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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2019

HIGHLIGHTS

- Revenue for the six months ended June 30, 2019 was approximately RMB10,123.8 million, representing an increase of approximately 0.28% as compared with the corresponding period in 2018;
- Profit attributable to owners of the Company for the six months ended June 30, 2019 was approximately RMB841.7 million, representing an increase of approximately 21.4% as compared with the corresponding period in 2018;
- Basic earnings per share of the Company for the six months ended June 30, 2019 was RMB22.14 cents, representing an increase of approximately 1.7% as compared with the corresponding period in 2018; and
- Subsequent to the end of the current interim period, the Board determined that 2019 interim dividend of HK6.89 cents (equivalent to approximately RMB6.18 cents) per share, with total dividend amount of HK$281,748,000 (equivalent to approximately RMB252,762,000) (2018: Nil).

The board (the "**Board**") of directors (the "**Directors**") of China Risun Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended June 30, 2019 together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended June 30,	
		2019	2018
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Unaudited)
Revenue from contracts with customers	4	**10,123,838**	10,095,572
Cost of sales and services		**(8,711,305)**	(8,731,657)
Gross profit		**1,412,533**	1,363,915
Other income	5	**77,832**	95,476
Other gains and losses		**98,791**	21,381
Impairment losses reversed (recognized), net		**30,052**	30,784
Selling and distribution expenses		**(395,632)**	(358,160)
Administrative expenses		**(162,454)**	(154,265)
Listing expenses		**(15,835)**	(11,635)
Profit from operations		**1,045,287**	987,496
Finance costs	6	**(210,880)**	(325,177)
Share of results of associates		**14,119**	40,654
Share of results of a joint venture		**193,181**	157,142
Profit before taxation	7	**1,041,707**	860,115
Income tax expense	8	**(188,181)**	(160,539)
Profit for the period		**853,526**	699,576
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**15,711**	2,726
Other comprehensive income for the period		**15,711**	2,726
Total comprehensive income for the period		**869,237**	702,302
Profit for the period attributable to:			
Owners of the Company		**841,741**	693,425
Non-controlling interests		**11,785**	6,151
		853,526	699,576
Total comprehensive income for the period attributable to:			
Owners of the Company		**857,452**	696,151
Non-controlling interests		**11,785**	6,151
		869,237	702,302
Earnings per share (RMB cents)	10		
Basic		22.14	21.78
Diluted		22.14	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**9,283,602**	9,406,195
Right-of-use assets	11	**1,268,816**	-
Prepaid lease payments		-	1,099,735
Goodwill		**31,808**	31,808
Intangible assets		**75,598**	74,425
Interests in associates		**405,930**	451,311
Interests in a joint venture		**1,046,667**	853,486
Financial assets at fair value through profit or loss ("FVTPL")	12	**208,731**	76,017
Other long term receivables and prepayments		**90,823**	63,060
Deferred tax assets		**276,074**	289,249
Restricted bank balances	15	**50,000**	128,000
		12,738,049	12,473,286
Current assets			
Inventories		**1,189,099**	1,009,035
Income tax prepayments		-	3,787
Other receivables	13	**1,558,340**	1,021,464
Trade and bills receivables measured at fair value through other comprehensive income ("FVTOCI")	13	**1,438,577**	3,179,295
Prepaid lease payments		-	27,378
Amounts due from related parties		**189,663**	675,244
Financial assets at FVTPL	12	**1,809**	286
Restricted bank balances	15	**2,514,253**	3,453,297
Cash and cash equivalents		**1,494,932**	759,037
		8,386,673	10,128,823
Current liabilities			
Financial liabilities at FVTPL	12	**3,161**	448
Trade and other payables	16	**4,176,773**	6,528,943
Contract liabilities		**900,682**	1,074,689
Dividends payable	9	**626,588**	-
Income tax payable		**317,236**	388,842
Bank and other loans	17	**7,135,161**	7,618,022
Lease liabilities/obligations under finance leases		**7,148**	23,616
Amounts due to related parties		**435,125**	779,512
		13,601,874	16,414,072
Net current liabilities		**(5,215,201)**	(6,285,249)
Total assets less current liabilities		**7,522,848**	6,188,037

