of the Shareholders on February 21, 2019
“Share Schemes”	collectively, the share option scheme(s) and share award scheme(s) involving the issue of new Shares adopted or to be adopted by the Company from time to time
“Shareholder(s)”	the holder(s) of the Shares

DEFINITIONS

“Shares Pool”	has the meaning as defined in paragraph 3.1 of Appendix III to this circular
“Special Dividend”	the special dividend of RMB2.22 cents per Share, subject to the Shareholders’ approval at the AGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Texson Limited”	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
“Total Lapse”	has the meaning as set out in paragraph 5.1 of Appendix III to this circular
“Treasury Share(s)”	has the meaning given to it under the Listing Rules. For the purposes of the Share Award Plan, new Shares include Treasury Shares and the issue/subscription of Shares includes the transfer of Treasury Shares
“Trust Deed”	the trust deed to be entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time
“Trustee”	the trustee(s) as shall be appointed pursuant to and in accordance with the terms of the Trust Deed
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award as referred to in paragraph 4.1 of Appendix III to this circular

DEFINITIONS

“Vesting Period”

in relation to any Selected Participant, the period commencing on the date on which the Awarded Shares have been provisionally set aside pursuant to an Award to such Selected Participant as referred to in paragraph 3.1 and ending on the Vesting Date (both dates inclusive)

“%”

per cent

LETTER FROM THE BOARD



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)

Board of Directors:

Executive Directors:

Mr. Yang Xuegang

(Chairman and Chief Executive Officer)

Ms. Lu Xiaomei

Mr. Li Qinghua

Mr. Han Qinliang

Mr. Wang Nianping

Mr. Yang Lu

Independent Non-executive Directors:

Dr. Yu Kwok Kuen Harry

Mr. Wang Yinping

Dr. Liu Xiaofeng

Registered Office:

Cricket Square

Hutchins Drive, PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Corporate Headquarters:

Building 1, Risun Plaza

Sihezhuang No. 2 Road, Huaxiang Town

Fengtai District

Beijing, PRC

100070

Place of Business in Hong Kong:

Room 2001, 20/F., Sino Plaza

255 Gloucester Road

Causeway Bay

Hong Kong

April 30, 2025

To the Shareholders

Dear Sir or Madam,

- (1) RE-ELECTION OF RETIRING DIRECTORS;
(2) RE-APPOINTMENT OF AUDITOR;
(3) PROPOSED DECLARATION AND PAYMENT OF SPECIAL DIVIDEND;
(4) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(5) ADOPTION OF SHARE AWARD PLAN;
AND
(6) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held on Friday, May 30, 2025 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the notice of the AGM set out on pages 43 to 48 of this circular and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

PROPOSED RESOLUTIONS AT THE AGM

1. To consider and approve the Report of the Board of Directors of the Company for the year ended December 31, 2024

The full text of the report of the Board of Directors for the year ended December 31, 2024 is set out in the section headed “Report of the Board of Directors” in the Company’s 2024 annual report published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>).

2. To consider and approve the audited financial statements of the Company and the independent auditor’s report for the year ended December 31, 2024

The audited financial statements and independent auditor’s report for the year ended December 31, 2024 are set out in the sections headed “Independent Auditor’s Report” and the consolidated financial statements and notes contained in the Company’s 2024 annual report which was published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>).

3. Re-election of retiring Directors and fixing of Directors’ remuneration

In accordance with Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

In accordance with Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director newly appointed by the Board to fill a casual vacancy on the Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

LETTER FROM THE BOARD

Based on the aforesaid provisions under the Articles, the following Directors shall retire from office at the forthcoming AGM:

Name	Position
(a) Mr. Yang Xuegang	Executive Director
(b) Dr. Yu Kwok Kuen Harry	Independent Non-executive Director
(c) Mr. Wang Jinping	Independent Non-executive Director
(d) Dr. Liu Xiaofeng	Independent Non-executive Director

The particulars of Mr. Yang Xuegang, Dr. Yu Kwok Kuen Harry, Mr. Wang Jinping and Dr. Liu Xiaofeng are set out in Appendix I to this circular. All of the aforesaid Directors, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee considered that all Directors offering for re-election have provided valuable advice and contributed their respective experience and expertise to the Board and the Company. The Nomination Committee nominated and the Board recommended Mr. Yang Xuegang, Dr. Yu Kwok Kuen Harry, Mr. Wang Jinping and Dr. Liu Xiaofeng to stand for re-election as Directors at the AGM. Separate resolutions will be proposed at the AGM to approve the re-election of each retiring Director.

A proposal will also be put forward for the Shareholders to authorize the Board to fix the Directors' remuneration for the year ending December 31, 2025.

Re-election of the Independent Non-executive Directors

The Nomination Committee under the Board has reviewed the re-election of the above-mentioned Directors (including the Independent Non-executive Directors) and considered the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

The Nomination Committee is of the view that (i) Dr. Yu Kwok Kuen Harry has professional qualifications for accountants in the United Kingdom, Hong Kong and the Macau Special Administrative Region, and the re-election of Dr. Yu Kwok Kuen Harry may replenish the professional knowledge of the Board in accounting and financial management; (ii) Mr. Wang Jinping has accumulated extensive experience in corporate management through his directorships or senior management positions in various companies, and the re-election of Mr. Wang Jinping may improve the business administration and corporate governance of the Company; and (iii) Dr. Liu Xiaofeng has approximately 32 years of experience in corporate

LETTER FROM THE BOARD

finance, and has worked in various international financial institutions and served as an independent non-executive director of a number of Hong Kong listed companies, as such, the re-election of Dr. Liu Xiaofeng may replenish the experience of the Board in economics, finance and management. The Nomination Committee is of the view that each of Dr. Yu Kwok Kuen Harry, Mr. Wang Jinping and Dr. Liu Xiaofeng would bring to the Board his own perspective, skills and experience and continue to contribute to the diversity of the Board.

The Nomination Committee has evaluated the performances of Dr. Yu Kwok Kuen Harry, Mr. Wang Jinping and Dr. Liu Xiaofeng, and is of the view that each of them has provided valuable contributions to the Company through active participation in the general meetings, Board meetings and Board committee meetings of the Company and has demonstrated his abilities to provide independent, balanced and objective views to the Company's affairs.

Furthermore, each of Dr. Yu Kwok Kuen Harry, Mr. Wang Jinping and Dr. Liu Xiaofeng has provided the annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee also considers that each of them complies with the independence requirements of Rule 3.13 of the Listing Rules.

4. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the Company's external auditor and to authorize the Board to determine its remuneration

Following the recommendation of the Audit Committee, the Board proposed to re-appoint Deloitte Touche Tohmatsu as the Company's external auditor with a term expiring upon the next annual general meeting of the Company, and the Board proposed it be authorized to determine its remuneration.

5. To consider, approve and declare the Special Dividend

On March 28, 2025, the Board resolved to recommend the declaration and payment of the Special Dividend to celebrate the 30th anniversary since the Group's establishment in 1995. The amount of the Special Dividend per Share is RMB2.22 cents. The Special Dividend will be paid in Hong Kong dollars with an amount of HK2.40 cents per Share (tax-inclusive). The payment of the Special Dividend is still subject to the approval by the Shareholders at the AGM and the payment date for the Special Dividend is expected to be on or before Monday, June 30, 2025.

