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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)

VOLUNTARY ANNOUNCEMENT

UPDATE ON BUSINESS DEVELOPMENT

This announcement is made by China Risun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors of the Company (the “**Board**”) is pleased to announce that recently, the Group has provided sales service of coke, coke particles and other products to an independent third party group (the “**Counterparties**”) engaging in exploration of coking coal and production of coke and chemical products in Inner Mongolia, the PRC (the “**Project**”). Different from our business segment of the operation and management services conducted by the Group in the past, under the Project, the Group formulates a sales plan with the Counterparties on a monthly basis. The Counterparties carry out raw materials procurement and production in their production lines and facilities in accordance with the quantity and quality requirements in the sales plan, while the Group dispatch professional personnel of production, technology, examination and sales to station in and to assist the Counterparties with production, and be responsible for sales. The Group receives sales service fees based on the sales volume, including fixed fees and premium incentives. Fixed fees are determined based on the sales commission percentage as agreed between parties, while premium incentives are calculated based on a certain proportion in accordance with the part of actual sales price exceeding the basic price as agreed by both parties.

The Project, regarded as a new cooperative model under the operation and management services business of the Group, is the first integrated sales and marketing cooperative project exploring externally. The Project may generate stable cash flow from operating activities under low capital expenditures by the Group. The Project also symbolizes successful exploration of the Group’s operation and management services business to Inner Mongolia area. The Board has paid close attention to the development of the Project since its commencement, and the effectiveness of the Project has been realized on a preliminary stage. The Board is of the view that such cooperative model is suitable and conducive to the long-term development of the Group. Therefore, the Board intends to continue exploring more similar cooperative projects, and expects that the Group will continue strengthening the capability of supply of coke, coking chemical and refined chemical products, maintaining continuous profitability and robust development, and constantly improving the standard of serving the iron and steel, chemical industry in the PRC and the globe by virtue of the leading position in the coke, coking chemical and refined chemical market, advantages from the brand and coverage of sales and marketing network, as well as through business expansion strategies and models such as integrated sales and marketing, operation and management services, merger and acquisition.

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

Beijing, the PRC, August 6, 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Yang Xuegang, Mr. Zhang Yingwei, Mr. Han Qinliang, Mr. Wang Fengshan, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors of the Company are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.