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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)

**VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION**

**DISPOSAL OF EQUITY INTERESTS IN THE TARGET COMPANY IN
RETURN FOR CONSIDERATION SHARES IN THE PURCHASER**

PROPOSED TRANSACTION

The Disposal

The Board wishes to announce that on May 16, 2025 (after trading hours), the Vendors entered into the Agreement with Binhai Energy (as Purchaser), pursuant to which Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets conditionally agreed to dispose of their respective equity interests of 80.4765%, 0.0080%, 14.1931% and 5.3224% in the Target Company to Binhai Energy in exchange for Consideration Shares to be issued by Binhai Energy.

The final consideration for the Disposal will be determined with reference to the appraised value of the Target Company as at the Valuation Benchmark Date after arm's length negotiation between the Vendors and the Purchaser and confirmed by way of entering into the Supplemental Agreement which shall be considered and approved by another Board meeting to be held in due course.

The Consideration Shares and the Acquisition

The Issue Price is RMB7.55 per Consideration Share, subject to adjustments that may be made due to ex-rights or ex-dividend events or fluctuations in the market price of the shares of Binhai Energy. The number of Consideration Shares to be issued will be calculated by dividing the final consideration for the Disposal by the Issue Price per Consideration Share. The Vendors will receive the Consideration Shares in proportion to their respective shareholding percentages in the Target Company. The taking up of the Consideration Shares by Risun Group and Risun Coal Chemicals, both being wholly-owned subsidiaries of the Company, constitutes an acquisition by the Group of equity interests in Binhai Energy.

The World's Leading Energy Chemical Company
—— Innovation Leads to the Future

Upon completion of the Proposed Transaction (including the Disposal and the Acquisition), it is expected that the Target Company will become a subsidiary of Binhai Energy and Binhai Energy will become a subsidiary of the Company. Therefore, it is expected that the accounts of both Binhai Energy and the Target Company will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

It is expected that (i) the Disposal may constitute a very substantial disposal of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the Acquisition may constitute a very substantial acquisition of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the final consideration and certain detailed terms of the Proposed Transaction have not been finalized, the classification of the Proposed Transaction under Chapter 14 of the Listing Rules is yet to be finalized.

Furthermore, Binhai Energy is a subsidiary of Xuyang Holding, which holds approximately 24.85% of the total number of issued shares of Binhai Energy as at the date of this announcement and controls its board of directors. Xuyang Holding is wholly owned by Mr. Yang Xuegang, the controlling shareholder, executive Director, chief executive officer and chairman of the Board of the Company, together with his spouse, Ms. Lu Xiaomei, who is also an executive Director. As such, Binhai Energy is an associate of Mr. Yang Xuegang under the Listing Rules and therefore a connected person of the Company. Accordingly, the Proposed Transaction will also constitute a connected transaction of the Company, which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, the valuation of the Target Company has not been completed. Following completion of the valuation, the final consideration for the Disposal and the number of the Consideration Shares to be issued will be confirmed by way of entering into the Supplemental Agreement, and the Company will convene another Board meeting to consider and approve the Supplemental Agreement.

Further announcement(s) in respect of, among other things, the appraised value of the Target Company, the final consideration for the Disposal, the number of the Consideration Shares to be issued and any other arrangements, will be made by the Company as and when appropriate.

The Company will comply with the applicable requirements under Chapter 14 and Chapter 14A of the Listing Rules in due course.

As the Proposed Transaction are subject to the satisfaction and/or waiver of the relevant conditions precedent and may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated April 29, 2025 in relation to a non-legally binding cooperation intention agreement entered into between the Vendors and the Purchaser with respect to the Proposed Transaction.

The Board wishes to announce that on May 16, 2025 (after trading hours), the Vendors entered into the Agreement with Binhai Energy (as Purchaser), pursuant to which Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets conditionally agreed to dispose of their respective equity interests of 80.4765%, 0.0080%, 14.1931% and 5.3224% in the Target Company to Binhai Energy in exchange for Consideration Shares to be issued by Binhai Energy.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

May 16, 2025

Parties

- Vendors:
- (a) Risun Group, a wholly-owned subsidiary of the Company
 - (b) Risun Coal Chemicals, a wholly-owned subsidiary of the Company
 - (c) Shenzhen Venture Capital, and
 - (d) Agricultural Bank Assets

Purchaser: Binhai Energy

Asset to be disposed of

Pursuant to the Agreement, Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets conditionally agreed to dispose of their respective equity interests of 80.4765%, 0.0080%, 14.1931% and 5.3224% in the Target Company to Binhai Energy.

