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Rongyu Jingu lists entire stake in agrochemical producer Luba Shares for 6.04 million yuan after IPO-linked repurchase conditions are triggered

A state-backed venture capital investor is moving to exit its investment in Chinese agrochemical manufacturer Shandong Luba Chemical Co., Ltd. (Luba Shares) after the company failed to meet key IPO-related milestones outlined in an earlier investment agreement. According to an announcement issued by the Shandong Property Rights Exchange Center on July 27, Shandong Rongyu Jingu Venture Capital Co., Ltd. has put its entire holding of 630,000 shares in Luba Shares up for transfer at a reserve price of 6.041 million yuan, equivalent to 9.59 yuan per share. The listing will remain open until August 21, 2026.

The transaction represents more than a routine portfolio reshuffle. It provides Rongyu Jingu with an exit route after contractual valuation adjustment and equity repurchase provisions tied to Luba Shares' listing plans were activated. Under a supplementary agreement signed on May 16, 2025, between Rongyu Jingu and the company's actual controller, Zhao Yan, the investor secured protection in the event that Luba Shares failed to advance its domestic listing. The agreement stipulated that if the company did not submit qualified IPO application documents to the Shanghai, Shenzhen or Beijing stock exchanges before June 30, 2026, or complete a domestic IPO before December 31, 2027, Rongyu Jingu would have the right to require the controlling shareholder to repurchase its equity at an agreed minimum price.

Luba Shares completed its listing on China's National Equities Exchange and Quotations (NEEQ) in 2025. However, as of the announcement date, the company had not submitted an IPO application before the June 30, 2026 deadline, meaning the contractual repurchase conditions had already been satisfied. Instead of immediately exercising the repurchase option, Rongyu Jingu has chosen to publicly transfer its equity stake through the provincial property rights exchange, offering potential investors an opportunity to acquire the shares.

The valuation work for the transaction was completed on July 22, after which the transfer entered the formal listing process. Subsequent procedures will include investor solicitation, contract execution and equity delivery in accordance with exchange regulations. Founded in 1997 and headquartered in Jinan, Shandong Province, Luba Shares is a pesticide manufacturer engaged in the production, formulation and sale of crop protection chemicals. Its portfolio includes technical-grade products such as paraquat, diquat, haloxyfop-R-methyl, fluoxypyr and cyhalofop-butyl, alongside bio-pesticide research, specialty chemicals and international trade.

Rongyu Jingu, established in 2014 with a registered capital of 100 million yuan, operates as a venture capital platform under Shandong Energy Group. The state-owned investment firm focuses on hard technology and industrial investments, making the proposed share transfer another example of China's state-backed funds seeking structured exits from portfolio companies as capital recycling becomes increasingly important. The transaction will be closely watched within China's agrochemical sector, where companies listed on the NEEQ continue to pursue IPO pathways while investors seek liquidity through contractual exit mechanisms and public equity transfers.