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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)

ANNOUNCEMENT

**REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED
TRANSACTIONS UNDER THE PROJECT SERVICES FRAMEWORK
AGREEMENT AND THE INTEGRATED PROCUREMENT FRAMEWORK
AGREEMENT**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Gram Capital Limited

嘉林資本有限公司

Reference is made to the announcement of the Company dated December 31, 2024 in relation to, among others, the Project Services Framework Agreement and the Integrated Procurement Framework Agreement entered into between the Company and Xuyang Holding, pursuant to which Xuyang Holding Group shall, from January 1, 2025 to December 31, 2027, provide the Group with (i) project design, construction management and general contracting services, and (ii) water purification chemicals, thermal coal, steel products, building materials, catalysts and other products, together with related technical services.

The Company expects that, for the two years ending December 31, 2026 and 2027, the transaction amounts of the continuing connected transactions under the Project Services Framework Agreement and the Integrated Procurement Framework Agreement will exceed their respective existing annual caps. Accordingly, on September 28, 2026, the Company and Xuyang Holding entered into the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement to revise the relevant existing annual caps.

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

LISTING RULES IMPLICATIONS

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, Xuyang Holding is an associate of Mr. Yang Xuegang and Ms. Lu Xiaomei, and thus a connected person of the Company. Therefore, the transactions under the Project Services Framework Agreement (as revised by the Project Services Supplemental Agreement) and the Integrated Procurement Framework Agreement (as revised by the Integrated Procurement Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the respective revised annual caps under the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement exceed 5%, the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder, are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company shall convene the EGM to seek the approval of the Independent Shareholders for the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder. The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder, a letter from the Independent Board Committee, a letter from Gram Capital and a notice of the EGM, will be despatched to the Shareholders. As additional time is required for the Company to prepare and finalize certain information to be included in the circular, the Company will despatch the circular to the Shareholders on or before October 23, 2026.

INTRODUCTION

Reference is made to the announcement of the Company dated December 31, 2024 in relation to, among others, the Project Services Framework Agreement and the Integrated Procurement Framework Agreement entered into between the Company and Xuyang Holding, pursuant to which Xuyang Holding Group shall, from January 1, 2025 to December 31, 2027, provide the Group with (i) project design, construction management and general contracting services, and (ii) water purification chemicals, thermal coal, steel products, building materials, catalysts and other products, together with related technical services.

The Company expects that, for the two years ending December 31, 2026 and 2027, the transaction amounts of the continuing connected transactions under the Project Services Framework Agreement and the Integrated Procurement Framework Agreement will exceed their respective existing annual caps. Accordingly, on September 28, 2026, the Company and Xuyang Holding entered into the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement to revise the relevant existing annual caps.

REVISION OF THE EXISTING ANNUAL CAP UNDER THE PROJECT SERVICES FRAMEWORK AGREEMENT

Project Services Framework Agreement

The principal terms of the Project Services Framework Agreement are set out below:

Date

December 31, 2024

Parties

- (i) the Company; and
- (ii) Xuyang Holding

Scope of services

Pursuant to the Project Services Framework Agreement, Xuyang Holding Group shall provide the Group with project design, construction management and general contracting services. Such services are required to comply with the stringent energy-saving and environmental protection requirements implemented by the relevant PRC government authorities, and will help enhance the Group's energy-saving and environmental protection capabilities, and improve the efficiency and quality of the existing large-scale production facilities.

Pricing policies

The Group conducts a public tender for each project requiring design, construction management and general contracting services. The Group will select the bidder that offers the best overall terms after taking into account, among others, the proposed prices, the achievable technical specifications, the business models and backgrounds of the bidders, the proposed payment terms, and the estimated delivery dates. If Xuyang Holding Group wins the bid for any particular project, the fees to be charged by Xuyang Holding Group shall be in line with the prices quoted in its bid, and the overall terms offered by it shall be no less favorable than those offered by independent third parties.

Term

The Project Services Framework Agreement shall be valid from January 1, 2025 to December 31, 2027.

Project Services Supplemental Agreement and the Revised Annual Cap Thereunder

The principal terms of the Project Services Supplemental Agreement are set out below:

Date

September 28, 2026

Parties

- (i) the Company; and
- (ii) Xuyang Holding

Revision of annual cap

Subject to the approval of the Independent Shareholders, the annual cap for the continuing connected transactions under the Project Services Framework Agreement for each of the two years ending December 31, 2026 and 2027 will be revised from RMB500 million to RMB1,100 million (exclusive of tax).

Save for the revised annual cap as described above, all other terms of the Project Services Framework Agreement shall remain unchanged and in full force and effect.