Consideration

The final consideration for the Disposal will be determined with reference to the appraised value of the Target Company as at the Valuation Benchmark Date after arm's length negotiation between the Vendors and the Purchaser and confirmed by way of entering into the Supplemental Agreement which shall be considered and approved by another Board meeting to be held in due course.

The consideration shall be payable by Binhai Energy by way of allotment and issuance of the Consideration Shares to the Vendors. The Vendors will receive the Consideration Shares in proportion to their respective shareholding percentages in the Target Company. The taking up of the Consideration Shares by Risun Group and Risun Coal Chemicals, both being wholly-owned subsidiaries of the Company, constitutes an acquisition by the Group of equity interests in Binhai Energy.

Consideration Shares

The number of Consideration Shares to be issued will be calculated by dividing the final consideration for the Disposal by the Issue Price per Consideration Share.

The Issue Price is RMB7.55 per Consideration Share, which is determined with reference to the trading price of the shares of Binhai Energy on the SZSE, and represents 80% of the average trading price of the shares of Binhai Energy for the 20 trading days immediately preceding the Pricing Benchmark Date.

During the period from the Pricing Benchmark Date to the issuance date of the Consideration Shares, if there are any ex-rights and ex-dividend events of Binhai Energy, such as distribution of dividends, issue of bonus shares, conversion of capital reserve into share capital, the Issue Price shall be adjusted according to the relevant requirements of the CSRC and the SZSE.

In addition, if, during the period from the date of approval of the Proposed Transaction by the shareholders of Binhai Energy to the date of approval by the CSRC for the registration of the Proposed Transaction, the closing price of either the SZSE Composite Index (399106.SZ) or the Specialty Chemicals Index (882409.WI) for at least 20 out of 30 consecutive trading days, and the closing price of the shares of Binhai Energy for at least 20 out of 30 consecutive trading days, increase or decrease by more than 20% as compared to the relevant closing price on the trading day immediately preceding the Pricing Benchmark Date, Binhai Energy shall have the right to adjust the Issue Price once. If the above events occur and Binhai Energy decides to exercise its right to adjust the Issue Price, the Issue Price after adjustment shall be no less than 80% of the average trading price of the shares of Binhai Energy for the 20, 60, or 120 trading days immediately preceding the next trading day after the first occurrence of the triggering event for the adjustment.

Lock-up period

Risun Group and Risun Coal Chemicals shall not transfer the Consideration Shares within 36 months from the date of issuance of the Consideration Shares.

If the closing price of the shares of Binhai Energy for 20 consecutive trading days during the six-month period after the completion of the Proposed Transaction is lower than the Issue Price, or if the closing price at the end of this six-month period is lower than the Issue Price, the above lock-up period will automatically extend for six months.

The lock-up period shall also apply to the additional shares of Binhai Energy derived from the Consideration Shares as a result of bonus issue or conversion of capital reserve into share capital by Binhai Energy after the completion of the Proposed Transaction.

Conditions precedent

Pursuant to the Agreement, the Proposed Transaction is subject to the fulfillment of the following conditions precedent:

- (a) the Proposed Transaction having been approved in accordance with relevant laws and regulations and the internal decision-making procedures of the parties, including but not limited to the approval from the board of directors and the independent shareholders of Binhai Energy, as well as the approval from the Board and the independent shareholders of the Company; and

- (b) all necessary approvals or consents having been obtained from the relevant authorities, including but not limited to the CSRC, the SZSE and the Stock Exchange.

The Stock Exchange is assessing whether the Proposed Transaction constitutes a proposal of the Company subject to PN15. If the Stock Exchange so determines, the Proposed Transaction may only proceed once the Stock Exchange has confirmed the Company's compliance with the PN15 requirements.

Completion

The Vendors shall complete the industrial and commercial registration procedures in respect of the Disposal within 30 days from the date of approval by the CSRC for the registration of the Proposed Transaction. Subsequently, the Purchaser shall complete all procedures to register the Consideration Shares in the Vendors' names within the following 30 days.

