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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)**

# CONNECTED TRANSACTION
# DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY

The Board wishes to announce that on October 31, 2025, Risun Group, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Xuyang New Energy, pursuant to which Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in the Target Company for a consideration of RMB54,686,200.

**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. Xuyang New Energy, an indirect wholly-owned subsidiary of Xuyang Holding, is also a connected person of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board wishes to announce that on October 31, 2025, Risun Group, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Xuyang New Energy, pursuant to which Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in the Target Company for a consideration of RMB54,686,200.

## THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

### Date

October 31, 2025

### Parties

Vendor: Risun Group

Purchaser: Xuyang New Energy

### Interest to be Disposed of

Pursuant to the Equity Transfer Agreement, Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in the Target Company.

### Consideration and Payment

The consideration for the Disposal is RMB54,686,200, which shall be paid by Xuyang New Energy to Risun Group by December 31, 2025 in cash.

The consideration for the Disposal was determined on normal commercial terms after arm's length negotiations between the parties, with reference to the appraised net asset value of 100% equity interest in the Target Company as valued by an independent valuer using asset-based approach, which amounted to RMB54,686,200, as at the Valuation Benchmark Date (i.e. August 31, 2025).

### Completion

Within 5 working days after the date of entering into the Equity Transfer Agreement, Risun Group shall assist Xuyang New Energy in submitting the application documents for equity transfer registration to the market supervision and administration authority of the place where the Target Company is located, and cooperate with Xuyang New Energy to complete the procedures for the transfer of the equity interest in the Target Company.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company, and its financial results will cease to be consolidated into the financial statements of the Group.

## VALUATION OF THE TARGET COMPANY

Based on the asset valuation report prepared by an independent valuer using the asset-based approach, the appraised net asset value of 100% equity interest in the Target Company as at the Valuation Benchmark Date was RMB54,686,200.

**Selection of Valuation Method**

When selecting an appropriate valuation method, the valuer considered the applicability of the income approach, the market approach and the asset-based approach. Given that the Target Company has not formally commenced substantive business operations since its establishment, its future income cannot be reasonably projected, leading to the exclusion of the income approach. Furthermore, as the Target Company's project has not yet been completed and put into operation, it lacks sufficient comparability with other listed manufacturing companies, thereby failing to fully satisfy the market approach's requirement for a sufficient number of comparable enterprises. Consequently, the market approach was not adopted. On the other hand, the assets and liabilities of the Target Company can be reasonably identified and appropriately assessed. Therefore, the valuer considered the asset-based approach to be the most appropriate valuation method.

**Differences Between the Appraised Value and the Book Value**

As at the Valuation Benchmark Date, the assets and liabilities of the Target Company consisted of current assets (including monetary funds and other current assets), fixed assets (including buildings and equipment), intangible assets (including land use rights and invention patents), and current liabilities (including employee compensation payable and other payables), in which:

(i) the book value of current assets was the same as the appraised value, amounting to RMB7,346,139.73. There was neither a discount nor a premium applied to the appraised value compared to the book value;

(ii) the book value of fixed assets (buildings) was RMB1,466,423.07, while the appraised value was RMB2,425,400. As the relevant buildings were constructed by another subsidiary of Risun Group, the book value did not reflect the original construction cost. Additionally, changes in prices and discrepancies between the accounting depreciation period and the assessed economic useful life resulted in the increase in the appraised value;

(iii) the book value of fixed assets (equipment) was RMB4,015,294.14, while the appraised value was RMB3,968,482. The decrease in the appraised value was due to the actual start date of use for the weighbridge being earlier than the purchase date;

(iv) the book value of intangible assets (land use rights) was RMB12,727,490.67, while the appraised value was RMB45,584,513.10. The increase in the appraised value was primarily due to the early acquisition of the land and the rapid appreciation of local industrial land in recent years;

(v) the book value of intangible assets (invention patents) was the same as the appraised value, amounting to RMB861,255.41. There was neither a discount nor a premium applied to the appraised value compared to the book value; and

(vi) the book value of current liabilities was the same as the appraised value, amounting to RMB5,499,609.55. There was neither a discount nor a premium applied to the appraised value compared to the book value.