As at the Latest Practicable Date, the Company had 4,336,353,000 Shares in issue (excluding Treasury Shares) and 117,833,000 Treasury Shares. Based on the number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date, the Special Dividend, if declared and paid, would amount to approximately RMB96,267,000 (equivalent to approximately HK\$104,072,000). Subject to the approval by the Shareholders at the AGM, the Special Dividend will be paid out of the share premium account pursuant to Articles 133 and 134 of the Articles.

LETTER FROM THE BOARD

Based on the audited consolidated financial statements of the Group for the year ended December 31, 2024, the amount standing to the credit of the share premium account was approximately RMB3,085.5 million. Based on the number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date and assuming that the amount standing to the credit of the share premium account immediately before payment of the Special Dividend will be the same as such amount, following the payment of the Special Dividend, there would be a remaining balance of approximately RMB2,989.1 standing to the credit of the share premium account.

As at the Latest Practicable Date, 117,833,000 Treasury Shares were held by the Company in its own name, and no Treasury Shares were held or deposited with Central Clearing and Settlement System. Treasury Shares of the Company would not receive the Special Dividend.

The Board considers it appropriate to distribute the Special Dividend in recognition of Shareholders' trust, support and confidence towards the Company. After taking into consideration a number of factors including the existing cash flow and financial condition of the Group, the Board considers that the Company has sufficient cash and cash flow to pay the Special Dividend and believes that the payment of the Special Dividend will not have any material adverse effect on the financial position of the Group.

The payment of the Special Dividend does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or any change in the trading arrangements in respect of the Shares. The Directors consider that the declaration and proposed payment of the Special Dividend is in the interests of the Company and the Shareholders as a whole.

6. To consider and approve the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Board

In order to give the Company the flexibility to issue and repurchase Shares if and when appropriate, the following ordinary resolutions will be proposed at the AGM to approve the granting of general and unconditional mandates to the Board:

- (a) to allot, issue or deal with additional Shares (or to resell or transfer of Treasury Shares to the extent permitted under the applicable laws, the Listing Rules and the Articles) not exceeding 20% of the total number of the issued Shares as at the date of passing of such resolution (excluding Treasury Shares). Based on the 4,336,353,000 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and assuming that no further Shares will be issued and no Shares will be repurchased after the Latest Practicable Date and up to the date of the AGM, the Company can issue up to 867,270,600 Shares with an aggregate nominal amount of HK\$86,727,060 under the Issue Mandate;

LETTER FROM THE BOARD

- (b) to purchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, not exceeding 10% of the total number of issued Shares as at the date of passing of such resolution (excluding Treasury Shares). Based on the 4,336,353,000 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and assuming that no further Shares will be issued and no Shares will be repurchased after the Latest Practicable Date and up to the date of the AGM, the Company can repurchase up to 433,635,300 Shares with an aggregate nominal value of HK\$43,363,530; and
- (c) to extend the Issue Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles to be held; or (iii) the revocation or variation by an ordinary resolution of the Shareholders in general meeting.

In accordance with the requirements of Rule 10.06(1)(b) of the Listing Rules, the Company shall send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular.

7. Adoption of Share Award Plan

Introduction

To enable the Company to grant share awards as part of its incentives and rewards to participants for the growth and development of the Group, the Board proposes to adopt the Share Award Plan. The Directors consider that the adoption of the Share Award Plan is in the interests of the Company and the Shareholders as a whole.

A summary of the principal terms of the Share Award Plan is set out in Appendix III to this circular. A copy of the rules of the Share Award Plan will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>) for a period of not less than 14 days before the date of the AGM and will be made available for inspection at the AGM.

The Company has adopted a Share Option Scheme on February 21, 2019 and is valid and effective for a period of 10 years commencing on the adoption date. Pursuant to the terms of the Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 400,000,000 Shares, representing approximately 9.2% of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

LETTER FROM THE BOARD

As at the Latest Practicable Date, no share option had been granted and no share option was outstanding under the Share Option Scheme. Save for the Share Option Scheme, as at the Latest Practicable Date, the Company had not adopted any other share scheme(s) which are subject to the requirements of Chapter 17 of the Listing Rules.

Conditions

The Share Award Plan is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at a general meeting to approve the adoption of the Share Award Plan and authorizing the Directors to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the Share Award Plan; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares representing the Plan Mandate Limit to be allotted and issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Share Award Plan.

So far as the Directors are aware and having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the AGM to approve the adoption of the Share Award Plan.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued in respect of the Awards to be granted under the Share Award Plan.

Duration

Subject to the satisfaction of the above conditions and any early termination, the Share Award Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Awards may be made but the rules of the Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

Source of Awards

The Share Award Plan is funded by (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market; (b) such Shares as may be allotted and issued to the Trustee; (c) such Shares which any person or company recommended by the Company may irrevocably donate or transfer to or irrevocably vest or caused to be vested in the Trustee to be held upon trusts; and (d) the Returned Shares (as defined in the rules of the Share Award Scheme). For the purposes of the Share Award Plan, new Shares include Treasury Shares and the issue/subscription of Shares includes the transfer of Treasury Shares.

LETTER FROM THE BOARD

Eligible Participants and basis for determining eligibility of participants

The Eligible Participants under the Share Award Plan includes (a) the directors and employees of the Group (including persons who are granted Awards under the Share Award Plan as an inducement to enter into employment contracts with the Group) (i.e. the Employee Participant); and (b) the directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (i.e. the Related Entity Participant).

The criteria in determining the eligibility for the grant of an Award are based on, among other things, the Eligible Participants' contribution and/or future contribution to development and growth of the Group, further details of which are set out in Appendix III to this circular.

Under the Share Award Plan, the Employee Participants includes Independent Non-executive Directors. The Company currently has no intention to grant any Awards with performance targets to its Independent Non-executive Directors. If the Company makes any such grant in the future, it will comply with the relevant disclosure requirements under the Listing Rules.

Under the Share Award Plan, Eligible Participants includes Related Entity Participant. Apart from the contributions from employees, the success of the Group might also come from the efforts and contributions from non-employees such as Related Entity Participants who may contribute to the Group in the future. The Board (including the Independent Non-executive Directors) believe that the grant of Awards to Related Entity Participants would strengthen their loyalty to the Group and provide incentives for (i) a higher degree of their participation and involvement in promoting the business of the Group, (ii) maintaining a stable and long-term relationship with the Group, and (iii) enabling the Group to preserve its cash resources, and instead, use share incentives to attract talents outside of the Group, whilst also aligning their interests with that of the Group and Shareholders through them owning a proprietary interest in the Company and becoming future Shareholders.

Given the Board or the Committee has the authority to select the appropriate Related Entity Participant based on his relationship with the Group and influence on the Group's business, reputation, operations and performance, and to specify the terms and conditions in respect of any Awards that may be granted, including performance targets and/or individual performance indicators relevant to the Related Entity Participant's roles and responsibilities, the Board (including the Independent Non-executive Directors) is of the view that the inclusion of Related Entity Participants as Eligible Participants and the criteria in determining the eligibility of such Related Entity Participants are in line with the Company's business need and industry norm, and granting Awards to the Related Entity Participants will incentivize them to contribute towards the growth of the Group, which aligns with the purpose of the Share Award Plan and the long-term interests of the Company and the Shareholders.

LETTER FROM THE BOARD

Plan Mandate Limit

The Company has adopted the Share Option Scheme on February 21, 2019. Pursuant to the terms of the Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 400,000,000 Shares.

Pursuant to the terms of the Share Award Plan, the aggregate maximum number of Shares which may be issued by the Company in respect of all the Awards to be granted under the Share Award Plan and all the share options and share awards to be granted under any other Share Scheme(s) shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit.