During the transitional period from the Valuation Benchmark Date to the date of registration of the Consideration Shares in the Vendors' names, any profits realized or increases in net assets of the Target Company will be attributed to Binhai Energy, and any losses or decreases in net assets of the Target Company will be compensated in cash by the Vendors to the Purchaser. Specific arrangements will be finalized in the Supplemental Agreement.

Upon completion of the Proposed Transaction (including the Disposal and the Acquisition), it is expected that the Target Company will become a subsidiary of Binhai Energy, and Binhai Energy will become a subsidiary of the Company (even with the potential adjustment of Issue Price as set out in the section headed "Consideration Shares" above). Therefore, it is expected that the accounts of both Binhai Energy and the Target Company will be consolidated into the financial statements of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the research and development, production, and sales of nylon new materials, mainly including caprolactam, nylon 6, and nylon elastomers. As at the date of this announcement, the Target Company is held at to 80.4765%, 0.0080%, 14.1931% and 5.3224% by Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets, respectively, and is a non-wholly-owned subsidiary of the Company.

Based on the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, the unaudited net assets value of the Target Company as at December 31, 2024 is approximately RMB5,500 million, and the unaudited profits of the Target Company for the two years ended December 31, 2023 and 2024 are as follows:

	For the year ended December 31, 2023 <i>(approximately RMB million)</i>	For the year ended December 31, 2024 <i>(approximately RMB million)</i>
Profit before taxation	80	278
Profit after taxation	350	238

INFORMATION ON THE PURCHASER

Binhai Energy, a company listed on the SZSE (stock code: 000695), is primarily engaged in the research and development, production, and sales of lithium battery anode materials. Binhai Energy is a subsidiary of Xuyang Holding. Save for Xuyang Holding, which holds approximately 24.85% of the total number of issued shares of Binhai Energy, there are no other shareholders holding 10% or more of the total number of issued shares of Binhai Energy as at the date of this announcement. The actual controller of Binhai Energy is Mr. Yang Xuegang.

Based on the financial statements of Binhai Energy prepared in accordance with the China Accounting Standards for Business Enterprises, the audited net assets value of Binhai Energy as at December 31, 2024 is approximately RMB235 million, and the audited losses of Binhai Energy for the two years ended December 31, 2023 and 2024 are as follows:

	For the year ended December 31, 2023 <i>(approximately RMB million)</i>	For the year ended December 31, 2024 <i>(approximately RMB million)</i>
Loss before taxation	42	31
Loss after taxation	37	30

INFORMATION ON THE VENDORS

The Group

The Company is a leading integrated coke, coking chemicals and refined chemicals (including hydrogen-energy products) producer and supplier as well as relevant operation management services provider in the PRC with customers located in both the PRC and abroad. The Group initially operated four production bases in Hebei Province, the PRC and has since then expanded its operations to other provinces of the PRC, such as Inner Mongolia Autonomous Region and Shandong Province. It has gradually extended its overseas presence to Sulawesi Province, the Republic of Indonesia.

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

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

Shenzhen Venture Capital

Shenzhen Venture Capital, a limited partnership established in the PRC, is principally engaged in equity investment, venture capital investment and investment management. The general partner of Shenzhen Venture Capital is Shenzhen Venture Capital Red Earth Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (深創投紅土私募股權投資基金管理(深圳)有限公司), holding 0.5% of the partnership interest. The limited partners include several entities, with the largest limited partner being National Manufacturing Transformation and Upgrading Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司), which holds 81.82% of the partnership interest.

Shenzhen Venture Capital Red Earth Private Equity Investment Fund Management (Shenzhen) Co., Ltd., the general partner, is indirectly owned as to 40.99% by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會), 20% by Mr. Huang Chulong (黃楚龍先生), 10.80% by Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司) (a company listed on the Stock Exchange, stock code: 1635), and a total of 28.21% by nine shareholders, each holding less than 10%.