**Major Assumptions**

In addition to the general valuation assumptions (such as the assumptions of fair transaction, open market and going concern), the valuation is also based on the following assumptions:

(i) it is assumed that there will be no material changes in the relevant national and local laws and regulations, industry policies, industrial policies and macroeconomic environment as compared with those as at the Valuation Benchmark Date, and that there will be no material changes in the political, economic and social environments of the regions in which the parties operate;

(ii) it is assumed that there will be no material changes in the fiscal and monetary policies of the regions where the Target Company operates, nor in the relevant interest rates, exchange rates, tax bases and tax rates, or policy-based levies currently in effect;

(iii) it is assumed that no force majeure events or unforeseeable factors will have any material adverse impact on the Target Company's ability to continue as a going concern;

(iv) it is assumed that, based on its current management methods and standards, the Target Company's business scope and business model will remain basically consistent with the current ones, and that the future development trend of its business will align with the development trend of the industry as at the Valuation Benchmark Date;

(v) it is assumed that the operators of the Target Company are diligent and responsible, and that their management possesses the necessary competence to perform their duties and responsibilities;

(vi) it is assumed that the information provided by Risun Group and the Target Company is true, accurate and complete, and that the relevant material matters have been adequately disclosed;

(vii) it is assumed that the Target Company fully complies with all applicable laws and regulations currently in effect; and

(viii) it is assumed that the accounting policies to be adopted by the Target Company in the future will remain, in all material respects, consistent with those adopted as at the Valuation Benchmark Date.

**INFORMATION ON THE TARGET COMPANY**

The Target Company was established in November 2023 with a registered capital of RMB7 million. Since its establishment, the Target Company has not yet formally carried out any substantive business operations. Currently, a project of porous carbon is in the planning stage, with the aim of building a high-end porous carbon industrial base.

Based on the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, the audited net asset value of the Target Company as at August 31, 2025 is approximately RMB20.92 million, and the audited loss of the Target Company for the two years ended December 31, 2023 and 2024 are as follows:

| | **For the year ended December 31, 2023** *(approximately RMB million)* | **For the year ended December 31, 2024** *(approximately RMB million)* |
|---|---|---|
| Loss before taxation | 0.10 | 0.67 |
| Loss after taxation | 0.10 | 0.67 |

## FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The Company expects that the Disposal will result in a gain of approximately RMB33.7693 million, which was calculated based on the difference between the consideration for the Disposal of approximately RMB54.6862 million and the carrying value of 100% equity interest in the Target Company as at August 31, 2025 of approximately RMB20.9169 million. The actual gain from the Disposal to be recorded by the Company is subject to the audited consolidated financial statements of the Company.

The Group intends to use the proceeds for daily operating expenses.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

Given that the Target Company has not generated profits for the Group, the Company believes that disposing of the Target Company would realize the intrinsic value of its assets (mainly the land right-of-use assets held by the Target Company) and recognize a gain from the Disposal. The Directors consider the Disposal to be a favorable arrangement for the Group.

The Directors (including the independent non-executive Directors) believe that although the Disposal is not entered into in the ordinary and usual course of business of the Group, it is conducted on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Yang Xuegang, Ms. Lu Xiaomei and Mr. Yang Lu have abstained from voting on the Board resolution to consider and approve the Disposal pursuant to the requirements of the articles of association of the Company.

## 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. Xuyang New Energy, an indirect wholly-owned subsidiary of Xuyang Holding, is also a connected person of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## GENERAL INFORMATION

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, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

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.

Xuyang New Energy, an indirect wholly-owned subsidiary of Xuyang Holding, is principally engaged in the business of research and development, technical services, and technology transfer and promotion of new energy and new materials.

## DEFINITIONS

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

| | |
|---|---|
| "associate(s)" | has the meaning given to it under the Listing Rules |
| "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) |
| "Director(s)" | Director(s) of the Company |
| "Disposal" | the disposal of the 100% equity interest in the Target Company by Risun Group to Xuyang New Energy pursuant to the Equity Transfer Agreement |
| "Equity Transfer Agreement" | the equity transfer agreement entered into between Risun Group and Xuyang New Energy on October 31, 2025 in relation to the Disposal |

| | |
|---|---|
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | Hong Kong Special Administrative Region of the PRC |
| "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 |
| "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" | Renminbi, the lawful currency of the PRC |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning given to it under the Listing Rules |
| "Target Company" | Xingtai Risun Material New Technology Co., Ltd.* (邢台旭陽材料新科技有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Risun Group as at the date of this announcement |
| "Valuation Benchmark Date" | the benchmark date for the valuation of the Target Company, being August 31, 2025 |
| "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 |
| "Xuyang New Energy" | Xingtai Xuyang New Energy Technology Co., Ltd.* (邢台旭陽新能源科技有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of Xuyang Holding |

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

Hong Kong, October 31, 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.*

* *For identification only*