As at the Latest Practicable Date, there were 4,336,353,000 Shares in issue (excluding Treasury Shares). Assuming that there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares which may be issued by the Company in respect of all the Awards to be granted under the Share Award Plan and all the share options and share awards to be granted under any other Share Scheme(s), including the Share Option Scheme, will be 433,635,300 Shares.

Purchase price

Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Awarded Shares. The Board considers that it is consistent with the purpose of the Share Award Plan for the Company to retain discretion to consider the purchase price, if any, for an Award and the underlying Awarded Shares so that meaningful reward may be provided to Selected Participants in recognition of their contribution or potential contribution to the Group.

Vesting Period

The Vesting Period for an Award under the Share Award Plan is generally for a minimum period of 12 months in order to incentivize Selected Participants to remain with the Group, save for certain prescribed circumstances (as set out in Appendix III to this circular) in which the Board or the Committee may impose a shorter vesting period for Employee Participants. The Board and, where the arrangements relate to grants of Awards to Directors and/or senior managers of the Company, the Remuneration Committee, consider that such circumstances allow flexibility for the Company to (i) provide competitive terms to attract and induce valuable talent to join the Group; (ii) serve as compassionate arrangements for Employee Participants whose employment is terminated due to death, disability or event of force majeure; (iii) motivate Employee Participants based on performance metrics rather than time-based

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vesting criteria; and (iv) address instances where the 12-month vesting period requirement would not be practicable or fair due to administrative or technical reasons. Therefore, the Board and the Remuneration Committee are of the view that the vesting period requirements (including the circumstances in which a shorter vesting period may apply) are appropriate and align with the purpose of the Share Award Plan.

Performance targets

The Share Award Plan sets out the qualitative description of possible performance targets related to financial and non-financial parameters of the Group and/or individual performance indicators (as set out in Appendix III to this circular) and allows discretion for the Board or the Committee to determine whether any performance targets will be specified in respect of each Award on a case-by-case basis, for the purpose of motivating Selected Participants to strive for the future development and expansion of the Group. As each Selected Participant has a different position or role with respect to the Group and may contribute to the Group differently in terms of nature, duration or significance, it may not always be appropriate to impose a generic set of performance targets for each Award. Therefore, the Share Award Plan does not prescribe the performance targets that must be met before each Award may vest. However, the Board or the Committee shall specify the conditions including any performance targets for each Award in the Award Notice. The Board considers that it is more beneficial for the Company to have flexibility to determine whether and to what extent any performance targets will be attached to each Award in light of the specific circumstances of each Selected Participant.

Clawback mechanism

The Board or the Committee may, in its absolute discretion, specify in the Award Notice the clawback mechanism for the Company to recover or withhold an Award granted to a Selected Participant if any of the following events shall occur: (i) the Selected Participant has committed any fraud or serious misconduct; or (ii) in respect of any Award which is performance linked, there is a material misstatement in the consolidated financial statements of the Company that requires a restatement, or any other circumstance that shows or leads to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner. The Board is of the view that the clawback mechanism in the Share Award Plan provides the Board with a choice to claw back the equity incentives granted to certain Selected Participants and more flexibility in setting the terms and conditions of the Awards under particular circumstances, which would facilitate the objective to offer meaningful incentives to attract and retain quality personnel that is valuable to the development of the Group, and is in line with the purpose of the Share Award Plan.

Appointment of the Trustee, voting rights, etc.

The Company will appoint the Trustee, who shall be an independent third party, to hold the Awarded Shares and manage the trust for the benefits of the Selected Participants and in accordance with the terms and conditions of the Trust Deed. The Directors do not have any direct or indirect interests in the Trustee, or have any role or position in the Trustee. The

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Trustee shall hold the Awarded Shares on trust for the relevant Selected Participants until such Awarded Shares are vested to the relevant Selected Participants under the Share Award Plan. The Trustee holding unvested Awarded Shares shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM

The AGM is scheduled to be held on Friday, May 30, 2025 at 10:00 a.m.. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 27, 2025 to Friday, May 30, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, May 26, 2025.

For determining the entitlement to the Special Dividend

The record date for entitlement to the Special Dividend is Friday, June 13, 2025. For determining the entitlement to the Special Dividend, the register of members of the Company will be closed from Wednesday, June 11, 2025 to Friday, June 13, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to the Special Dividend, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, June 10, 2025.

ANNUAL GENERAL MEETING AND FORM OF PROXY

The notice of the AGM is set out on pages 43 to 48 in this circular.

A form of proxy for use at the AGM (or any adjournment thereof) is enclosed with this circular. Whether or not you are able to attend the AGM (or any adjournment thereof), you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event, not later than 48 hours before the time fixed for holding the AGM (i.e. no later than 10:00 a.m. on Wednesday, May 28, 2025) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so desire.

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VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board believes that the resolutions proposed in the notice of the AGM are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favor of all the resolutions to be proposed at the AGM (or any adjournment thereof).

Yours faithfully,
By order of the Board
China Risun Group Limited
Mr. Yang Xuegang
Chairman

Set out below are details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM. All the following Directors, if being re-elected, will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles. As at the Latest Practicable Date, save as disclosed herein, none of the following Directors (i), had any interest in Shares within the meaning of Part XV of the SFO, or (ii) holds any position with the Company or any other member of the Group, nor has any directorships in other listed public companies in the last three years, or (iii) has any relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company. Save as disclosed herein, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Mr. Yang Xuegang, Executive Director

Mr. YANG Xuegang (楊雪崗先生), aged 60, is an Executive Director, the chief executive officer of the Company and the chairman of the Board. He was appointed as an Executive Director in November 2007. He is responsible for the overall management and business development of the Group. He is also the chairman of the Nomination Committee and the Sustainable Development Committee.

Mr. Yang graduated from Hebei Hydraulic College (河北水利專科學校) (now known as Hebei University of Water Resources and Electric Engineering (河北水利電力學院)) in Cangzhou, the PRC in July 1985 with a diploma in hydraulic engineering construction and obtained the hydraulic engineer qualification issued by the Handan City Labour Bureau (邯鄲市勞動人事局) in December 1993. He completed a master-level training course in business administration at Renmin University of China (中國人民大學) in Beijing, the PRC in March 2000 and was a supervisor of a master's degree program at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in July 2002. He completed a further master-level training course in business administration at the ZhongHua Yanxiu University (中華研修大學) in Beijing, the PRC in September 2003. In November 2003, he obtained a master's degree in business administration from Asia International Open University (Macau) (亞洲(澳門)國際公開大學) in Macau. He obtained the senior engineer qualification awarded by the Hebei Provincial Department of Human Resources and Social Security (河北省人力資源與社會保障廳) in December 2012. In January 2017, Mr. Yang obtained an executive master's degree in business administration from Hebei University of Technology (河北工業大學) in Tianjin, the PRC.

Prior to the establishment of the Group, Mr. Yang was employed at the Dongwushi Reservoir Management Center (東武仕水庫管理處), a public body directly subordinated to the Handan City Hydraulics Bureau (邯鄲水利局), on a full-time basis for approximately 10 years from August 1985, and became a deputy director of the Dongwushi Reservoir Management Center from January 1988. He then joined the Group as general manager as a result of his entrepreneurial efforts since the establishment of Xingtai Risun Coking Limited in May 1995 and became chairman since May 1996. Since September 2012, he has been a director of Beijing Automic Technology Co., Ltd. (北京奧特美克科技股份有限公司), a company previously listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 430245), whose principal business is the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services, and held as to 49.92% by Mr. Yang and parties acting-in-concert with him.

