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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)

PROFIT WARNING

This announcement is made by China Risun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2020 (the “**Period**”) and other information currently available to the Board, the Board expects that there will be a decrease of up to 60% in the net profit for the Period as compared with that for the same period in 2019. The Group’s decrease in net profit for the Period was due to multiple impacts, mostly attributable to the decline in price of coke products from February to April in 2020, leading to narrowing of the price spread. As of the date of the announcement, coke price of the Group has rebounded to approximately RMB1,800 per tonne (exclusive of tax), and we believe that the coke price will continue to maintain in the second half of 2020. Furthermore, the prices of refined chemical products (mainly benzene and caprolactam) were affected by the decline in international crude oil prices, and the COVID-19 epidemic had hit different industries to a certain extent, affecting the demand for refined chemical products of the Group. Finally, the Group recorded an impairment provision of approximately RMB50 million in its fixed assets (mainly the dimethyl ether production facilities) during the Period.

Despite the expected decrease in net profit during the Period, the Board believes that the overall operation and financial position of the Group for 2020 remain healthy and stable. The Company will commit itself to creating values for Shareholders in a long-term and sustainable manner. During the Period and as of the date of the announcement, the Group has entered into an operation and management agreement (approximately 130 tonnes per year in total) with a third-party coking production company which enables the Group to continuously seize the opportunities in industry integration and expand its business scope by various ways, including but not limited to expanding operation management services.

The information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group by the Directors. Such information has not been audited or reviewed by the Company's auditors or the Audit Committee of the Board and therefore may be subject to adjustment. The Company is still in the course of preparing and finalizing its interim results for the Period. The Group's interim results for the six months ended June 30, 2020 are expected to be published by the end of August 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
China Risun Group Limited
Company Secretary
Ho Pui Lam Joseph

Hong Kong, August 10, 2020

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.