National Manufacturing Transformation and Upgrading Fund Co., Ltd., the largest limited partner, is owned as to 15.29% by the Ministry of Finance of the PRC (中國財政部), 13.59% by China Development Bank Capital Co., Ltd. (國開金融有限責任公司) (which is indirectly owned as to 36.54% by the Ministry of Finance of the PRC, 34.68% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會), 27.19% by the SAFE Investment Center affiliated with the State Administration of Foreign Exchange (國家外匯管理局中央外匯業務中心) and 1.59% by the National Council for Social Security Fund (全國社會保障基金理事會)), 10.19% by China National Tobacco Corporation (中國煙草總公司) (which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC), 10.19% by China Insurance Investment Fund II (Limited Partnership) (中國保險投資基金二期(有限合夥)) (whose partnership interests are directly and indirectly owned by China Insurance Investment Corporation (中保投資有限責任公司), which is in turn owned by 46 shareholders, each holding less than 5%), and a total of 50.74% by 16 shareholders, each holding less than 10%.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for its 14.1931% equity interests in the Target Company, Shenzhen Venture Capital and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Agricultural Bank Assets

Agricultural Bank Assets, a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary of Agricultural Bank of China Limited (a company listed on the Stock Exchange (stock code: 1288) and the Shanghai Stock Exchange (stock code: 601288)). Its business scope includes debt-to-equity swap and relevant businesses, raising funds from qualified social investors for debt-to-equity swaps, issuing financial bonds specifically for debt-to-equity swaps, and other businesses approved by the PRC banking regulatory authority.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Agricultural Bank Assets and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS AND BENEFITS OF THE PROPOSED TRANSACTION

Since March 2024, Chinese regulatory bodies, including the State Council, the China Securities Regulatory Commission, and stock exchanges, have successively introduced a series of policy measures (including the “Opinions on Strengthening the Supervision of Listed Companies (Trial)”, “Several Opinions on Strengthening Supervision to Prevent Risks and Promote High-Quality Development of the Capital Market”, and “Opinions on Deepening the Market Reform of Mergers and Acquisitions of Listed Companies”, among others). These measures aim to support listed companies in conducting mergers and acquisitions, achieving optimal resource allocation, and enhancing the investment value of listed companies. Additionally, nylon, as an important polymer material, is fundamental to the development of China’s high-end manufacturing industry. Relevant Chinese government departments have successively introduced several industrial policies, providing a favorable policy environment for the development of the nylon new materials industry, and supporting the expansion and advancement of the nylon new materials industry and its industrial chain towards high-end products. In particular, in July 2024, the Ministry of Industry and Information Technology, along with nine other departments, jointly issued the “Implementation Plan for the Innovative Development of the Fine Chemical Industry (2024-2027)”, which emphasizes promoting the traditional industry with a focus on extending the industrial chain towards high-end development in the refined chemicals field.

In response to the above policy guidelines and to enhance the Group’s market position and operational capabilities, especially in the new materials sector, the Group intends to proceed with the Proposed Transaction, which involves the integration of the Target Company, a leading producer of nylon new materials, with Binhai Energy, which focuses on lithium battery anode materials. This strategic move is designed to leverage the strengths of both entities to drive the Group’s long-term growth and innovation, and aligns with the Group’s development direction towards expanding its business into high-end new materials sector. The Proposed Transaction is expected to create synergies to the Group in the following aspects:

- The Proposed Transaction represents a strategic expansion from traditional chemical to new energy chemical fields. One of the four business segments of the Group is refined chemicals manufacturing. The refined chemicals produced by the Group mainly include alcohol-ammonia chemicals, carbon material chemicals, and aromatic chemicals. Among them, the products formed from deep processing of carbon material chemicals would become raw materials for the production of lithium battery anode materials, which are the main products of Binhai Energy. Through the Proposed Transaction, the Group can establish a complete industrial chain for carbon material chemicals, promoting the development of the Group’s carbon material business. Additionally, the Group has a carbon material research team dedicated to researching process methods and improving the quality of carbon material chemicals, covering the carbon material industrial chain. The Proposed Transaction facilitates more efficient utilization of the Group’s research and development resources. The main products of the Target Company are nylon new materials, which are derived from deep processing of aromatic chemicals. Since the accounts of the Target Company will continue to be consolidated into the Group’s financial statements upon completion of the Proposed Transaction, the nylon new materials business of the Target Company will remain part of the Group’s refined chemicals manufacturing segment. As at December 31, 2024, the revenue and profit before taxation contributed by the Target Company to the Group’s refined chemicals manufacturing segment accounted for approximately 47.1% and 50.1%, respectively. The development of carbon material chemicals and aromatic chemicals including the addition of Binhai Energy’s products to the Group’s overall product offerings will help enhance the Group’s market share and position in the refined chemicals field.