Over the years, Mr. Yang has taken up leadership roles in a number of industry associations, including those relating to the coking industry. He has been the vice president of CCIA since October 2005, and the president of HBCCIA since January 2006. In February 2008, Mr. Yang was elected and had served as a deputy to the 11th NPC and in February 2013, he was elected as a deputy to the 12th NPC.

Mr. Yang is the spouse of Ms. Lu Xiaomei, who is an executive Director, as well as the father of Mr. Yang Lu, who is also an executive Director.

The Company has entered into a service contract with Mr. Yang for a term of three years commencing from September 29, 2024, subject to termination by either party issuing a notice in writing of at least three months to the other side. Pursuant to the aforementioned service contract, Mr. Yang will not receive any fixed salary but is eligible to receive a discretionary bonus as may be determined by the Board and the Remuneration Committee based on his performance of duties and the Company's earnings. The remuneration will be reviewed by the Board and the Remuneration Committee annually and may be adjusted as appropriate.

As far as the Directors are aware and as at the Latest Practicable Date, Mr. Yang Xuegang held 3,182,910,928 Shares (long position) through Texson Limited, and was deemed to be interested in 117,833,000 Treasury Shares through Texson Limited for the purposes of Part XV of the SFO.

Dr. Yu Kwok Kuen Harry, Independent Non-executive Director

Dr. YU Kwok Kuen Harry (余國權博士), aged 55, is an Independent Non-Executive Director and also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He was appointed as an Independent Non-Executive Director in September 2018.

Dr. Yu holds a master degree in business administration and a doctoral degree of business administration. He is a fellow of the Institute of Chartered Accountants in England and Wales, a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Dr. Yu is also a Certified Public Accountant in the Macau Special Administrative Region.

Dr. Yu joined KPMG, an international accounting firm, in October 1991 and was a partner of KPMG from July 2002 to June 2011.

Dr. Yu was an independent non-executive director at Impro Precision Industries Limited, a manufacturer of high-precision, high-complexity and mission-critical casting and machined components and a company listed on the Main Board of the Stock Exchange (stock code: 1286) from April 2019 to December 2024.

A letter of appointment has been signed by Dr. Yu, pursuant to which he is entitled to an annual remuneration of HK\$420,000. The remuneration will be reviewed by the Board and the Remuneration Committee annually and may be adjusted as appropriate. The term of Dr. Yu's appointment would be three years unless terminated by one month's written notice or in certain circumstances in accordance with the terms of the letter of appointment. Dr. Yu has confirmed his independence in accordance with Rule 3.13 of the Listing Rules.

As far as the Directors are aware and as at the Latest Practicable Date, Dr. Yu did not hold any interest in Shares within the meaning of Part XV of the SFO.

Mr. Wang Jinping, Independent Non-executive Director

Mr. WANG Jinping (王引平先生), aged 64, is an Independent Non-executive Director and also the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Sustainable Development Committee. He was appointed as an Independent Non-executive Director in September 2018.

Mr. Wang obtained a bachelor's degree in law from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1985 and a master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC in November 2004.

Mr. Wang has extensive experience in corporate management. He joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Group Co., Ltd. (中國中化集團有限公司)) (“**Sinochem**”), a conglomerate offering exploration and production of oil and gas, energy, agriculture, chemical, real estate and financial services, in March 1988 and held various senior positions between March 1988 and March 2014 in Sinochem and its subsidiaries (“**Sinochem Group**”), including the deputy general manager of the Hainan branch of Sinochem, the general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信託有限公司) a company principally engaged in microfinance, industrial finance, capital market and wealth management, the general manager of the human resource department of Sinochem Group, the vice president of Sinochem Group, the general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600500) and principally engaged in the chemical and rubber business, the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd. (中化藍天集團有限公司), a company principally engaged in research, production and sale of fluorine chemicals.

Mr. Wang also served as chairman of the board of Zhejiang Int’l Group Co., Ltd. (浙江英特集團股份有限公司), a company that produces and sells pharmaceutical and Chinese medicine health products in China and listed on the Shenzhen Stock Exchange (stock code: 000411) from December 2010 to March 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1345) and a comprehensive marketing, promotion and channel management service provider dedicated to imported pharmaceutical products and medical devices in the PRC, and was re-designated to serve as a non-executive director from December 2016 to December 2019. Mr. Wang was an independent non-executive director of Yida China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3639) from December 2016 to March 2023.

A letter of appointment has been signed by Mr. Wang, pursuant to which he is entitled to an annual remuneration of HK\$420,000. The remuneration will be reviewed by the Board and the Remuneration Committee annually and may be adjusted as appropriate. The term of Mr. Wang’s appointment would be three years unless terminated by one month’s written notice or in certain circumstances in accordance with the terms of the letter of appointment. Mr. Wang has confirmed his independence in accordance with Rule 3.13 of the Listing Rules.

As far as the Directors are aware and as at the Latest Practicable Date, Mr. Wang did not hold any interest in Shares within the meaning of Part XV of the SFO.

Dr. Liu Xiaofeng, Independent Non-executive Director

Dr. LIU Xiaofeng (劉曉峰博士), aged 62, is an Independent Non-executive Director and also a member of the Audit Committee. He was appointed as an Independent Non-executive Director in October 2024.

He obtained a master's degree and a Ph.D. in development economics from University of Cambridge in October 1988 and May 1994 respectively. He also obtained a master's degree in Development Studies from the University of Bath in December 1987, and a bachelor's degree in economics from Southwest University of Finance and Economics in China (previously known as Sichuan Institute of Finance and Economics) in July 1983.

Dr. Liu has approximately 32 years of experience in corporate finance and has worked in various international financial institutions since 1993, including N M Rothschild & Sons Limited, N M Rothschild & Sons (Hong Kong) Limited, JPMorgan Chase, DBS Asia Capital Limited, China Resources Capital Holdings Company Limited and UBS Securities Co., Limited. He also served as an independent non-executive director at Haier Electronics Group Co., Ltd. (stock code: 1169) from June 2007 to June 2014, at Hisense Home Appliances Group Co., Ltd. (stock code: 921) from September 2017 to August 2018, at Honghua Group Limited (stock code: 196) from January 2008 to November 2021, at AAG Energy Holdings Limited (stock code: 2686, delisted in July 2023) from August 2018 to August 2023, and at Cinda International Holdings Limited (stock code: 111) from July 2016 to July 2024. Currently, he has been an independent non-executive director at KunLun Energy Company Limited (stock code: 135) since April 2004, at Sunfonda Group Holdings Limited (stock code: 1771) since May 2017, at Logory Logistics Technology Co., Ltd. (stock code: 2482) since March 2023. Moreover, Dr. Liu has been the vice president of the China Independent Non-executive Directors Association since August 2023.

A letter of appointment has been signed by Dr. Liu, pursuant to which he is entitled to an annual remuneration of HK\$420,000. The remuneration will be reviewed by the Board and the Remuneration Committee annually and may be adjusted as appropriate. The term of Dr. Liu's appointment would be three years unless terminated by one month's written notice or in certain circumstances in accordance with the terms of the letter of appointment. Dr. Liu has confirmed his independence in accordance with Rule 3.13 of the Listing Rules.

As far as the Directors are aware and as at the Latest Practicable Date, Dr. Liu did not hold any interest in Shares within the meaning of Part XV of the SFO.