For the year ended December 31, 2025 and the eight months ended August 31, 2026, the actual fees (exclusive of tax) charged by Xuyang Holding Group to the Group for the continuing connected transactions under the Project Services Framework Agreement were approximately RMB410.5 million and RMB468.8 million, respectively. As at the date of this announcement, the actual fees charged by Xuyang Holding Group to the Group for the continuing connected transactions under the Project Services Framework Agreement have not exceeded the existing annual cap under the Project Services Framework Agreement.

In determining the revised annual cap under the Project Services Supplemental Agreement, the Company has taken into account the historical figures as set out above. In particular, the utilization rate of the existing annual cap under the Project Services Framework Agreement has remained at a high level, with the utilization rate for the year ended December 31, 2025 being approximately 82.1%, and the utilization rate for only the eight months ended August 31, 2026 already reaching approximately 93.8%. The existing annual cap is therefore insufficient to cover the Group's actual demand for the continuing connected transactions under the Project Services Framework Agreement.

In addition, as disclosed in the announcements of the Company dated April 29, 2026 and June 25, 2026, the Group has strategically entered the new energy battery materials industry through the acquisition of shares in Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) ("**Binhai Energy**"). Given the rapid growth of the battery materials industry, the Group needs to accelerate its construction progress to capture the development opportunities in the industry. Binhai Energy is constructing new production facilities in Shangdu County, Ulanqab and Baotou City, Inner Mongolia Autonomous Region and Xingtai City, Hebei Province through its subsidiaries, including an integrated lithium battery anode materials project with an annual production capacity of 200,000 tonnes, a silicon-carbon anode materials project with an annual production capacity of 2,000 tonnes and a porous carbon project with an annual production capacity of 1,000 tonnes.

In determining the revised annual cap under the Project Services Supplemental Agreement, the Company has (i) based on the construction progress and budget of the Group's major projects under construction (including the projects being developed through Binhai Energy and its subsidiaries), estimated that these projects will give rise to project service expenditures of approximately RMB547.0 million for the remaining period of 2026 and the amount of project service expenditures for 2027 will be similar to 2026, and (ii) included a reasonable buffer of approximately 8% per annum to cater for possible changes in construction works or cost fluctuations in the process of project construction.

REVISION OF THE EXISTING ANNUAL CAP UNDER THE INTEGRATED PROCUREMENT FRAMEWORK AGREEMENT

Integrated Procurement Framework Agreement

The principal terms of the Integrated Procurement Framework Agreement are set out below:

Date

December 31, 2024

Parties

- (i) the Company; and
- (ii) Xuyang Holding

Scope of products to be procured

Pursuant to the Integrated Procurement Framework Agreement, Xuyang Holding Group shall provide the Group with water purification chemicals, thermal coal, steel products, building materials, catalysts and other products required in its daily production and operations, together with related technical services.

Pricing policies

The prices of water purification chemicals, thermal coal, steel products, building materials, catalysts and other products as well as related technical services provided by Xuyang Holding Group shall be determined with reference to the market prices of the relevant products and services (including the market prices provided by independent third-party industry consultants from time to time), and shall be no less favorable than those offered by independent third-party suppliers under comparable circumstances.

Term

The Integrated Procurement Framework Agreement shall be valid from January 1, 2025 to December 31, 2027.

Integrated Procurement Supplemental Agreement and the Revised Annual Cap Thereunder

The principal terms of the Integrated Procurement Supplemental Agreement are set out below:

Date

September 28, 2026

Parties

- (i) the Company; and
- (ii) Xuyang Holding

Revision of annual cap

Subject to the approval of the Independent Shareholders, the annual cap for the continuing connected transactions under the Integrated Procurement Framework Agreement for each of the two years ending December 31, 2026 and 2027 will be revised from RMB400 million to RMB600 million (exclusive of tax).

Save for the revised annual cap as described above, all other terms of the Integrated Procurement Framework Agreement shall remain unchanged and in full force and effect.

For the year ended December 31, 2025 and the eight months ended August 31, 2026, the actual fees (exclusive of tax) charged by Xuyang Holding Group to the Group for the continuing connected transactions under the Integrated Procurement Framework Agreement were approximately RMB159.4 million and RMB141.8 million, respectively. As at the date of this announcement, the actual fees charged by Xuyang Holding Group to the Group for the continuing connected transactions under the Integrated Procurement Framework Agreement have not exceeded the existing annual cap under the Integrated Procurement Framework Agreement.