	Notes	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Non-current liabilities			
Bank and other loans	17	**758,033**	1,272,195
Lease liabilities/obligations under finance leases		**55,672**	936
Deferred income		**68,099**	68,703
Trade and other payables	16	**-**	68,314
Deferred tax liabilities		**98,671**	64,866
		980,475	1,475,014
Net Assets		**6,542,373**	4,713,023
Capital and reserves			
Share capital	18	**354,699**	87,123
Reserves		**6,075,444**	4,516,717
Total equity attributable to owners of the Company		**6,430,143**	4,603,840
Non-controlling interests		**112,230**	109,183
Total equity		**6,542,373**	4,713,023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 18)	**Share premium** RMB'000	**Merger reserve** RMB'000	**Reserve fund** RMB'000	**Safety fund** RMB'000	**Foreign currency translation reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at December 31,2018 (Audited)	**87,123**	**475,949**	**384,869**	**222,268**	**34,978**	**(38,486)**	**3,437,139**	**4,603,840**	**109,183**	**4,713,023**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**841,741**	**841,741**	**11,785**	**853,526**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**15,711**	**-**	**15,711**	**-**	**15,711**
Net transfer to safety fund	**-**	**-**	**-**	**-**	**1,574**	**-**	**(1,574)**	**-**	**-**	**-**
Issue of new shares in the Public Offer (Note 18)	**59,028**	**1,589,903**	**-**	**-**	**-**	**-**	**-**	**1,648,931**	**-**	**1,648,931**
Transaction costs directly attributable to the issue of new shares	**-**	**(53,492)**	**-**	**-**	**-**	**-**	**-**	**(53,492)**	**-**	**(53,492)**
Capitalisation issue (Note 18)	**208,548**	**(208,548)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends recognized as distribution (Note 9)	**-**	**(426,588)**	**-**	**-**	**-**	**-**	**(200,000)**	**(626,588)**	**-**	**(626,588)**
Dividends to a non-controlling shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,738)**	**(8,738)**
Balance at June 30, 2019 (Unaudited)	**354,699**	**1,377,224**	**384,869**	**222,268**	**36,552**	**(22,775)**	**4,077,306**	**6,430,143**	**112,230**	**6,542,373**
Balance at January 1, 2018 (Audited)	80,600	70,433	384,869	207,916	35,006	(20,775)	2,253,943	3,011,992	93,319	3,105,311
Profit for the period	-	-	-	-	-	-	693,425	693,425	6,151	699,576
Other comprehensive income	-	-	-	-	-	2,726	-	2,726	-	2,726
Ordinary shares issued (Note 18)	6,523	405,516	-	-	-	-	-	412,039	-	412,039
Net transfer to safety fund	-	-	-	-	3,421	-	(3,421)	-	-	-
Dividends to the immediate holding company	-	-	-	-	-	-	(891,148)	(891,148)	-	(891,148)
Balance at June 30, 2018 (Unaudited)	87,123	475,949	384,869	207,916	38,427	(18,049)	2,052,799	3,229,034	99,470	3,328,504

NOTES TO INTERIM RESULTS

1. GENERAL

The Company was incorporated in the Cayman Islands on November 8, 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On July 23, 2018, the Company changed its name from China Risun Coal Chemicals Group Limited to China Risun Group Limited. The shares of the Company have been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on March 15, 2019. The address of the registered office and the principal place of business of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suite 2303, COFCO Tower, 262 Gloucester Road, Hong Kong respectively.

The ultimate holding company and immediate holding company of the Company is Texson Limited ("**Texson**", the "**Ultimate Holding Company**"), a company incorporated in the British Virgin Islands (the "**BVI**"), and ultimately controlled by Mr. Yang Xuegang (the "**Ultimate Controlling Shareholder**").

The Company's operating subsidiaries are engaged in the production, sale and distribution of coke, coking chemicals and refined chemicals (the "Core Business"). The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to the "**Group**") are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

Going concern

At June 30, 2019, the Group had net current liabilities of RMB5,215,201,000. The directors of the Company (the "**Directors**") are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB5,462,890,000 at the report date, of which RMB2,000,000,000 is with conditions to be determined by a bank, and the assumption that approximately 40% of bank loans and other bank facilities at June 30, 2019 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet its capital expenditure requirements and liabilities as and when they fall due for the next twelve months from the date of this report. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	*Leases*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to IFRSs	*Annual Improvements to IFRS Standards 2015-2017 Cycle*

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

As a lessee

The Group has applied IFRS 16 retrospectively at the date of initial application, January 1, 2019. No difference at the date of initial application is recognized in the opening retained profit and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition.

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Note	At January 1, 2019 RMB'000
Operating lease commitments disclosed as at December 31, 2018		2,457
Lease liabilities discounted at relevant incremental borrowing rates		2,262
Less: Recognition exemption – short-term leases		121
Recognition exemption – low value assets		2,141
Lease liabilities relating to operating leases recognized upon application of IFRS 16		-
Add: Obligations under finance leases recognized at December 31,2018	(b)	24,552
Lease liabilities as at January 1, 2019		24,552
Analyzed as		
Current		23,616
Non-current		936
		24,552

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Notes	At January 1, 2019 RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		-
Reclassified from prepaid lease payments	(a)	1,127,113
Amounts included in property, plant and equipment under IAS 17		
- Assets previously under finance leases	(b)	117,104
		1,244,217
By class:		
Leasehold lands		1,127,113
Machinery and equipment		117,104
		1,244,217

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB27,378,000 and RMB1,099,735,000 respectively were reclassified to right-of-use assets.

(b) In relation to assets previously accounted for under finance leases, the Group categorized the carrying amounts of the relevant assets which were still under lease as at January 1, 2019 amounting to RMB117,104,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB23,616,000 and RMB936,000 to lease liabilities as current and non-current liabilities respectively at January 1, 2019.

4. REVENUE AND SEGMENT INFORMATION

Information was reported to the executive directors, being the chief operating decision maker (the "**CODM**"). During the six months ended June 30, 2019, the fact that CODM identified a new reportable operating segments namely operation management service, the Group reorganized its internal reporting structure in order to refine resource reallocation and assessment of segment performance, which resulted in changes to the composition of its reportable segments. Accordingly, the segment information reported for the prior period has been represented to reflect the newly reportable segments.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Coke and coking chemicals manufacturing segment: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;

- Refined chemicals manufacturing segment: the purchase of coking chemicals from the Group's coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group's refined chemicals facilities, as well as marketing and selling such refined chemicals;

- Operation management service: the sale of coke, coking chemicals and refined chemicals related to the commissioned processing by the third-party plants and the management services provided to the third-party plants; and

- Trading segment: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's results, assets and liabilities by reportable segments:

	Six months ended/as at June 30, 2019				
	Coke and Coking Chemicals Manufacturing	Refined Chemicals Manufacturing	Operation management service	Trading	Total
	RMB '000 (Unaudited)	RMB '000 (Unaudited)	RMB '000 (Unaudited)	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Sales of goods to external customers					
Sale of coke and coking chemicals	4,635,989	-	349,231	-	4,985,220
Sale of refined chemicals	-	3,459,766	169,548	-	3,629,314
Trading	-	-	-	1,486,941	1,486,941
Management services	-	-	22,363	-	22,363
	4,635,989	3,459,766	541,142	1,486,941	10,123,838
Inter-segment revenue	507,231	84,300	6,947	-	598,478
Reportable segment revenue	5,143,220	3,544,066	548,089	1,486,941	10,722,316
Reportable segment profit	748,447	337,627	44,548	(10,609)	1,120,013
Listing expenses					(15,835)
Unallocated head office and corporate expenses					(62,471)
Consolidated profit before taxation					**1,041,707**
Other information:					
Share of results of associates	(3,657)	17,776	-	-	14,119
Share of result of a joint venture	193,181	-	-	-	193,181

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

	Six months ended/as at June 30, 2018(represented)				
	Coke and Coking Chemicals Manufacturing RMB '000 (Unaudited)	Refined Chemicals Manufacturing RMB '000 (Unaudited)	Operation management service RMB '000 (Unaudited)	Trading RMB '000 (Unaudited)	Total RMB '000 (Unaudited)
Sales of goods to external customers					
Sale of coke and coking chemicals	4,197,192	-	33,564	-	4,230,756
Sale of refined chemicals	-	4,002,972	385,745	-	4,388,717
Trading	-	-	-	1,475,156	1,475,156
Management services	-	-	943	-	943
	4,197,192	4,002,972	420,252	1,475,156	10,095,572
Inter-segment revenue	470,493	47,823	-	-	518,316
Reportable segment revenue	4,667,685	4,050,795	420,252	1,475,156	10,613,888
Reportable segment profit	554,656	371,422	2,109	(13,513)	914,674
Listing expenses					(11,635)
Unallocated head office and corporate expenses					(42,924)
Consolidated profit before taxation					**860,115**
Other information:					
Share of results of associates	815	39,839	-	-	40,654
Share of result of a joint venture	157,142	-	-	-	157,142

5. OTHER INCOME

	Six months ended June 30	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income	38,371	69,532
Production waste sales	13,890	7,644
Government grants	17,360	11,171
Others	8,211	7,129
	77,832	95,476

6. FINANCE COSTS

	Six months ended June 30	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank loans	116,680	152,945
Interest on other loans from licensed financial institutions	37,499	41,513
Finance expenses on bills receivable discounted	67,934	138,460
Finance charges on lease liabilities/obligations under finance leases	1,364	1,934
	223,477	334,852
Less: Amount capitalized under construction in progress	(12,597)	(9,675)
	210,880	325,177

7. PROFIT BEFORE TAXATION

Profit for the period has been arrived at after crediting (charging) the following items:

	Six months ended June 30	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	289,216	285,358
Depreciation of right-of-use assets	23,819	-
Amortization of prepaid lease payments	-	13,102
Amortization of intangible assets	7,073	3,947
Total depreciation and amortization	320,108	302,407
Capitalized in inventories	(283,308)	(260,140)
Capitalized in construction in progress	(1,620)	(3,841)
	35,180	38,426
Gain on disposal of:		
- property, plant and equipment	52,474	581
- prepaid lease payments	-	1,932
- right-of-use assets	1,107	-
	53,581	2,513
Net gain arising from financial assets/liabilities at FVTPL	48,982	15,186
Net exchange (loss) gain	(10,904)	6,312
Cost of inventories recognized as an expense	8,777,846	8,742,802

8. INCOME TAX EXPENSE

	Six months ended June 30	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC income tax for the period	141,201	143,393
Deferred tax charge	46,980	17,146
	188,181	160,539

9. DIVIDENDS

During the current period, a final dividend of HK$0.1744 (equivalent to approximately RMB0.1532) per share in respect of the year ended December 31, 2018 was declared and payable to the owners of the Company. The aggregate amount of the final dividend payable amounted to RMB626,588,000 as at June 30, 2019.

On April 9, 2018, the Company declared dividends in respect of 2016 of RMB1.01 per shares for an aggregate amount of RMB891,148,000 to the Ultimate Holding Company.

Subsequent to the end of the current interim period, the Board determined that 2019 interim dividend of HK6.89 cents (equivalent to approximately RMB6.18 cents) per share, with total dividend amount of HK$281,748,000 (equivalent to approximately RMB252,762,000) (2018: Nil).

10. EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2019 and basic earnings per share for the six months ended June 30, 2018 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year on the assumption that the capitalization issue of 2,437,281,476 shares as set out in note 18 had been effective on January 1, 2018.

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months ended June 30	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to the owners of the Company (RMB'000)	841,741	693,425
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,801,767,956	3,184,243,287
Effect of dilutive potential ordinary shares:		
- over-allotment options	233,341	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,802,001,297	N/A
Basic earnings per share (RMB cents)	22.14	21.78
Diluted earnings per share (RMB cents)	22.14	N/A

No diluted earnings per share for the six months ended June 30, 2018 was presented as there were no potential ordinary shares in issue during this period.

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment amounting to approximately RMB460 million (six months ended June 30, 2018: RMB514 million), and disposed property, plant and equipment with carrying amount of approximately RMB177 million (six months ended June 30, 2018: RMB43 million).

During the current interim period, the Group entered a long-term commissioned processing contract with a third-party refined chemicals business and concluded that such commissioned processing contract constitutes a lease as the Group controls the use of the full capacity of identified assets under the contract throughout the contract term. The Group initially recognized right-of-use assets and lease liability amounting to RMB60,391,000 and RMB60,391,000, respectively.

12. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Non-current assets		
Listed equity securities	52,934	51,017
Unlisted equity investment	30,000	25,000
Private equity investment fund	50,000	-
Wealth management product	75,797	-
	208,731	76,017
Current assets		
Held-for-trading non-derivative financial assets	1,809	286
Current liabilities		
Futures contracts	(3,161)	(448)
	207,379	75,855

13. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Trade receivables measured at FVTOCI	675,855	186,555
Bills receivables measured at FVTOCI	762,722	2,992,740
Trade and bills receivables measured at FVTOCI	1,438,577	3,179,295
Prepayments for raw materials	1,094,920	797,252
Other deposits, prepayments and other receivables	128,871	89,908
Receivables for relocation compensation	242,532	98,342
Loan receivables	50,000	-
Deductible input Value Added Tax and prepaid other taxes and charges	65,188	84,976
Less: impairment	(23,171)	(49,014)
Other receivables	1,558,340	1,021,464

13. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI - CONTINUED

The customers usually settle the sales by cash or bills. The credit period granted to the customers who settle in cash is usually no more than 30 days, except for certain customers granted to the credit period for no more than 180 days due to the good reputation, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, are as follows:

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Within one month	527,974	177,022
1 to 3 months	127,565	3,485
3 to 6 months	19,140	961
6 to 12 months	1,176	5,087
	675,855	186,555

14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDITED LOSS ("ECL") MODEL

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Trade receivables	41,250	86,834
Other receivables	2,792	23,534
Amounts due from related parties	415	1,039
	44,457	111,407

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2018.

During the current interim period, the Group recognized RMB7,580,000 impairment allowance and reversed the impairment allowance of RMB37,632,000 due to collection of relevant receivables.

During the current interim period, the Group written off the impairment allowance of RMB36,898,000, in particular, a specific written-off of RMB36,222,000 has been made to an individual debtor due to its bankruptcy.

15. RESTRICTED BANK BALANCES

The carrying amounts of the Group's restricted bank balances placed to secure various liabilities of the Group are as follows:

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Restricted bank balances to secure:		
Bills payable	1,929,585	2,505,852
Letters of credit	190,149	239,656
Futures contracts	203,855	148,158
Bank loans	206,857	661,972
Other loans	33,807	25,659
	2,564,253	3,581,297
Analyzed for reporting purpose as:		
Non-current assets	50,000	128,000
Current assets	2,514,253	3,453,297
	2,564,253	3,581,297

16. TRADE AND OTHER PAYABLES

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Trade payables	1,292,765	1,276,180
Payables to be settled by the endorsed bills receivable	537,864	2,596,558
Bills payable	1,464,702	1,504,737
Payables for property, plant and equipment		
- interest-bearing	-	96,910
- non-interest-bearing	551,191	613,017
Other payables and accruals	330,251	509,855
	4,176,773	6,597,257
Analyzed for reporting purposes as:		
Current liabilities	4,176,773	6,528,943
Non-current liabilities	-	68,314
	4,176,773	6,597,257

As at December 31, 2018, all trade and other payables are due within one year except for certain payables for construction in progress above due after more than one year. The average credit period on purchases of goods is 30 to 90 days.

16. TRADE AND OTHER PAYABLES - CONTINUED

The following is an aging analysis of trade payables based on the invoice date at the end of each of the reporting period:

	June 30, 2019	December 31, 2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	1,109,007	967,908
3 to 6 months	61,706	88,071
6 to 12 months	55,744	135,241
1 - 2 years	43,169	50,109
2 - 3 years	3,984	2,324
More than 3 years	19,155	32,527
	1,292,765	1,276,180

17. BANK AND OTHER LOANS

During the current interim period, the Group received the proceeds of approximately RMB4,908,083,000 (six months ended June 30, 2018: RMB3,830,748,000) related to its renewed and newly obtained bank loans and made repayments amounting to approximately RMB5,906,604,000 (six months ended June 30, 2018: RMB3,705,995,000), with a net loss of foreign exchange rate changes of RMB1,498,000(a net gain of six months ended June 30, 2018: RMB28,359,000). The loans bear interest at the range from 1.50% to 12.43% (December 31, 2018: 1.50% to 12.00%) per annum and are repayable in instalments over a period of 1 to 5 years. The proceeds were used to finance the acquisition of property, plant and equipment.

18. SHARE CAPITAL

	As at		As at	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	Number of shares	Number of shares	HKD '000	HKD '000
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning of the period/year	10,000,000,000	9,815,418,172	1,000,000	981,542
Conversion (note a)	-	184,581,828	-	18,458
At end of the period/year	10,000,000,000	10,000,000,000	1,000,000	1,000,000
Authorized Series A shares:				
At beginning of the period/year	-	184,581,828	-	18,458
Conversion (note a)	-	(184,581,828)	-	(18,458)
At end of the period/year	-	-	-	-
Issued and fully paid of ordinary shares:				
At the beginning of the period/year	962,718,524	697,742,600	96,272	69,774
Conversion (note a)	-	184,581,828	-	18,458
Share issued (note b & c)	690,000,000	80,394,096	69,000	8,040
Capitalization of shares (note c)	2,437,281,476	-	243,728	-
At the end of the period/year	4,090,000,000	962,718,524	409,000	96,272
Issued and fully paid of Series A shares:				
At the beginning of the period/year	-	184,581,828	-	18,458
Conversion (note a)	-	(184,581,828)	-	(18,458)
At the end of the period/year	-	-	-	-