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the AGM in relation to the Repurchase Mandate. Neither this explanatory statement nor the proposed share repurchase has any unusual features.

1. REASONS FOR REPURCHASE OF SHARES

The Directors believe that it is in the best interests of the Company, the Group and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company, the Group and the Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the Company had 4,336,353,000 Shares in issue (excluding Treasury Shares) and 117,833,000 Treasury Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged after the Latest Practicable Date and up to the date of the AGM, the Directors would be authorized under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, up to 433,635,300 Shares (representing 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of the AGM) with an aggregate nominal value of HK\$43,363,530.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the laws of the Cayman Islands, the Listing Rules and/or any other applicable laws, as the case may be.

Pursuant to the Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilized in this connection, including profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or out of share premium account or, if authorized by the Articles and subject to the applicable laws of the Cayman Islands, out of capital of the Company and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles and subject to the applicable laws of the Cayman Islands, out of capital of the Company.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company. There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended December 31, 2024) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period.

4. INTENTION OF DIRECTORS AND CONNECTED PERSONS TO SELL SHARES

None of the Directors nor, to the best of their knowledge and belief, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell Shares to the Company, or that they have undertaken not to do so, in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

5. SHARE PRICES

The monthly highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the following months were as follows:

	PER SHARE	
	Highest	Lowest
	(per Share)	(per Share)
	HK\$	HK\$
2024		
April	3.128	2.958
May	3.288	2.958
June	3.122	2.922
July	3.042	2.932
August	3.032	2.792
September	3.210	2.830
October	3.700	3.130
November	3.360	3.070
December	3.410	2.690
2025		
January	2.830	2.650
February	2.990	2.600
March	3.260	2.420
April (up to the Latest Practicable Date)	2.680	2.400

6. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company repurchased a total of 8,097,000 Shares on the Stock Exchange, details of which are as follows:

Date of Repurchase	No. of Shares Repurchased	Highest Price per Share HK\$	Lowest Price per Share HK\$
April 8, 2025	800,000	2.48	2.44
April 9, 2025	800,000	2.50	2.45
April 10, 2025	473,000	2.53	2.50
April 11, 2025	961,000	2.60	2.48
April 15, 2025	1,989,000	2.60	2.55
April 16, 2025	550,000	2.55	2.52
April 17, 2025	800,000	2.55	2.52
April 22, 2025	493,000	2.53	2.50
April 23, 2025	477,000	2.57	2.53
April 24, 2025	754,000	2.56	2.49

Save as disclosed above, no repurchase of Shares has been made by the Company during the six months immediately preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate shall be in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

8. EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC FLOAT

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition pursuant to Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the interest of the Shareholder (and concerted parties, if any), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, the following person held 5% or more of the issued share capital of the Company:

Name of Shareholder	Nature of interest	Number of Shares (share) ⁽¹⁾	Approximate percentage of the total issued share capital of the Company (excluding Treasury Shares) as at the Latest Practicable Date (%)	If Repurchase Mandate is exercised fully, approximate percentage of the total issued share capital of the Company (excluding Treasury Shares) as at the Latest Practicable Date (%)
Texson Limited	Beneficial owner	3,182,910,928	73.40%	81.56%

Note:

(1) All interests stated are long positions.

In the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Mandate, the interest of the above persons in the issued share capital of the Company will be increased as shown above. On the basis of the aforesaid increase of shareholding, the Directors are not presently aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Company has made an application to the Stock Exchange when applying for the listing of its Shares, and the Stock Exchange has granted the Company a waiver that the minimum public float requirement under Rule 8.08(1) of the Listing Rules be reduced, based on which the minimum percentage of the Shares from time to time held by the public hand should be the percentage of Shares of the enlarged issued share capital of the Company after the full exercise of the over-allotment option (or any options that may be granted under the share option scheme of the Company).

The Directors have no intention to exercise the Repurchase Mandate to the extent that will result in the number of Shares in hands of public falling below the prescribed minimum percentage.

INTENTIONAL USE OF THE REPURCHASED SHARES

To the extent permitted by the applicable laws, the Listing Rules and the Articles, the Company may either cancel any or all of the Shares to be repurchased under the Repurchase Mandate or retain them as Treasury Shares, subject to the prevailing market conditions and the Company's capital management needs at the relevant time of the repurchases. Further, the Company will file a next day disclosure return for every Share repurchase under Rule 13.25A and provide details of the repurchased Shares, including but not limited to the number of repurchased Shares that are cancelled or held as Treasury Shares.

ARRANGEMENTS TO HOLD OR DEPOSIT TREASURY SHARES IN CENTRAL CLEARING AND SETTLEMENT SYSTEM ("CCASS")

Should the Company engage in on-exchange share buy-backs with the intention of holding the repurchased Shares as Treasury Shares, it will, upon completion of the repurchase, withdraw the repurchased Shares from CCASS and register the repurchased Shares in the Company's register of members under its own name as Treasury Shares. The Company may only re-deposit the Treasury Shares into CCASS if there is an immediate plan to resell them on the Stock Exchange, and such resale should be executed promptly. For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it would not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws if those Shares were registered in the issuer's own name as Treasury Shares, including but not limited to the Board of Directors approving that: (i) the Company shall procure its broker not to give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, the Company should withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

1. PURPOSES, ADMINISTRATION AND DURATION

1.1 The purpose of the Share Award Plan is, through an award of Shares, to:

- (A) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (B) attract suitable personnel for further development of the Group.

1.2 The Share Award Plan shall be subject to the administration of the Board or the Committee whose decisions on all matters arising in relation to the Share Award Plan or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice the powers of the Trustee as provided under the Trust Deed; and for avoidance of doubt, the Board or the Committee shall have powers on deciding (on and subject to the terms and conditions provided under the Share Award Plan) the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under the Share Award Plan or in accordance with the Listing Rules or other applicable laws, legislation and regulations. In the event that a Selected Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an Award to such Selected Participants.

1.3 Subject to paragraph 10, the Share Award Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Awards may be made but the rules of the Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

2. AWARD OF SHARES

2.1 The Board or the Committee shall, subject to and in accordance with the rules of the Share Award Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Share Award Plan, make an award (the “**Award**”) out of the Shares Pool to any of the Eligible Participants (as it shall in its absolute discretion select but excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board or the Committee shall, subject to paragraph 6, determine pursuant to the rules of the Share Award Plan. For the avoidance of doubt until so selected, no Eligible Participant shall be entitled to participate in the Share Award Plan.