- Nylon is widely used for various components in different industries, such as the automotive and electrical sectors. Its excellent properties, including high resistance to heat, pressure, and electrical insulation, make it ideal for components like engine parts, fuel systems, and electrical connectors. Nylon, as a component of aluminum-plastic film, has been widely used in the outer packaging of pouch batteries (a type of lithium batteries). In 2024, the demand for aluminum-plastic film in China's lithium battery sector reached 420 million square meters. As solid-state battery technology matures and the use of metal casings in lithium batteries decreases, it is anticipated that aluminum-plastic film will have broader prospects in the lightweight applications of lithium batteries and new energy vehicles. Additionally, in September 2024, Binhai Energy established a fully-equipped electrical laboratory with comprehensive battery manufacturing processes and failure analysis capabilities. Leveraging this laboratory, Binhai Energy may collaborate with universities to develop polycaprolactam (a type of nylon) material for lithium battery separators. At present, the development of laboratory-scale coin cells has been completed, demonstrating significantly improved temperature resistance compared to traditional separators, without compromising electrical performance, which indicates promising prospects for the application of nylon in the lithium battery sector.
- Nylon new materials are also extensively used in various industrial applications, including the production of conveyor belts, hoses, seals, gaskets, and bearings, owing to their excellent mechanical properties and abrasion resistance. Additionally, nylon new materials are employed in the manufacturing of industrial machinery components and tools. Given the wide range of applications of nylon new materials, the Proposed Transaction will facilitate future cooperation between the Target Company and Binhai Energy in more areas.
- The refined chemical sector traditionally serves manufacturing producers, which are not directly connected to consumer goods customers. By integrating Binhai Energy's business, the Group can establish a stronger presence in the consumer goods market, particularly within the automotive industry. This sector offers greater visibility in the capital markets, which could potentially attract more investors and enhance the Group's market valuation.

While Binhai Energy has recorded losses in recent years, primarily due to its early-stage development in the lithium battery anode materials business, the Board remains optimistic about its business prospects for the following reasons:

- Binhai Energy is in the process of ramping up production capacity, having commissioned facilities with an annual output of 18,000 tons of graphitization and 40,000 tons of finished product lines. At this stage, the incremental benefits of large-scale production have not yet been fully realized. Binhai Energy is actively implementing innovative production techniques, including optimizing furnace loading methods, increasing packing density, and refining the power supply curve. Such technological improvements are expected to lower production costs significantly over time.

- Additionally, Binhai Energy is advancing the phased construction of a 200,000-ton integrated anode materials project. The first phase of this project includes the development of facilities with an annual output of 100,000 tons of lithium battery anode material precursors and 100,000 tons of graphitization, along with related supporting infrastructure, scheduled for completion and operation in December 2025. Concurrently, Binhai Energy is developing a green electricity project, expected to commence operation at the same time, to supply the integrated anode materials project with electricity at a cost as low as approximately RMB0.18 per kilowatt-hour. Preliminary estimates indicate that this will reduce current electricity costs by about 30%. As the projects progress and economies of scale are achieved, the cost-reduction effects are anticipated to become more pronounced, improving Binhai Energy's financial performance.
- Binhai Energy has been actively pursuing top-tier battery clients since 2023. It has established strategic partnerships with 12 leading battery companies across various subsectors. Additionally, it has reached collaborative understandings with a number of the world's top 10 battery enterprises, with expected delivery schedule beginning in the second half of 2025. Binhai Energy is also actively exploring the South Korean and Japanese markets, having connected with four battery companies and conducted multiple technical exchanges. Based on the established strategic relationships and ongoing order negotiations, it is anticipated that the bulk supply scale over the next two years will fully cover the increased production capacity. The increased production capacity and expanded customer base also support Binhai Energy's transition from a contract manufacturer to a direct supplier of lithium battery anode materials, indicating a strategic shift towards higher-margin business operations and potentially leading to increased profitability and market presence.

Having taken into account the above (including the anticipated synergies from the integration of businesses of the Target Company and Binhai Energy, as well as the promising business prospects of Binhai Energy and the lithium battery industry), the Board is of the view that the Proposed Transaction is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

It is expected that (i) the Disposal may constitute a very substantial disposal of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the Acquisition may constitute a very substantial acquisition of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the final consideration and certain detailed terms of the Proposed Transaction have not been finalized, the classification of the Proposed Transaction under Chapter 14 of the Listing Rules is yet to be finalized.