As disclosed in the section headed “Project Services Supplemental Agreement and the Revised Annual Cap Thereunder” in this announcement, the Group has strategically entered the new energy battery materials industry through the acquisition of shares in Binhai Energy, and needs to accelerate its construction progress to capture the development opportunities in the industry. Therefore, in determining the revised annual cap under the Integrated Procurement Supplemental Agreement, the Company has (i) based on the procurement needs and budget of the Group’s major projects under construction (including the projects being developed through Binhai Energy and its subsidiaries), estimated that these projects will give rise to procurement expenditures of approximately RMB412.0 million for the relevant products and technical services for the remaining period of 2026 and the amount of procurement expenditures for 2027 will be similar to 2026, and (ii) included a reasonable buffer of approximately 8% per annum to cater for possible price fluctuations or changes in product demands in the process of procurement.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions under the Project Services Framework Agreement (as revised by the Project Services Supplemental Agreement)

In view of Xuyang Holding Group's extensive experience in project services and its long-term cooperative relationship with the Group, the Company considers that the provision of the relevant services by Xuyang Holding Group is beneficial to the Group, mainly for the following reasons:

- (i) The project design and construction management for various chemical production facilities require specialized technical knowledge and experience in the design and construction management of coal, coking and refined chemical product systems and facilities which Xuyang Holding Group possesses. In particular, Xuyang Engineering Technology Co., Ltd. (旭陽工程科技有限公司, "**Xuyang Engineering**"), a subsidiary of Xuyang Holding, possesses excellent metallurgical and chemical engineering design qualifications and relevant pressure equipment certificates. It is a national-level high-tech enterprise in China and a "specialised, refined, distinctive and innovative" enterprise in Hebei Province. Xuyang Engineering has a research and development team comprising more than 200 technical personnel and undertakes EPC engineering projects both domestically and overseas. It provides integrated "design and construction" services to ensure the efficient and economical implementation of chemical and coking engineering projects;
- (ii) Xuyang Holding Group has been providing project services for the Group since 2004, and has successively participated in the design and construction management of a number of the Group's projects (including the upgrading and renovation project for coke oven flue gas desulfurization and denitrification, the expansion project for coke dry quenching equipment, the 2-amino-2-methyl-1-propanol project with an annual production capacity of 5,000 tonnes, and the industrial park sewage treatment project, among others). As a result, it has gained an in-depth understanding of the technical parameters and operational requirements of the Group's existing production facilities, and is capable of effectively enhancing project implementation efficiency; and
- (iii) The Group has no obligation to engage Xuyang Holding Group for any particular project. As the successful bidder for each particular project shall be determined through a public tender, if Xuyang Holding Group is awarded any such project, the overall terms offered by it shall be no less favorable than those offered by independent third parties.

**Continuing connected transactions under the Integrated Procurement Framework Agreement
(as revised by the Integrated Procurement Supplemental Agreement)**

In view of Xuyang Holding Group's stable supply capabilities in providing water purification chemicals, thermal coal, steel products, building materials, catalysts and other products, and its long-term cooperative relationship with the Group, the Company considers that the provision of relevant products and technical services by Xuyang Holding Group is beneficial to the Group, mainly for the following reasons:

- (i) Xuyang Holding Group is capable of stably providing water purification chemicals, thermal coal, steel products, building materials, catalysts and other products, as well as related technical services;
- (ii) Xuyang Holding Group has been supplying relevant products and technical services to the Group since 2004, and has gained in-depth understanding of the Group's product specifications, quality standards, and delivery requirements, and is capable of providing relevant products and technical services that meet the Group's operational and quality requirements; and
- (iii) The pricing mechanism under the Integrated Procurement Framework Agreement (including making reference to market prices provided by independent third-party industry consultants and obtaining quotations from independent third-party suppliers) can ensure that the prices of the Group's purchase from Xuyang Holding Group are not higher than the prevailing market price, and may be even more favorable than those obtainable from independent third-party suppliers, thereby helping the Group control its procurement costs.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the Independent Board Committee to be included in the circular) consider that the continuing connected transactions under the Project Services Framework Agreement (as revised by the Project Services Supplemental Agreement) and the Integrated Procurement Framework Agreement (as revised by the Integrated Procurement Supplemental Agreement) are conducted in the ordinary and usual course of business of the Group on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the respective revised annual caps under the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement are also fair and reasonable.

Mr. Yang Xuegang, Ms. Lu Xiaomei and Mr. Yang Lu (the son of Mr. Yang Xuegang and Ms. Lu Xiaomei) have abstained from voting on the Board resolutions to consider and approve the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder.