- 2.2 The eligibility of any of the Eligible Participants to an Award shall be determined by the Board or the Committee from time to time on the basis of the Board's or the Committee's opinion as to his contribution and/or future contribution to the development and growth of the Group. Generally:
- (A) in assessing the eligibility of Employee Participant, the Board or the Committee will consider all relevant factors as appropriate, including, without limitation, the individual's (a) performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (b) length of employment or engagement with the Group; and (c) contribution or potential contribution to the development and growth of the Group; and
 - (B) in assessing the eligibility of Related Entity Participant, the Board will consider all relevant factors as appropriate, including, without limitation, (a) the degree of his involvement in and/or cooperation with the Group; (b) the length of collaborative relationship established with the Group; (c) the amount of support, assistance, guidance, advice, efforts and contributions he has given or is likely to give towards the success of the Group; and (d) his participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.
- 2.3 The Board or the Committee shall notify the Trustee by a notice in writing (the "**Award Notice**") upon the making of an Award under the Share Award Plan and, in the Award Notice, the Board or the Committee shall specify the following:
- (A) the name, address, identity card (or, as the case may be, passport) number and position of the relevant Selected Participant and whether the Selected Participant is a connected person;
 - (B) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Award;
 - (C) the Vesting Date on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) or the net sales proceeds thereof in the relevant Selected Participant under paragraph 4.1;
 - (D) the condition(s) and/or performance target(s), if any, that must be duly fulfilled by the relevant Selected Participant before any of the Awarded Shares (or the net sales proceeds thereof) may be transferred to and vested in such Selected Participant under such Award. Such conditions and/or performance target(s) may include but not limited to (i) financial parameters of the Group (such as the revenue, profits and general financial condition of the Group); (ii) non-financial parameters of the Group (such as the Group's strategic objectives, operational targets and future development plan); (iii) the key performance indicators of the Selected Participant's departments

and/or business units, and the Selected Participant's position key performance indicators relevant to his roles and responsibilities and/or its annual appraisal results (in respect of Employee Participants); and/or (iv) the Selected Participant's contribution to the Group's financial and operating results (such as increase in revenue or profits, reduction in costs, product/service advancement) (in respect of Related Entity Participants), that must be duly fulfilled before the Award may be vested in such Selected Participant in respect of all or a proportion of the Awarded Shares;

- (E) the condition(s) and/or performance target(s) of the Selected Participant, if any, that must be duly altered or waived by the Board or the Committee before any of the Awarded Shares (or the net sales proceeds thereof) may be transferred to and vested in such Selected Participant under such Award;
- (F) whether the Awarded Shares or any part thereof should be acquired by subscription, purchase of Shares and/or whether the Awarded Shares or any part thereof should be satisfied by applying any Returned Share(s); and
- (G) such other terms and conditions of such Award as may be imposed by the Board or the Committee which are not inconsistent with the rules of the Share Award Plan and the Trust Deed on either the Trustee (with the prior written consent of the Trustee unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Awarded Shares (or the net sale proceeds thereof) may be transferred to and vested in such Selected Participant.

2.4 The Board or the Committee shall notify the Selected Participant in writing after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares (or the net sale proceeds thereof) in the Selected Participant in accordance with the rules of the Share Award Plan. An Award shall be deemed to be unconditionally declined in its entirety by a Selected Participant unless the Selected Participant shall within ten (10) Business Days after receipt of such notice from the Board or the Committee notify the Company in writing that he would accept such Award.

2.5 Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted pursuant to the Award Notice, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Awarded Shares.

2.6 For so long as the Shares are listed on the Stock Exchange:

- (A) an Award or, as the case may be, any instruction of the Board or the Committee to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company's knowledge until such inside information has been published in accordance with the SFO; and
- (B) the Board or the Committee may not make any Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods or times when such an Award is prohibited under the Listing Rules, any corresponding code or securities dealing restrictions adopted by the Company and all applicable laws from time to time. Without limiting the generality of the foregoing, no Award may be made and no instruction may be given by the Board or the Committee to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the period commencing 30 days immediately before the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

- (C) Without limiting the generality of paragraph 2.6(B), no Award may be made and no instruction may be given by the Board or the Committee to the Trustee to acquire Shares with respect to a grant of an Award to an Eligible Participant (including a Director) who is subject to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules (the "**Model Code**") during the periods or times in which such Eligible Participant is prohibited from dealing in Shares pursuant to the Model Code.

- 2.7 Subject to the Listing Rules, the Board or the Committee may from time to time, at its discretion, determine the Vesting Date upon which the Awarded Shares (or the net sale proceeds thereof) held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant. The Vesting Date in respect of any Award shall be not less than 12 months from the date of grant of the Award, provided that for Employee Participants, the Vesting Date may be less than 12 months from the date of grant of the Award in the following circumstances:
- (A) grants of “make whole” Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
 - (B) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
 - (C) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of the Share Award Plan, in lieu of time-based vesting criteria;
 - (D) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
 - (E) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
 - (F) grants of Awards with a total vesting and holding period of more than 12 months.
- 2.8 An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant, and the Board or the Committee shall notify the Trustee in writing accordingly.

3. POOL OF AWARDED SHARES

3.1 Upon the receipt of an Award Notice, the Trustee shall set aside from the Shares Pool the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates in accordance with paragraph 4.1. The Trustee shall hold the Awarded Shares so set aside during the Vesting Period on the terms of the Trust Deed. The Trustee may, at any time during the continuation of the Share Award Plan and the Trust Deed, set aside the appropriate number of Awarded Shares out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed (the “**Shares Pool**”) comprising the following:

- (A) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the Group Contribution and Other Distributions;
- (B) such Shares as may be allotted and issued to the Trustee, but subject to the limit set out in paragraph 6;
- (C) such Shares which any person or company recommended by the Company may irrevocably donate or transfer to or irrevocably vest or caused to be vested in the Trustee to be held upon trusts and with and subject to the powers and provisions in the Trust Deed; and
- (D) Returned Shares.

For the purposes of the Share Award Plan, new Shares include Treasury Shares and the issue/subscription of Shares includes the transfer of Treasury Shares.

4. VESTING OF THE AWARDED SHARES

4.1 Subject to paragraph 5, the Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares (or the net sale proceeds thereof) to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of:

- (a) the Vesting Date as specified in the Award Notice to which such Award relates;
- (b) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee within the stipulated period; and
- (c) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained by such Selected Participant as specified in the related Award Notice have been attained and notified to the Trustee by the Board or the Committee in writing.

5. LAPSE OF AWARDS AND RETURNED SHARES

- 5.1 In the event (i) any Selected Participant is found to be an Excluded Participant or otherwise ceases to be an Eligible Participant (including the termination of his employment or contractual engagement with the Company or any other member of the Group for any reason, other than for reason of retirement, death or disability); or (ii) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of “**Total Lapse**”), the Award shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Share Award Plan.
- 5.2 In the event (i) the vesting conditions are not, in the sole opinion of the Board or the Committee, satisfied in respect of the relevant part of the Award; or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having regard to all relevant circumstances) (each of these, an event of “**Partial Lapse**”), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Share Award Plan.
- 5.3 Except in the event of a Total Lapse,
- (A) subject to sub-paragraph (C) and barring any unforeseen circumstances, unless otherwise agreed between the Board or the Committee and the Trustee, one (1) month prior to any Vesting Date, the Trustee shall send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide as well as to decide whether the relevant Awarded Shares (or any portion thereof) shall be sold to effect the transfer and/or sale of the Awarded Shares on or as soon as practicable after the relevant Vesting Date;