Furthermore, Binhai Energy is a subsidiary of Xuyang Holding, which holds approximately 24.85% of the total number of issued shares of Binhai Energy as at the date of this announcement and controls its board of directors. Xuyang Holding is wholly owned by Mr. Yang Xuegang, the controlling shareholder, executive Director, chief executive officer and chairman of the Board of the Company, together with his spouse, Ms. Lu Xiaomei, who is also an executive Director. As such, Binhai Energy is an associate of Mr. Yang Xuegang under the Listing Rules and therefore a connected person of the Company. Accordingly, the Proposed Transaction will also constitute a connected transaction of the Company, which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, the valuation of the Target Company has not been completed. Following completion of the valuation, the final consideration for the Disposal and the number of the Consideration Shares to be issued will be confirmed by way of entering into the Supplemental Agreement, and the Company will convene another Board meeting to consider and approve the Supplemental Agreement.

Further announcement(s) in respect of, among other things, the appraised value of the Target Company, the final consideration for the Disposal, the number of the Consideration Shares to be issued and any other arrangements, will be made by the Company as and when appropriate.

The Company will comply with the applicable requirements under Chapter 14 and Chapter 14A of the Listing Rules in due course.

As the Proposed Transaction are subject to the satisfaction and/or waiver of the relevant conditions precedent and may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the taking up of the Consideration Shares by Risun Group and Risun Coal Chemicals as the consideration for the disposal of their respective equity interests of 80.4765% and 0.0080% in the Target Company pursuant to the Agreement
“Agreement”	the agreement entered into between the Vendors and the Purchaser dated May 16, 2025 in relation to the Proposed Transaction
“Agricultural Bank Assets”	Agricultural Bank Financial Assets Investment Co., Ltd. (農銀金融資產投資有限公司), a company incorporated in the PRC with limited liability
“associate(s)”	has the meaning given to it under the Listing Rules
“Binhai Energy” or the “Purchaser”	Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司), a company incorporated in the PRC with limited liability, whose shares are listed on the SZSE (stock code: 000695)
“Board”	the board of Directors of the Company
“Company”	China Risun Group Limited (中國旭陽集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1907)
“connected person(s)”	has the meaning given to it under the Listing Rules

“Consideration Shares”	new ordinary shares with a nominal value of RMB1.00 each to be issued by Binhai Energy to the Vendors as the consideration for the Disposal
“controlling shareholder”	has the meaning given to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	Director(s) of the Company
“Disposal”	the disposal of the Target Company by the Vendors to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of the Consideration Shares, being RMB7.55 per Consideration Share, subject to adjustments that may be made due to ex-rights or ex-dividend events or fluctuations in the market price of the shares of Binhai Energy as described in the section headed “The Agreement – Consideration Shares” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	The People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan region
“PN15”	Practice Note 15 to the Listing Rules
“Pricing Benchmark Date”	the pricing benchmark date for the issuance of the Consideration Shares, being May 16, 2025
“Proposed Transaction”	including the Disposal and the Acquisition
“Risun Coal Chemicals”	Xingtai Risun Coal Chemicals Limited (邢台旭陽煤化工有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Risun Group”	Risun Group Limited (旭陽集團有限公司) (formerly known as Risun Chemicals Limited (旭陽化工有限公司)), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“RMB”	the lawful currency of the PRC

“Shenzhen Venture Capital”	Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)), a limited partnership incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning given to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to be entered into between the Vendors and Purchase for the purpose of confirming the final consideration for the Disposal, the number of the Consideration Shares to be issued and any other arrangements of the Proposed Transaction
“SZSE”	the Shenzhen Stock Exchange
“Target Company”	Cangzhou Risun Chemicals Limited (滄州旭陽化工有限公司), a company incorporated in the PRC with limited liability, which is owned as to 80.4765%, 0.0080%, 14.1931% and 5.3224% by Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets, respectively, as at the date of this announcement, and is a non-wholly-owned subsidiary of the Company
“Valuation Benchmark Date”	the benchmark date for the valuation of the Target Company, being May 31, 2025
“Vendors”	Risun Group, Risun Coal Chemicals, Shenzhen Venture Capital and Agricultural Bank Assets
“Xuyang Holding”	Xuyang Holding Limited (旭陽控股有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Mr. Yang Xuegang, the controlling shareholder, executive Director, chief executive officer and chairman of the Board of the Company, together with his spouse, Ms. Lu Xiaomei, who is also an executive Director

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

Hong Kong, May 16, 2025

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