INTERNAL CONTROL MEASURES

In order to ensure that the terms for the continuing connected transactions under the Project Services Framework Agreement and the Integrated Procurement Framework Agreement are fair and reasonable, and no less favorable to the Group than and comparable with terms available from independent third parties, and that the continuing connected transactions are carried out on normal commercial terms, the Group has adopted the following internal control procedures:

- For selecting the service provider under the Project Services Framework Agreement for a particular project, which will be conducted by public tender, the Group will invite no less than three independent third-party service providers to participate in the tender. The general manager and the financial controller of the relevant subsidiary of the Company will evaluate the bids and submit the results of bid evaluation to the general manager of the procurement department, the general manager of the finance department and the general manager of the capital markets department, as well as the company secretary of the Company, for final approval;
- For determining the market prices of the relevant products and technical services under the Integrated Procurement Framework Agreement, the Company has engaged an independent third-party industry consultant to provide the Company with information on the market prices of the relevant products and services from time to time, so that the Group can keep abreast of the latest market prices and determine whether the quotations offered by Xuyang Holding Group are fair and reasonable. Before placing an order with Xuyang Holding Group, the general manager and the financial controller of the relevant subsidiary of the Company shall obtain quotations from not less than three independent third-party suppliers and submit such quotations, together with the quotations from Xuyang Holding Group, to the general manager of the procurement department, the general manager of the finance department and the general manager of the capital markets department, as well as the company secretary of the Company, for final approval;
- The Company will conduct sample checks on the specific agreements entered into between the Group and Xuyang Holding Group on a quarterly basis, so as to review and assess whether the specific transactions are conducted on normal commercial terms and in compliance with the terms set out in the Project Services Framework Agreement and the Integrated Procurement Framework Agreement; and
- The independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the Project Services Framework Agreement and the Integrated Procurement Framework Agreement and provide annual confirmation to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the applicable pricing policies.

The Company considers that the above procedures and measures can ensure the relevant transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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, Xuyang Holding is an associate of Mr. Yang Xuegang and Ms. Lu Xiaomei, and thus a connected person of the Company. Therefore, the transactions under the Project Services Framework Agreement (as revised by the Project Services Supplemental Agreement) and the Integrated Procurement Framework Agreement (as revised by the Integrated Procurement Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the respective revised annual caps under the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement exceed 5%, the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder, are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company shall convene the EGM to seek the approval of the Independent Shareholders for the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder. The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder, a letter from the Independent Board Committee, a letter from Gram Capital and a notice of the EGM, will be despatched to the Shareholders. As additional time is required for the Company to prepare and finalize certain information to be included in the circular, the Company will despatch the circular to the Shareholders on or before October 23, 2026.

GENERAL INFORMATION

The Company is a leading integrated producer and supplier of coke, coking products, refined chemical products (including hydrogen energy products) and new energy products in the PRC, as well as a provider of related operation and management services, with customers in the PRC and overseas. The Group initially operated four production parks in Hebei Province, the PRC, and subsequently expanded its operations to other provinces in the PRC, including the Inner Mongolia Autonomous Region, Shandong Province and Jiangxi Province, and has gradually expanded its overseas business to Sulawesi Province, the Republic of Indonesia.

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. It is principally engaged in the development and sale of and investment in real estate, investment holding, provision of project design, construction management and general contracting services, research and development and manufacturing of water purification chemicals for sewage treatment and information technology, etc.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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, the shares of which are listed on the Stock Exchange (stock code: 1907)
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company for the purpose of considering and approving, among others, the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Company for the purpose of considering the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM in respect of the approval of the Project Services Supplemental Agreement and the Integrated Procurement Supplemental Agreement, as well as the respective revised annual caps thereunder
“Integrated Procurement Framework Agreement”	the 2025-2027 Integrated Procurement Framework Agreement dated December 31, 2024 entered into by and between the Company and Xuyang Holding

“Integrated Procurement Supplemental Agreement”	the supplemental agreement to the Integrated Procurement Framework Agreement dated September 28, 2026 entered into by and between the Company and Xuyang Holding
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Project Services Framework Agreement”	the 2025-2027 Project Services Framework Agreement dated December 31, 2024 entered into by and between the Company and Xuyang Holding
“Project Services Supplemental Agreement”	the supplemental agreement to the Project Services Framework Agreement dated September 28, 2026 entered into by and between the Company and Xuyang Holding
“Share(s)”	the ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“subsidiary(ies)”	has the meaning given to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xuyang Holding”	Xuyang Holding Limited (旭陽控股有限公司), a limited liability company incorporated in the PRC, 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
“Xuyang Holding Group”	Xuyang Holding and its subsidiaries

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

Hong Kong, September 28, 2026

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.