- (B) subject to the receipt by the Trustee no later than the date falling seven (7) Business Days before the relevant Vesting Date of (i) the completed direction form and prescribed transfer documents and requisite information and/or documents prescribed by the Trustee and duly signed by the Selected Participant within the period stipulated in the direction form/checklist referred to in paragraph 5.3(A) hereof, and (ii) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall as soon as practicable transfer the relevant Awarded Shares to the relevant Selected Participant and/or sell the relevant Awarded Shares and pay the net sale proceeds thereof to the relevant Selected Participant; and
 - (C) in the event that the number of Business Days between the date of the Award Notice and the Vesting Date is less than one month, the Trustee shall (within five (5) Business Days from the date of it being notified by the Board of the making of the Award in accordance with paragraph 2.3) send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide as well as decide whether the relevant Award Shares (or any portion thereof) shall be sold to effect the transfer and/or sale of the Awarded Shares on or as soon as practicable after the relevant Vesting Date.
- 5.4 The Trustee shall hold Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Participants) as the Board or the Committee shall in its absolute discretion at any time determine and select in writing as the Selected Participant(s).
- 5.5 In the event that the Board or the Committee determines in its absolute discretion that any condition(s) and/or performance target(s) to be duly fulfilled by such Selected Participant as specified in the related Award Notice has not been duly fulfilled or has not been waived by the Board or the Committee, the Board or the Committee shall be entitled to determine that the Award made to such Selected Participant shall lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Share Award Plan.
- 5.6 The Board or the Committee may, in its absolute discretion, specify in the Award Notice the clawback mechanism for the Company to recover or withhold an Award granted to a Selected Participant if any of the following events shall occur: (i) the Selected Participant has committed any fraud or serious misconduct; or (ii) in respect of any Award which is performance linked, there is a material misstatement in the consolidated financial statements of the Company that requires a restatement, or any other circumstance that shows or leads to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner. The Awards that are clawed back pursuant to this paragraph will be regarded as lapsed. The Shares underlying the Awards that are clawed back pursuant to this paragraph shall become Returned Shares for the purposes of the Share Award Plan.

6. PLAN LIMIT

- 6.1 The aggregate maximum number of Shares (the “**Plan Mandate Limit**”) which may be issued by the Company in respect of all the Awards to be granted under the Share Award Plan and all the share options and share awards to be granted under any other Share Scheme(s) shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. The Board or the Committee shall not instruct the Trustee to subscribed for any Shares for the purpose of the Share Award Plan when such subscription will result in the Plan Mandate Limit being exceeded. Awards lapsed in accordance with the paragraph 5 of the Share Award Plan will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit.
- 6.2 If the Company conducts any share consolidation or share sub-division, the Board or the Committee shall make such corresponding adjustments to the Plan Mandate Limit, so that the Plan Mandate Limit as a percentage of the total number of issued Shares (excluding Treasury Shares) at the date immediately before and after such share consolidation or share sub-division shall be the same, rounded to the nearest whole Share.
- 6.3 Any grant of Awards to any Director, chief executive or substantial Shareholder of the Company, or any of his respective associates, shall be subject to the prior approval of the Independent Non-executive Directors (excluding any Independent Non-executive Director who is a proposed recipient of the grant of Awards). In addition:
- (A) where any grant of Awards to any Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted under the Share Award Plan and the share awards granted under any other Share Scheme(s) (excluding any Awards and any other share awards lapsed in accordance with the terms of the Share Schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue (excluding Treasury Shares) as at the date of such grant; or
 - (B) where any grant of Awards to an Independent Non-executive Director or substantial Shareholder of the Company (or any of his respective associates) would result in the number of Shares issued and to be issued in respect of all Awards granted under the Share Award Plan and the share options and other share awards granted under any other Share Schemes (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the Share Schemes) to such person

in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue (excluding Treasury Shares) as at the date of such grant,

such further grant of Awards must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company must send a circular to the Shareholders. The Selected Participants, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. The circular must contain such relevant information as required by the Listing Rules in relation to any such proposed grant to such Selected Participant, and the number and terms of the Awards to be granted to such Selected Participant must be fixed before the Shareholders' approval.

6.4 No Award shall be granted to a Selected Participant if it would result in the total number of Shares issued and to be issued in respect of all Awards granted under the Share Award Plan and the share options and share awards granted under any other Share Schemes to such person (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the Share Schemes) in the 12-month period up to and including the date of such grant exceeding 1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of issued Shares (excluding Treasury Shares) as at the date of such grant, unless:

- (A) such grant has been separately approved by the Shareholders in general meeting, with such Selected Participant and his close associates (or associates if such Selected Participant is a connected person) abstaining from voting;
- (B) the Company must send a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Selected Participant; and
- (C) the number and terms of the Awards to be granted to such Selected Participant are fixed before the Shareholders' approval.

6.5 The Company may seek approval by its Shareholders in general meeting for refreshing the Plan Mandate Limit after three years from the date of Shareholders' approval for the last refreshment or the Adoption Date and in accordance with the applicable Listing Rules.

6.6 Any refreshment of the Plan Mandate Limit within the three-year period from the date of Shareholders' approval for the last refreshment or the Adoption Date must be approved by the Shareholders in general meeting subject to the following provisions:

- (A) any Controlling Shareholders of the Company and their associates (or if there is no Controlling Shareholder, Directors (excluding Independent Non-executive Directors) and chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (B) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

provided that paragraphs 6.6(A) and (B) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro-rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Plan Mandate Limit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Plan Mandate Limit immediately before the issue of Shares, rounded to the nearest whole Share.

6.7 The Plan Mandate Limit so refreshed under paragraphs 6.5 and 6.6 shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of Shareholders' approval of the refreshment of the Plan Mandate Limit. The Company must send a circular to the Shareholders containing the number of Awards and any share options and other share awards that were already granted under the existing Plan Mandate Limit and the reason for the refreshment.

6.8 Without prejudice to paragraphs 6.5, 6.6 and 6.7, the Company may seek separate approval by the Shareholders in general meeting for granting Awards which will result in the Plan Mandate Limit or, if applicable, the refreshed Plan Mandate Limit under paragraphs 6.5 and 6.6, being exceeded, provided that:

- (A) the Awards in excess of the limit are granted only to the Selected Participant(s) specifically identified by the Company before such approval is sought;
- (B) the Company must despatch a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Selected Participant(s); and
- (C) the number and terms of the Awards to be granted to such Selected Participant(s) are fixed before the Shareholders' approval.

6.9 If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), the Board or the Committee shall make such corresponding adjustments to the number of Shares subject to the Awards granted to the Selected Participants (to the extent any Award so far as unvested), and/or the purchase price (if any), so that the Selected Participants shall be entitled to the same proportion of the Company's equity capital, rounded to the nearest whole Share, as to which such Selected Participants were previously entitled to, but no such adjustments shall be made which would result in a Share being issued at less than its nominal value. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Notes to Rule 17.03(13) of the Listing Rules.

7. CANCELLATION OF AWARDS

7.1 Any Awards granted but remained unvested may be cancelled by the Board or the Committee with the consent of the Selected Participant. Where the Company cancels any Awards granted to a Selected Participant and makes a new grant (whether under the Share Award Plan or any other Share Scheme(s)) to the same Selected Participant, such new grant may only be made within the available Plan Mandate Limit approved by the Shareholders. The Awards cancelled will be regarded as utilised for the purpose of calculating the Plan Mandate Limit.

