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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)

**FURTHER ANNOUNCEMENT ON
ESTABLISHMENT OF JOINT VENTURE WITH
LINGYUAN IRON & STEEL**

Reference is made to the announcement of China Risun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated December 9, 2019 (the “**Announcement**”) in relation to the Joint Venture Agreement entered into between Risun Chemicals Limited* (旭陽化工有限公司) (currently renamed as Risun Group Limited* (旭陽集團有限公司) (“**Risun Group**”) and Lingyuan Iron & Steel Co., Ltd.* (凌源鋼鐵股份有限公司) (“**Lingyuan Iron & Steel**”), and the establishment of the Joint Venture, namely Lingyuan Risun Iron & Steel Energy Co., Ltd.* (凌源旭陽凌鋼能源有限公司) (“**Risun Ling Steel**”) thereunder. Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

Risun Ling Steel has endeavored to make application and carry out design and argumentation works for the ancillary coking project since the establishment of Risun Ling Steel. Recently, the Bureau of Approval Services of Lingyuan Economic Development Zone of Chaoyang* (朝陽凌源經濟開發區審批服務局) has terminated all the examination and approval procedures regarding Risun Ling Steel as the target production capacity required for the operation of Risun Ling Steel was not approved by relevant government authorities. The board of directors of Risun Ling Steel decided to terminate the construction of the ancillary coking project. Risun Group will actively look into the subsequent development of Risun Ling Steel with Lingyuan Iron & Steel.

As at the date of this announcement, Risun Group has paid RMB70 million of the registered capital of Risun Ling Steel according to project funding requirements. The Group expects that the expenses incurred for and the losses arising from the preliminary work will be limited to the paid-up registered capital.

The Board is of the view that the Group's overall operation and financial position remain sound and healthy and the termination of the construction of the ancillary coking project by Risun Ling Steel does not have any significant impact on the Company's overall business operation and financial position. The Company will continuously strive to create sustainable value for the shareholders in the long run. The Group will continue to explore new domestic and overseas investment and operation projects, seize the cooperation opportunities in the industry, expand its business scope with the business strategies of "multiple growth model, multiple industry development and multiple regional layout" and enhance the Group's profitability.

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

Hong Kong, July 13, 2021

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.

* *For identification purposes only*