18. SHARE CAPITAL – CONTINUED

	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Presented in the consolidated statement of financial position as:		
At the beginning of the period/year	87,123	80,600
Share issued (note c)	59,028	6,523
Capitalisation of shares (note c)	208,548	-
At the end of the period/year	354,699	87,123

Notes:

a. As at December 31, 2017, the authorized share capital of the Company was HKD1,000,000,000 by the creation of 10,000,000,000 shares of a par value of HKD0.10 each divided into 9,815,418,172 ordinary Shares and 184,581,828 Series A shares. Any Series A Shares may, at the option of the holder, be converted at any time into fully paid ordinary shares. One Series A share will be converted into one ordinary share subject to adjustment in dilutive events, if any. The holders of ordinary shares and Series A shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company in accordance with the Company's Articles of Association. All ordinary shares and Series A shares rank pari passu in all respects. On April 4, 2018, the 184,581,828 Series A shares were converted to 184,581,828 ordinary shares.

b. On April 13, 2018, 12,664,064 and 6,332,032 ordinary shares of the Company were issued for cash of USD10,000,000 and HKD39,120,000 (equivalent to RMB94,721,000) to provide additional working capital to the Company.

   On May 15, 2018, 36,600,000 ordinary shares of the Company were issued for cash of USD29,845,000 (equivalent to RMB189,157,000) to provide additional working capital to the Company.

   On June 20, 2018, 24,798,000 ordinary shares of the Company were issued for cash of USD19,844,000 (equivalent to RMB128,161,000) to provide additional working capital to the Company.

c. On March 15, 2019 and April 4, 2019, the Company issued a total of 600,000,000 ordinary shares and 90,000,000 over-allotment ordinary shares of HKD0.1 each at HKD2.80 each for cash by way of public offer ("Public Offer"). Based on the offer price of HKD2.80 per share, the gross proceeds received by the Company was HKD1,932,000,000 (equivalent to RMB1,648,931,000). Upon listing of the Company's shares and pursuant to the written resolution of the shareholders passed on February 20, 2019, the capitalization of HKD243,728,147.60 (equivalent to RMB208,548,000) out of the share premium account of the Company in paying up in full at par 2,437,281,476 shares for allotment and issue to the qualifying shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are an integrated coke, coking chemical and refined chemical producer and supplier in China. The Group was the world's largest independent producer and supplier of coke by volume in 2018, according to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., ("**Frost & Sullivan**") an independent global consulting firm. We also held leading positions in a number of refined chemical sectors in China or globally. According to Frost & Sullivan, the Group was the largest producer of industrial-naphthalene-based phthalic anhydride and coke-oven-gas-based methanol by volume in China in 2018. The Group was also the largest coking crude benzene processor and the fifth largest coal tar processor by volume globally in 2018.

In 2019, under the background of global political turmoil and further unstable economic growth, the China's economy still maintained a moderate growth. Both the coking industry and the refined chemical industry experienced continuous promising production and operation sentiment which was driven by policy implementation in supply-side reform, elimination of outdated production capacity and also a number of them in environmental protection by the PRC government, recovery of the iron and steel industry and as well as the consumption growth in the PRC.

In view of the operating results in 2019 and our future development needs, as well as sharing our results with shareholders, the Board determined to declare an interim dividend of RMB6.18 cents per share, with a total amount RMB252,762,000 for the interim period of 2019.

BUSINESS REVIEW

In 2019, the Group recognised an existing business as a separate business segment, which is our operation management services business segment. This recognition is based on the continuous effort by our management in sourcing and negotiating new operation and management projects in different provinces in the PRC. During the six months ended June 30, 2019 (the "**Reporting Period**") and up to the date of this announcement, we entered into two new operating management agreements with independent third parties in Shandong and Inner Mongolia respectively. Below consists of our four business segments:

1) Coke and coking chemicals manufacturing: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;

2) Refined chemicals manufacturing: the purchase of coking chemicals from the Group's coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group's refined chemicals facilities, as well as marketing and selling such refined chemicals;

3) Operation management services: the sale of coke, coking chemicals and refined chemicals related to the commissioned processing by the third-party plants and the management services provided to the third-party plants; and

4) Trading: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals.

The Group's business model is based on a vertically integrated production chain in which we use our coking by-products to manufacture refined chemical products. We believe that our integrated business model and the scale of our business help:

- improve production efficiency and achieve synergies through centralized and unified management,

- reduce exposure to market volatility and price fluctuations,

- diversify our customer base, and

- secure a stable and reliable supply of raw materials for our refined chemical products.

The Group's vertically integrated business model and our experience of more than 20 years in the coal chemical industry production chain allow us to tap into the downstream refined chemical markets. With an aim of strengthening our leading position as a global coke and refined chemical producer and supplier, we continue the development of our operations through operation management services. A brief description of two operation management services are as follows:

1) Shandong Project: 980,000 tonnes of coke and approximately 500,000 tonnes of refined chemicals; and

2) Inner Mongolia Project: 960,000 tonnes of coke (the Group provided sales service of coke, coke particles and other products).

Apart from the development of our operation management services, we started setup of a company incorporated in Japan during the Reporting Period to expand our trading business overseas. Up to the date of this Announcement, the setup is still under processing.

The above development strategies are deployed based on our competitive advantages through integrated business model and are to diversify the risk of our current operation bases all in Hebei Province, the PRC. We foresee that the requirement of environmental protection in terms of outdated production capacity will be stricter.

BUSINESS PROSPECTS

Looking forward to the second half of 2019, the Group will continue increasing our market share by ways of operation management services together with merger and acquisition. Within the operation management services, the Group developed a new cooperative model in the Inner Mongolia Project and will continue to explore different ways to promote the operation management services. The aim is to maintain our leading position in the coke, coking chemical and refined chemical market, making use of our brand advantages and enhancing our coverage of sales and marketing network as well as our business expansion strategies.

The Group will also enhance the production capacity of self-owned facilities and improve the environmental protection facilities. We will start the construction of (1) 300,000 tonnes of styrene in Tangshan Production Base and (2) a coke dry-quenching project in our Dingzhou Production Base in the second half of 2019.

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

The following table sets forth the Group's financial ratios as at the dates and for the years indicated:

Financial indicators	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Gross profit margin[(1)]	14.0%	13.5%
Net profit margin[(2)]	8.4%	6.9%
EBITDA margin[(3)]	15.5%	14.7%
Return on equity[(4)]	26.2%	42.9%
	As at June 30, 2019	**As at December 31, 2018**
Gearing ratio[(5)]	1.2x	1.9x

Notes:

(1) Calculated by dividing gross profit by revenue for the year/period.

(2) Calculated by dividing profit by revenue for the year/period.

(3) Calculated by dividing EBITDA by revenue for the year/period.

(4) Calculated by dividing profit attributable to owners for the year or annualized period by equity attributable to owners as of the end of the year/period.

(5) Calculated by dividing total interest-bearing borrowings by total equity as of the end of the year/period.

FINANCIAL REVIEW

The following table sets forth our total revenue and gross profit by business segment (excluding our inter-segment revenue):

	For the six months ended June 30, 2019				
	Coke and coking chemicals manufacturing	Refined chemicals manufacturing	Operation management services	Trading	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	4,635,989	3,459,766	541,142	1,486,941	10,123,838
Gross profit	869,142	472,229	45,652	25,510	1,412,533

	For the six months ended June 30, 2018				
	Coke and coking chemicals manufacturing	Refined chemicals manufacturing	Operation management services	Trading	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	4,197,192	4,002,972	420,252	1,475,156	10,095,572
Gross profit	785,020	511,255	5,411	62,229	1,363,915

The following discussion addresses the principal trends that have affected our results of operations during the Reporting Period.

(a) Revenue

Revenue for the six months ended June 30, 2019 remained stable with mild improvement to RMB10,123.8 million compared with RMB10,095.6 million for the six months ended June 30, 2018.

Revenue from coke and coking chemicals manufacturing business increase by 10.5% from RMB4,197.2 million for the six months ended June 30, 2018 to RMB4,636.0 million for the six months ended June 30, 2019, primarily due to an increase in sales volume and the average selling price of coke from RMB1,688.4 per ton for the six months ended June 30, 2018 to RMB1,762.0 per ton for the six months ended June 30, 2019.

Revenue from refined chemical manufacturing business decreased by 13.6% from RMB4,003.0 million for the six months ended June 30, 2018 to RMB3,459.8 million for the six months ended 30 June, 2019, primarily due to a decrease in the unit sales price of benzene and caprolactam sold during the period.

Revenue from the trading business increased by 0.8% from RMB1,475.2 million for the six months ended June 30, 2018 to RMB1,486.9 million for the six months ended June 30, 2019, primarily as a result of increased import trading volume of coal from overseas.

Revenue from the operation management services increased by 28.8% from RMB420.2 million for the six months ended June 30, 2018 to RMB541.1 million for the six months ended June 30, 2019, primarily due to the increase in customers of our operation management services.

(b) Cost of sales

Cost of sales for the six months ended June 30, 2019 decreased from RMB8,731.7 million to RMB8,711.3 million primarily due to the decrease of refined chemical partially offset by increase of coke and coking chemical manufacturing and operation management services.

Cost of sales from the coke and coking chemical manufacturing business increased by 10.4% from RMB3,412.2 million for the six months ended June 30, 2018 to RMB3,766.8 million for the six months ended June 30, 2019, primarily due to an increase in market prices for coking coal and an increase in the volume of coke sold.

Cost of sales from the refined chemical manufacturing business decreased by 14.4% from RMB3,491.7 million for the six months ended June 30, 2018 to RMB2,987.5 million for the six months ended June 30, 2019, primarily due to a decrease in the price of the crude benzene purchased during the same period.

Cost of sales from the trading business increased by 3.4% from RMB1,412.9 million for the six months ended June 30, 2018 to RMB1,461.4 million for the six months ended June 30, 2019, primarily as a result of increased procurement price and volume of coking coal.

Cost of sales from the operation management services increased by 19.5% from RMB414.9 million for the six months ended June 30, 2018 to RMB495.6 million for the six months ended June 30, 2019, primarily due to an increase in cost in connection with the new operation management service customer.

(c) Gross profit and gross profit margin

The Group's total gross profit increased by approximately RMB48.6 million, or 3.6%, to approximately RMB1,412.5 million for the six months ended June 30, 2019, from approximately RMB1,363.9 million for the six months ended June 30, 2018. Gross profit margin increased to 14.0% for the six months ended June 30, 2019, from 13.5% for the six months ended June 30, 2018.

Gross profit from the coke and coking chemical manufacturing business increased by 10.7% from RMB785.0 million for the six months ended June 30, 2018 to RMB869.2 million for the six months ended June 30, 2019. Gross profit margin for the coke and coking chemical manufacturing business remained stable at 18.7% for the six months ended June 30, 2018 and 2019.

Gross profit from the refined chemical manufacturing business decreased by 7.6% from RMB511.3 million for the six months ended June 30, 2018 to RMB472.3 million for the six months ended June 30, 2018. Gross profit margin for the refined chemical manufacturing business increased from 12.8% for the six months ended June 30, 2018 to 13.7% for the six months ended June 30, 2019.

Gross profit from the trading business decreased by 59.1% from RMB62.3 million for the six months ended June 30, 2018 to RMB25.5 million for the six months ended June 30, 2019. Gross profit margin for the trading business decreased from 4.2% for the six months ended June 30, 2018 to 1.7% for the six months ended June 30, 2019, primarily due to the change of trading stock composition.

Gross profit from the operation management services increased from RMB5.3 million for the six months ended June 30, 2018 to RMB45.5 million for the six months ended June 30, 2019. Gross profit margin for the operation management services increased from 1.3% for the six months ended June 30, 2018 to 8.4% for the six months ended June 30, 2019, primarily because of the higher gross profit margin of the business in connection with the new operation management service customer.

(d) Other income

The Group's other income consist primarily of interest income, income from production waste sales and Government grants received from several government authorities as subsidies for the Group's contribution to the environment protection, energy conservation, resources recycling, plant relocation, infrastructure construction and land purchase. Other income decreased by 18.5% from RMB95.5 million for the six months ended 30 June, 2018 to RMB77.8 million for the six months ended 30 June, 2019 mainly because of drop in interest income due to decrease in interest income from related parties.

(e) Other gains and losses

The Group's other gains and losses consist primarily of fair value gain/(loss) on future contracts and listed equity securities, gain/(loss) on foreign exchange and gain on disposal of property, plant and equipment and prepaid lease payments. The Group had other gains of RMB98.8 million for the six months ended June 30, 2019, compared to gain of RMB21.4 million for the six months ended June 30, 2018. The change is primarily due to (i) a fair value gain on futures contracts at FVTPL of RMB34.1 million for the six months ended June 30, 2019, compared to a gain of RMB0.8 million for the six months ended June 30, 2018; and (ii) gain on disposal of property, plant and equipment and prepaid lease payments of RMB53.6 million for the six months ended June 30, 2019.

(f) Impairment losses reversed (recognized), net

The amount in current period mainly included write back of impairment loss on account receivables recognized in previous periods. The amount decreased by 2.3% from RMB30.8 million for the six months ended June 30, 2018 to RMB30.1 million for the six months ended 30 June, 2019.

(g) Selling and distribution expenses

Selling and distribution expenses increased by 10.4% from RMB358.2 million for the six months ended June 30, 2018 to RMB395.6 million for the six months ended June 30, 2019, primarily due to an increase in transportation expenses.

(h) Listing expenses

The Group's listing expenses increased by approximately RMB4.2 million, or 36.2%, to approximately RMB15.8 million for the six months ended June 30, 2019, from approximately RMB11.6 million for the six months ended June 30, 2018, as the listing expenses increased around the listing date.

(i) Finance costs

Finance cost primarily consist of interest expenses on bank loans, other loans and finance expenses on discount of bills receivables. The Group's finance cost decreased by 35.1% from RMB325.2 million for the six months ended 30 June, 2018 to RMB210.9 million for the six months ended 30 June, 2019. The decrease was mainly due to a decrease in finance expenses on bill receivables discounted and bank loans.

(j) Share of results of associates

Share of results of associates decreased by 65.3% from RMB40.7 million for the six months ended June 30, 2018 to RMB14.1 million for the six months ended June 30, 2019, representing a decrease in share of profits from Cabot Risun Chemical (Xingtai) Co., Ltd. The profit of Cabot Risun Chemical (Xingtai) Co., Ltd decreased resulted from a decrease in sales of the product.

(k) Share of results of a joint venture

Share of results of a joint venture increased by 23.0% from RMB157.1 million for the six months ended June 30, 2018 to RMB193.2 million for the six months ended June 30, 2019, representing an increase in the shared profit of Hebei China Coal Risun Coking Limited.

(l) Profit before taxation

As a result of the foregoing factors, the profit before taxation increased by approximately RMB181.6 million, or 21.1%, to approximately RMB1,041.7 million for the six months ended June 30, 2019 from approximately RMB860.1 million for the six months ended June 30, 2018.

(m) Income tax expense

The Group incurred income tax expense of approximately RMB188.2 million for the six months ended June 30, 2019 and approximately RMB160.5 million for the six months ended June 30, 2018 respectively at effective tax rates of 18.1% and 18.7%. The increase in income tax expense is due to an increase in profit before taxation of about RMB181.6 million.

(n) Profit for the period

For the six months ended June 30, 2019, the Group recorded a net profit of approximately RMB853.5 million, an increase of approximately 22.0% as compared to the net profit of approximately RMB699.6 million for the six months ended June 30, 2018.

Liquidity and Financial Resources

The Group's primary uses of cash are operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has funded the investments and operations principally with cash from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings, and the net proceeds from the Global Offering. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at June 30, 2019, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

The following table sets forth the cash flows for the periods indicated:

	For the six months ended June 30,	
	2019	**2018**
	RMB'000	**RMB'000**
Net cash generated from operating activities	117,197	841,536
Net cash generated from (used in) investing activities	908,771	(1,128,027)
Net cash (used in) generated from financing activities	(290,152)	205,379
Net increase (decrease) in cash and cash equivalents	735,816	(81,112)
Cash and cash equivalents at end of the period	1,494,932	519,338

(a) Net cash generated from operating activities

For the six months ended June 30, 2019, our net cash generated from operating activities was approximately RMB117.2 million and was less than our net cash generated from operating activities for the six months ended June 30, 2018 of approximately RMB841.5 million, primarily due to the significant decrease in the variance of working capital such as trade and other payables and contract liabilities, compared with the previous period, offset the increase in profit.

(b) Net cash used in investing activities

For the six months ended June 30, 2018, our net cash used in investing activities was approximately RMB1,128.0 million and our net cash received in investing activities was approximately RMB908.8 million for the six months ended June 30, 2019. The variance was primarily due to the change in the balance of restricted bank deposits, from a net increase of RMB733.5 million to a net decrease of RMB1,017.0 million.

(c) Net cash used in financing activities

For the six months ended June 30, 2018, our net cash generated from financing activities was approximately RMB205.4 million and our net cash used in financing activities was approximately RMB290.2 million for the six months ended June 30, 2019, primarily due to the significant decrease in bank and other loans for the six months ended June 30, 2019, offset by the net proceeds from the Global Offering.

Indebtedness

As of June 30, 2019 and December 31, 2018, our gearing ratios were approximately 1.2x and 1.9x, respectively. Our gearing ratio decreased primarily because of the increase in the equity and the decrease in interest-bearing borrowings. Our gearing ratio was calculated based on dividing interest-bearing borrowings by total equity as of the end of the respective date.

(a) Borrowings

Most of our borrowings are denominated in Renminbi. The following table shows our bank borrowings as of the dates indicated:

	As at June 30, 2019	**As at December 31, 2018**
	RMB in millions	**RMB in millions**
Bank loan, secured	3,141.8	3,201.5
Bank loan, unsecured	1,286.6	1,334.5
Other loans, secured	763.8	815.7
Other loans, unsecured	400.3	260.0
Discounted bills financing	2,300.7	3,278.5
Total	7,893.2	8,890.2

The total borrowings decreased by approximately RMB997.0 million or 11.2%, to approximately RMB7,893.2 million as of June 30, 2019 from RMB8,890.2 million as of December 31, 2018, primarily due to the decrease in discounted bills financing.

(b) Lease liabilities/Obligations under finance leases

Our Group had the following total future minimum lease payments under several finance lease arrangement regarding certain of our production equipment with licensed financial institutions as of the dates indicated:

	As at June 30, 2019	**As at December 31, 2018**
	RMB in millions	**RMB in millions**
Within one year	7.6	24.5
After 1 year but within 2 years	21.6	0.8
After 2 years but within 5 years	37.8	-
Less: total future interest expenses	(4.2)	(0.8)
	62.8	24.5

The average lease term under these lease arrangements is five years, with fixed annual interest rates underlying all obligations ranging from 4.6% to 9.6%.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2019, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of the business operations, the Group does not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposed.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a written resolution passed by the shareholders on February 21, 2019 for the primary purpose of providing the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Up to June 30, 2019, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

FUTURE PLANS AND USE OF PROCEEDS

An analysis comparing the section headed "Future plans and use of proceeds" as set out in the prospectus of the Company dated February 28, 2019 ("**Prospectus**") with our actual business progress for the period from March 15, 2019, being the listing date, to June 30, 2019 (the "**Relevant Period**") is set out below.

The net proceeds from the Global Offering were approximately HK$1,864.0 million. During the Relevant Period, the net proceeds from the Placing had been applied as follows:

	Proposed use of net proceeds in the Prospectus (HK$ million)	Actual use of net proceeds during the Relevant Period (HK$ million)	Unused net proceeds as at June 30, 2019 (HK$ million)	Estimated timetable
Debt repayments	745.6	735.0	10.6	December 2019
Investment plans	559.2	-	559.2	December 2020
Environmental Protection Plans and System Upgrade	372.8	7.2	365.6	December 2021
Working capital	186.4	140.8	45.6	December 2020
	1,864.0	883.0	981.0	

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company nor their respective associates (as defined under the Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended June 30, 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

CORPORATE GOVERNANCE PRACTICES

Pursuant to the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules which sets out the principles of good corporate governance and the code provisions (the "Code Provisions"), the Company has applied all the Code Provisions as set out in the CG Code and has complied with the applicable code provisions throughout the period from during the six months ended since the date on which its Shares were listed on the Stock Exchange until June 30, 2019, except for the Code Provisions A.2.1 of the CG Code. as follows:

In accordance with paragraph A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. Mr. Yang Xuegang is the chairman and chief executive officer of the Company. With extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of the subsidiaries of the Company and their corresponding production facilities and human resources of the Group, and has been instrumental to the Group's growth and business expansion since its establishment in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises of six executive Directors (including Mr. Yang) and three independent non-executive Directors and therefore has a strong independence element in its composition.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules and to protect the shareholders' interests.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its model code for securities transactions by the Directors and relevant employees.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the relevant Model Code throughout the period from the Listing Date to June 30, 2019.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company as at the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The record date for qualifying to receive the interim dividend is November 7, 2019. In order to determine the right of shareholders entitled to receive the interim dividend, the register of members of the Company will also be closed from November 5, 2019 to November 7, 2019, both days inclusive, during which period the registration of transfer of shares will be suspended. In order to qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on November 4, 2019. The expected interim dividend payment date will be on or before November 29, 2019.

REVIEW OF ACCOUNTS

The unaudited consolidated results for the six months ended June 30, 2019 have been reviewed by the Audit Committee under the Board in accordance with Listing Rules. The Audit Committee was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the respective website of the Company at www.risun.com and The Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended June 30, 2019 will be despatched to the shareholders of the Company and will also be made available on the above websites in due course.

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

Beijing, the PRC, August 19, 2019

As at the date of this announcement, the executive Directors 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 are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.