8. VOTING RIGHTS OF SHARES IN SHARES POOL AND SELECTED PARTICIPANTS HAVING NO RIGHTS

8.1 The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares). In particular, the Trustee holding unvested Awarded Shares under the Share Award Plan, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

8.2 The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to paragraph 3.1 unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt:

- (A) a Selected Participant shall only have a contingent interest in the Awarded Shares which are referable to him subject to the vesting of such Shares in accordance with paragraph 4.1;

- (B) a Selected Participant shall not exercise any of the voting rights in respect of any Awarded Shares and shall not have any right whatsoever in the Other Distributions unless and until the relevant Awarded Shares have been transferred to and vested in the Selected Participant in accordance with the rules of the Share Award Plan;
 - (C) a Selected Participant shall have no rights in the Residual Cash or any of the Returned Shares;
 - (D) no instruction may be given by a Selected Participant to the Trustee in respect of the Awarded Shares and/or the Other Distributions and/or such other properties or assets of the trust constituted by the Trust Deed; and
 - (E) a Selected Participant shall have no rights in the fractional share arising out of consolidation of Shares (and such Shares shall be deemed as Returned Shares for the purposes of the Share Award Plan).
- 8.3 The Awarded Shares to be transferred to the Selected Participant after the vesting of the Award in the Selected Participant shall be subject to all the provisions of the Articles for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company, as existing fully paid Shares in issue on the date on which the Awarded Shares are transferred to the Selected Participant after the vesting of the Award and, without prejudice to the generality of the foregoing, shall entitle the holders of such Awarded Shares to participate in all Other Distributions paid or made on or after the date on which the Awarded Shares are so transferred, other than any Other Distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Award Shares are so transferred.

9. ALTERATION OF THE RULES OF THE SHARE AWARD PLAN

- 9.1 The rules of the Share Award Plan may be altered by the prior sanction of a resolution passed by the Board or the Committee provided that no such alteration (i) is material in nature; (ii) relates to any matters set out under Rule 17.03 of the Listing Rules to the advantage of the Selected Participant; or (iii) relates to the authority of the Board or the Committee to alter the rules of the Share Award Plan, where in any of such cases such alternation must be approved by the Shareholders in general meeting. The amended rules of the Share Award Plan must comply with all applicable laws, rules and regulations (including without limitation the Listing Rules).
- 9.2 Any change to the terms of Awards granted to a Selected Participant must be approved by the Board, the Committee, the Remuneration Committee, the Independent Non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of such Awards was approved by the Board, the Committee, the Remuneration Committee, the Independent Non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing rules of the Share Award Plan.

10. TERMINATION

10.1 The Share Award Plan shall terminate on the earlier of:

- (A) on the 10th anniversary date of the Adoption Date; and
- (B) such date of early termination as determined by the Board or the Committee and notified to the Trustee in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

10.2 Upon termination of the Share Award Plan, no further Awards may be granted, but all the Awards granted under the Share Award Plan prior to the termination of the Share Award Plan shall continue to be valid and effective and become vested in the Selected Participants according to the terms and conditions of the Awards.

11. CONDITIONS

11.1 The Share Award Plan is conditional upon:

- (A) the passing of an ordinary resolution by the Shareholders at a general meeting to approve the adoption of the Share Award Plan and authorizing the Directors to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the Share Award Plan; and
- (B) The Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares representing the Plan Mandate Limit (as defined in paragraph 6.1) to be allotted and issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Share Award Plan.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**” or the “**AGM**”) of China Risun Group Limited (the “**Company**”) will be held on Friday, May 30, 2025 at 10:00 a.m. at Room 2001, 20/F., Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company for the year ended December 31, 2024.
2. To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended December 31, 2024.
3. To re-elect Mr. Yang Xuegang as an executive director of the Company.
4. To re-elect Dr. Yu Kwok Kuen Harry as an independent non-executive director of the Company.
5. To re-elect Mr. Wang Yinping as an independent non-executive director of the Company.
6. To re-elect Dr. Liu Xiaofeng as an independent non-executive director of the Company.
7. To authorize the board of directors of the Company to fix the remuneration of the directors of the Company for the year ending December 31, 2025.
8. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the Company’s external auditor and to authorize the board of directors to determine its remuneration.

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9. To consider, approve and declare a special dividend of RMB2.22 cents per share (the “**Special Dividend**”) to be paid in Hong Kong dollars of an amount of HK2.40 cents per share (tax-inclusive) out of the share premium account of the Company.
10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with authorized and unissued shares or to resell or transfer of treasury shares of the Company to the extent permitted under the applicable laws, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the articles of association of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of the shares allotted or agreed conditionally or unconditionally to be allotted, or resold, or agreed conditionally or unconditionally to be resold by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of the outstanding conversion rights attaching to any convertible bonds or securities issued by the Company, which are convertible into shares of the Company; or (iii) a share option scheme or share award scheme of the Company; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) of the Company at the date of passing of this resolution and the said approval shall be limited accordingly; and

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- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company of any class thereof on the register on a fixed record date in proportion to their then holdings of such shares of the Company thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

11. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company which might be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company at the date of passing of this resolution and the said approval be limited accordingly; and

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(c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings.”

12. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT**, subject to the passing of resolutions nos. 10 and 11 set out in this notice, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with authorized and unissued shares of the Company or to resell or transfer of treasury shares to the extent permitted under the applicable laws, the Listing Rules and the Articles pursuant to resolution No. 10 set out in this notice be and is hereby extended by the addition thereto the number of the shares of the Company which has been repurchased by the Company since the granting of such general mandate pursuant to resolution No. 11 set out in this notice, provided that such amount of shares of the Company shall not exceed ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company at the date of passing of this resolution.”

13. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT:**

- (a) the proposed share award plan of the Company (the “**Share Award Plan**”), a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the AGM for the purpose of identification, be and is hereby approved and adopted;

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- (b) the board of directors of the Company or its delegate(s) be and are hereby authorized to do all such acts, to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary or desirable to implement and give full effect to the Share Award Plan, including but without limitation:
- (i) to administer the Share Award Plan under which the Awards (as defined in the Share Award Plan) may be granted to Eligible Participants (as defined in the Share Award Plan);
 - (ii) to modify and/or amend the Share Award Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Award Plan relating to modification and/or amendment and subject to the requirements of the Listing Rules;
 - (iii) to grant the Awards to Eligible Participants under the Share Award Plan, and to allot and issue from time to time such number of shares as may be required to be allotted and issued in respect of the Awards to be granted under the Share Award Plan and subject to the Listing Rules;
 - (iv) to make application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for the listing of, and permission to deal in, any new shares that may hereafter from time to time be allotted and issued in respect of the Awards to be granted under the Share Award Plan and subject to the Listing Rules;
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Award Plan.
- (c) the total number of shares which may be issued by the Company in respect of all the Awards to be granted under the Share Award Plan and all the share options and share awards to be granted under any other Share Scheme(s) (as defined in the Share Award Plan) shall not exceed ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of this resolution.”

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

Hong Kong, April 30, 2025

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Notes:

1. A form of proxy for use at the AGM (or any adjournment thereof) is enclosed herewith. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member.
2. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for holding the AGM (i.e. not later than 10:00 a.m. on Wednesday, May 28, 2025) (or any adjournment thereof).
4. Completion and return of the proxy form in respect of the proposed ordinary resolutions for the AGM will not preclude a member of the Company from attending and voting in person at the AGM (or any adjournment thereof) should he/she so wishes and in such event, the proxy form for the AGM (or any adjournment thereof) will be deemed to have been revoked.
5. All resolutions at the AGM will be taken by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
6. The register of members of the Company will be closed from Tuesday, May 27, 2025 to Friday, May 30, 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the AGM, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, May 26, 2025.
7. The register of members of the Company will also be closed from Wednesday, June 11, 2025 to Friday, June 13, 2025, both days inclusive, for the purpose of determining the entitlement of the shareholders to receive the Special Dividend, during which period no share transfers will be registered. The record date for entitlement to the Special Dividend is Friday, June 13, 2025. In order to be entitled to the Special Dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, June 10, 2025.
8. A circular giving details of the proposed resolutions has been published together with this notice to shareholders on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.risun.com>).
9. The AGM is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses.

As at the date of this notice, 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 Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng.