RISUN

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)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2022 was RMB43,139.4 million, representing an increase of 9.6% year-on-year.
- Profit attributable to owners of the Company for the year ended December 31, 2022 was RMB1,855.1 million, representing a decrease of 29.0% year-on-year.
- Basic earnings per share of the Company for the year ended December 31, 2022 was RMB42 cents, representing a decrease of 31.1% year-on-year.
- The Board proposed a final dividend of RMB0.9 cents per share, equivalent to HK1.0 cents per share, with total final dividend of RMB39,817,000 or HK$44,241,000, subject to the shareholders' approval in the forthcoming annual general meeting.

The board (the "**Board**") of directors (the "**Director(s)**") of the China Risun Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2022 (the "**Reporting Period**") together with the comparative audited consolidated figures for the year ended December 31, 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Notes	2022 RMB'000 (Audited)	2021 RMB'000 (Audited) (Restated)
Revenue	4	**43,139,449**	39,370,054
Cost of sales and services		**(38,864,128)**	(33,839,436)
Gross profit		**4,275,321**	5,530,618
Other income	5	**274,398**	137,365
Other gains and losses	6	**(1,136)**	(95,632)
Impairment gains (losses) under expected credit model, net of reversal		**87,755**	(115,633)
Selling and distribution expenses		**(985,303)**	(942,110)
Administrative expenses		**(932,925)**	(973,848)
Profit from operations		**2,718,110**	3,540,760
Finance costs		**(997,254)**	(904,931)
Share of results of associates		**59,137**	72,156
Share of results of joint ventures		**423,490**	490,269
Profit before taxation	7	**2,203,483**	3,198,254
Income tax expense	8	**(343,992)**	(601,840)
Profit for the year		**1,859,491**	2,596,414
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		**29,852**	9,387
Other comprehensive income for the year		**29,852**	9,387
Total comprehensive income for the year		**1,889,343**	2,605,801
Profit for the year attributable to:			
Owners of the Company		**1,855,122**	2,613,689
Non-controlling interests		**4,369**	(17,275)
		1,859,491	2,596,414
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,884,974**	2,623,076
Non-controlling interests		**4,369**	(17,275)
		1,889,343	2,605,801
Basic Earnings per share *(RMB)*	9	**0.42**	0.61

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	Notes	2022	2021
		RMB'000	*RMB'000*
		(Audited)	(Audited)
			(Restated)
Non-current assets			
Property, plant and equipment	11	**22,168,357**	16,660,351
Right-of-use assets		**1,989,362**	1,722,474
Goodwill		**232,435**	232,435
Intangible assets		**764,124**	847,108
Interests in associates		**688,207**	393,421
Interests in joint ventures		**3,207,426**	1,778,744
Other long term receivables and prepayments	12	**723,515**	1,929,960
Financial assets at fair value through profit or loss ("**FVTPL**")	13	**1,670,920**	507,579
Deferred tax assets		**128,333**	125,251
Restricted bank balances	14	**356,000**	356,000
Bank deposits	15	**672,000**	–
Amounts due from related parties		**113,093**	80,810
		32,713,772	24,634,133
Current assets			
Inventories		**3,221,154**	2,189,078
Income tax prepayments		**20,109**	22,644
Other receivables	16	**4,607,036**	3,605,522
Trade and bills receivables measured at fair value through other comprehensive income ("**FVTOCI**")	16	**861,432**	951,378
Amounts due from related parties		**2,211,059**	2,108,128
Financial assets at FVTPL	13	**65,820**	89,647
Restricted bank balances	14	**1,023,563**	900,073
Bank deposits	15	**178,010**	–
Cash and cash equivalents	15	**1,200,669**	2,280,914
		13,388,852	12,147,384

	Notes	2022 RMB'000 (Audited)	2021 RMB'000 (Audited) (Restated)
Current liabilities			
Financial liabilities at FVTPL	13	**201**	19
Trade and other payables	17	**9,463,968**	5,283,894
Contract liabilities		**2,011,202**	2,252,747
Income tax payable		**713,947**	839,803
Bank and other loans	18	**12,624,241**	8,209,846
Lease liabilities		**49,331**	71,208
Amounts due to related parties		**184,189**	183,024
		25,047,079	16,840,541
Net current liabilities		**(11,658,227)**	(4,693,157)
Total assets less current liabilities		**21,055,545**	19,940,976
Non-current liabilities			
Bank and other loans	18	**7,604,432**	5,376,834
Lease liabilities		**423,903**	142,800
Deferred income		**136,863**	127,736
Deferred tax liabilities		**295,318**	297,992
Long-term payables		**–**	2,901,000
		8,460,516	8,846,362
Net assets		**12,595,029**	11,094,614
Capital and reserves			
Share capital	19	**382,246**	383,604
Reserves		**11,728,184**	10,584,245
Total equity attributable to owners of the Company		**12,110,430**	10,967,849
Non-controlling interests		**484,599**	126,765
Total equity		**12,595,029**	11,094,614

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses 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 Room 2001, Sino Plaza, 255 Gloucester Road, Causeway Bay, 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 and relevant operation management services (the "**Core Business**") in the People's Republic of China (the "**PRC**" or "**China**"). The consolidated financial statements of the Group are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2022, the Group had net current liabilities of RMB11,658,227,000. The Directors are of the opinion that, taking into consideration the availability of unconditional unutilized banking facilities of the Group amounting to RMB7,566,696,000 at the report date, and the assumption that approximately 50% of bank loans and other banking facilities at December 31, 2022 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligations when they fall due for the next twelve months from the date of the issuance of this consolidated financial statements. Capital expenditure for business growth will only be taken place when the Group obtained new sources of financing. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board (the "**Committee**") issued in June 2021 and April 2022 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories and an entity to determine whether to include "demand deposits subject to contractual restrictions on use agreed with a third party" as a component of cash and cash equivalents in its statements of cash flows and financial position, respectively.

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

3.1 Impacts on application of Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of January 1, 2021. The details of the impacts are set out below. Comparative figures have been restated.

Impacts of application of amendments to IFRSs on the consolidated financial statements

The effects of the changes in accounting policy as a result of application of amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use* which were applied retrospectively on the consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

	2022	2021
	RMB'000	*RMB'000*
Impact on profit and total comprehensive income for the period		
Increase in revenue	**–**	939,643
Increase in costs of sale	**(976)**	(939,268)
Net (decrease)/increase in profit for the year	**(976)**	375
Impact on profit and total comprehensive income for the year attributable to:		
– Owners of the Company	**(976)**	375

	2022	2021
	RMB	*RMB*
Impact on basic earnings per share		
Basic earnings per share before adjustments	**0.42**	0.61
Net adjustments arising from change in accounting policy in relation to determination of costs of property, plant and equipment	**–**	–
Reported basic earnings per share	**0.42**	0.61

The effects of the changes in accounting policy as a result of application of amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use* ("**Amendments to IAS 16**") which were applied retrospectively on the consolidated statement of financial position as at the end of the immediately preceding financial year are as follows:

	December 31, 2021 (Originally stated)	Adjustments	December 31, 2021 (Restated)
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	16,677,012	(16,661)	16,660,351
Reserves	10,600,906	(16,661)	10,584,245

The effects of the changes in accounting policy as a result of application of Amendments to IAS 16 which were applied retrospectively on the consolidated statement of financial position as at the beginning on the comparative period is as follows:

	January 1, 2021 (Originally stated)	Adjustments	January 1, 2021 (Restated)
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	11,123,326	(17,036)	11,106,290
Reserves	7,884,049	(17,036)	7,867,013

The effects of the changes in accounting policy as a result of application of Amendments to IAS 16 which were applied retrospectively on the consolidated statement of cash flows, are as follows:

	2022	2021
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
(Decrease)/increase in profit for the year	**(976)**	375
Increase in depreciation of property, plant and equipment	**976**	–
Net increase in operating cash flows before movements in working capital and net cash from operating activities	**–**	375
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**–**	(375)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2024

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments")

The 2020 amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*;

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

- if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

As at December 31, 2022, the Group's right to defer settlement for bank loans of RMB452,090,000 are subject to compliance with certain financial ratios within 12 months from the reporting date. Such bank loans were classified as non-current as the Group has no non-compliance as at December 31, 2022. Pending issuance of further amendments to IAS 1 on the application of relevant requirements of the amendments, the Group will further assess the potential impacts of the amendments in relation to the bank loans with financial and other covenants. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

Except as disclosed above, the application of the 2020 and 2022 amendments will not affect the classification of the Group's other liabilities as at December 31, 2022.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 4 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for Group's annual reporting periods beginning on January 1, 2023. As at December 31, 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB493,172,000 and RMB444,203,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

4. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services and trading. Except for the provision of operation management services, which was recognized over time, the revenue of the remaining operations is recognized at a point in time when the customers obtain control of the goods delivered or management services provided.

All sales/trading are for period of one year or less. As permitted under IFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the executive directors, being the chief operating decision maker (the "**CODM**") for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 *Operation Segments* 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 segment: the operation management service provided to the third-party plants, and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts; 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 CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into coke and coking chemicals segment, refined chemicals segment, operation management segment and trading segment respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and similar methods used to distribute their products. 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:

	Year ended/as at December 31, 2022 (Audited)				
	Coke and Coking Chemicals Manufacturing *RMB'000*	**Refined Chemicals Manufacturing** *RMB'000*	**Operation Management** *RMB'000*	**Trading** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with external customers					
Sale of coke and coking chemicals	**16,368,438**	**–**	**–**	**–**	**16,368,438**
Sale of refined chemicals	**–**	**15,430,291**	**54,870**	**–**	**15,485,161**
Trading	**–**	**–**	**–**	**11,223,815**	**11,223,815**
Management services	**–**	**–**	**62,035**	**–**	**62,035**
	16,368,438	**15,430,291**	**116,905**	**11,223,815**	**43,139,449**
Inter-segment revenue	**1,770,247**	**226,778**	**–**	**–**	**1,997,025**
Reportable segment revenue	**18,138,685**	**15,657,069**	**116,905**	**11,223,815**	**45,136,474**
Reportable segment result	**1,839,562**	**552,625**	**15,539**	**168,892**	**2,576,618**
Unallocated head office and corporate expenses					**(373,135)**
Profit before taxation					**2,203,483**
Reportable segment assets (including interests in associates and joint ventures)	**16,040,600**	**20,771,733**	**35,000**	**7,200,134**	**44,047,467**
Reportable segment liabilities	**10,575,209**	**12,982,490**	**–**	**7,276,708**	**30,834,407**
Other information:					
Additions to non-current segment assets during the year	**706,284**	**6,258,583**	**–**	**191,870**	**7,156,737**
Share of results of associates	**3,275**	**55,862**	**–**	**–**	**59,137**
Share of results of joint ventures	**423,490**	**–**	**–**	**–**	**423,490**
Depreciation and amortization for the year	**626,861**	**747,038**	**–**	**11,189**	**1,385,088**

	Year ended/as at December 31, 2021 (Audited)				
	Coke and Coking Chemicals Manufacturing *RMB'000*	Refined Chemicals Manufacturing *RMB'000* (Restated)	Operation Management *RMB'000*	Trading *RMB'000*	Total *RMB'000* (Restated)
Revenue from contracts with external customers					
Sale of coke and coking chemicals	15,900,844	–	–	–	15,900,844
Sale of refined chemicals	–	13,518,846	188,408	–	13,707,254
Trading	–	–	–	9,688,958	9,688,958
Management services	–	–	72,998	–	72,998
	15,900,844	13,518,846	261,406	9,688,958	39,370,054
Inter-segment revenue	1,438,291	298,334	–	–	1,736,625
Reportable segment revenue	17,339,135	13,817,180	261,406	9,688,958	41,106,679
Reportable segment result	2,837,149	595,965	35,978	242,384	3,711,476
Unallocated head office and corporate expenses					(513,222)
Profit before taxation					3,198,254
Reportable segment assets (including interests in associates and joint ventures)	13,348,381	15,939,767	114,535	6,433,174	35,835,857
Reportable segment liabilities	8,350,050	8,932,430	95,911	5,151,833	22,530,224
Other information:					
Additions to non-current segment assets during the year	4,593,551	3,629,143	–	41,512	8,264,206
Share of results of associates	(2,929)	75,085	–	–	72,156
Share of results of joint ventures	490,269	–	–	–	490,269
Depreciation and amortization for the year	555,100	735,987	20,130	8,779	1,319,996

Reconciliations of reportable segment revenue, results, assets and liabilities.

	Year ended/as at December 31,	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Reportable segment revenue	**45,136,474**	41,106,679
Elimination of inter-segment revenue	**(1,997,025)**	(1,736,625)
Consolidated revenue	**43,139,449**	39,370,054
Results		
Reportable segment results	**2,576,618**	3,711,476
Unallocated head office and corporate expenses *(Note)*	**(373,135)**	(513,222)
Profit before taxation	**2,203,483**	3,198,254
Assets		
Reportable segment assets	**44,047,467**	35,835,857
Unallocated head office and corporate assets	**2,055,157**	945,660
Consolidated total assets	**46,102,624**	36,781,517
Liabilities		
Reportable segment liabilities	**30,834,407**	22,530,224
Unallocated head office and corporate liabilities *(Note)*	**2,673,188**	3,156,679
Consolidated total liabilities	**33,507,595**	25,686,903

Note: Included in unallocated head office and corporate liabilities as at December 31, 2022 was an investment in a partnership recognized as FVTPL with carrying amount of RMB1,017.4 million (2021: nil).

Geographic information

Except for investments in joint ventures and an associate amounting to RMB1,331,800,000 and RMB265,919,000 respectively, and share of results of the abovesaid investees amounting to RMB409,000, which were operated in Indonesia, all of the Group's revenue and profit were derived from the PRC and all principal assets employed by the Group are located in the PRC during the reporting period.

Major customers

No individual customer had transactions exceeding 10% of the Group's revenue for each reporting periods.

5. OTHER INCOME

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Interest income	**160,620**	66,573
Production waste sales	**15,801**	15,031
Equipment rental income	**7,808**	4,066
Government grants *(Note)*	**60,914**	27,569
Others	**29,255**	24,126
	274,398	137,365

Note: Government grants were received from several local government authorities as subsidies for the Group's contribution to the environmental protection, energy conservation recycling resources, relocation, purchase of land use rights and infrastructure construction.

6. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Fair value (loss) gain of financial assets/liabilities at FVTPL:		
– Listed equity securities	**(34,669)**	(99,503)
– Unlisted equity securities	**38,160**	(2,921)
– Private equity investment funds	**20,718**	(644)
– Futures contracts	**1,824**	74,022
– Derivative financial instruments-swaps	**40,820**	10,281
– Other non-derivative financial assets	**(7,977)**	(4,912)
Impairment losses of property, plant and equipment	**–**	(25,032)
Loss on foreign exchange, net	**(83,353)**	(18,988)
Gain (loss) on disposal of:		
– Right-of-use assets	**415**	53,779
– Property, plant and equipment	**4,219**	(84,594)
Others	**18,707**	2,880
	(1,136)	(95,632)

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**904,378**	1,030,082
Contributions to retirement benefits scheme	**91,076**	67,638
Total staff costs	**995,454**	1,097,720
Capitalized in construction in progress	**(133,370)**	(72,993)
Capitalized in inventories	**(445,752)**	(577,202)
	416,332	447,525
Depreciation of property, plant and equipment	**1,194,647**	1,125,450
Depreciation of right-of-use assets	**124,627**	121,776
Amortization of intangible assets	**108,297**	104,157
Total depreciation and amortization	**1,427,571**	1,351,383
Capitalized in construction in progress	**(2,737)**	(242)
Capitalized in inventories	**(1,228,779)**	(1,167,539)
	196,055	183,602
Auditors' remuneration (including subsidiaries' auditors)	**15,779**	9,433
Cost of inventories recognized as an expense	**38,822,815**	32,821,921

8. INCOME TAX EXPENSE

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Current tax		
PRC income tax for the year	**349,748**	542,307
Withholding tax for the year	**–**	25,000
Deferred tax (credit) charge	**(5,756)**	34,533
	343,992	601,840

9. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2022 and December 31, 2021 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares issued.

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

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
		(Restated)
Earnings		
Profit attributable to the owners of the Company *(RMB'000)*	**1,855,122**	2,613,689
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,431,225,321**	4,292,732,240
Basic earnings per share *(RMB)*	**0.42**	0.61

No diluted earnings per share was presented for both years as there were no dilutive potential ordinary shares in issue for both years.

10. DIVIDENDS

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Dividends recognised as distribution during the year:		
2022 Interim, paid – RMB12.3 cents per share	**544,306**	–
2021 Final, paid – RMB6.3 cents per share	**279,153**	–
2021 Interim, paid – RMB12.3 cents per share	**–**	546,120
2020 Final, paid – RMB10.5 cents per share	**–**	466,200
	823,459	1,012,320

Subsequent to the end of the reporting period, the proposed final dividend in respect of the year ended December 31, 2022 of RMB0.9 cents per ordinary share, equivalent to HK1.0 cents per share, with total amount of RMB39,817,000 (equivalent to HK$44,241,000) has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment amounting to approximately RMB6,714.5 million (2021: RMB3,015.6 million (restated)).

12. OTHER LONG TERM RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Prepayments for property, plant and equipment	**319,216**	1,246,186
Loan receivables *(Note a)*	**–**	358,709
Prepayments for land use right	**50,308**	30,662
Receivables for relocation compensation *(Note b)*	**109,091**	139,091
Deposits for other loans	**241,867**	178,064
Others	**43,941**	41,315
Less: Allowance for credit losses	**(40,908)**	(64,067)
	723,515	1,929,960

Notes:

a. As at December 31, 2021, loan receivable of RMB300 million represents an entrusted loan to a third party through a licensed financial institution, which carries interest at 5.75% and will be matured in July 2023, and thus was recorded in other receivables as at December 31, 2022.

b. Receivables for relocation compensation represents the compensation in relation to a relocation of one of its plants between locations in Dingzhou City of which RMB10 million has been received during the year. As at December 31, 2022, after negotiation with local government, the compensation of RMB20 million was expected to be paid in 2023 and presented as current assets, and the remaining of RMB109.1 million was expected to be paid in 2024 and therefore presented as non-current assets.

13. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	December 31, 2022 *RMB'000* **(Audited)**	December 31, 2021 *RMB'000* (Audited)
Non-current assets		
Listed equity securities	**118,246**	154,482
Unlisted equity investment	**114,182**	38,182
Private equity investment funds *(Note a)*	**1,320,580**	206,992
Wealth management product	**117,912**	107,923
	1,670,920	507,579
Current assets		
Futures contracts	**1,062**	66
Structured deposit	**–**	20,000
Held-for-trading non-derivative financial assets	**23,938**	69,581
Derivative financial instruments *(Note b)*	**40,820**	–
	65,820	89,647
Current liabilities		
Futures contracts	**(201)**	(19)
	(201)	(19)
	1,736,539	597,207

Notes:

a. During the year ended December 31, 2022, the Group entered into a partnership agreement with a third party, pursuant to which the parties agreed to jointly establish Wuhu Changyu Investment Centre (Limited Partnership) in which the Group acted as limited partner. The Group has injected RMB1,000.03 million by cash as capital contribution and accounted for as FVTPL as the Group has neither control nor significant impact on the partnership. As at December 31, 2022, the fair value of this investment was RMB1,017.4 million.

   In addition, the Group subscribed for two private equity investment funds with initial investment principal of RMB100 million on March 16, 2022. The fair value of these funds were RMB113.5 million.

b. The Group is exposed to exchange risk mainly arising from various bank loans denominated in United States Dollars ("USD"). To manage and mitigate the foreign exchange exposure, the Group entered into various forward contracts with certain financial institutions. As at December 31, 2022, the forward contracts have total notional amounts of USD199.5 million (2021: Nil), of which the maturity dates match to the maturity dates of these banks loans. The future contracts are not designated as hedging instruments. The fair value was RMB40.8 million as at December 31, 2022 and an unrealized gains of RMB40.8 million was recognized as change in fair value during the year ended December 31, 2022.

14. RESTRICTED BANK BALANCES

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

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Restricted bank balances to secure:		
Bills payable and letters of credit *(Note)*	**833,578**	732,200
Bank loans	**429,495**	406,884
Futures contracts	**116,490**	116,989
	1,379,563	1,256,073
Analyzed for reporting purpose as:		
Non-current assets	**356,000**	356,000
Current assets	**1,023,563**	900,073

Note: Certain restricted bank balance were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB2,532,610,000 and RMB1,439,289,000 as at December 31, 2022 and 2021 respectively.

Restricted bank balances are deposited with banks mainly in the PRC and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. These bank deposits carry interest at market rates ranging from 0.002% to 3.85% per annum as at December 31, 2022 (2021: 0.30% to 3.85% per annum).

15. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Bank balances, included bank deposits that have a maturity of longer than three months, carried interest at market interest rate ranging from 0.01% to 3.50% (2021: from 0.01% to 2.70%) per annum as at December 31, 2022. Bank balances and cash as at December 31, 2022 and 2021 were mainly denominated in RMB which is not a freely convertible currency in the international market and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Denominated in currencies other than the functional currency of relevant group entities:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
USD	**98,182**	95,242
Hong Kong Dollars ("HKD")	**3,230**	21,071
Others *(Note)*	**2,307**	285
	103,719	116,598

Note: Others mainly contain Japanese Yen ("JPY") and Singapore dollar.

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

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade receivables measured at FVTOCI	**302,656**	509,911
Bills receivables measured at FVTOCI	**558,776**	441,467
Trade and bills receivables measured at FVTOCI	**861,432**	951,378
Prepayments for raw materials	**2,192,611**	2,209,398
Other deposits, prepayments and other receivables	**248,014**	270,001
Loan receivables	**300,000**	–
Receivables for relocation compensation	**20,000**	63,502
Receivables on behalf of third parties as a trading agency	**1,403,312**	643,326
Deductible input Value Added Tax and prepaid other taxes and charges	**471,168**	480,927
Less: impairment	**(28,069)**	(61,632)
Other receivables	**4,607,036**	3,605,522

As at January 1, 2021, trade and bill receivables from contracts with customers amounted to RMB1,005,281,000.

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, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, are as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within one month	**243,956**	326,630
1 to 3 months	**42,828**	33,407
3 to 6 months	**5,590**	3,078
6 to 12 months	**10,282**	146,796
	302,656	509,911

17. TRADE AND OTHER PAYABLES

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade payables	**2,216,347**	1,506,924
Payables to be settled by the endorsed bills receivable	**349,371**	271,583
Bills payable	**1,007,968**	730,964
Payables on behalf of third parties as a trading agency	**1,396,825**	212,766
Payables for construction in progress	**2,617,620**	1,140,154
Advances from customers on behalf of third parties as a trading agency	**789,414**	391,084
Other tax payables	**216,202**	181,640
Payroll payables	**172,652**	296,427
Other payables and accruals *(Note)*	**697,569**	552,352
Analyzed for reporting purposes as:		
Current liabilities	**9,463,968**	5,283,894

Note: Included in other payables and accruals were provisions in relation to an arbitration with a contractor in respect of the services provided to one of its subsidiaries, which were bearing interests with interest rates ranging from 0.021% to 0.05% per day.

All trade and other payables are due within one year. The average credit period on purchases of goods is 30 to 90 days.

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

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 3 months	**2,003,227**	1,327,271
3 to 6 months	**68,086**	73,393
6 to 12 months	**59,536**	67,819
1–2 years	**53,521**	9,217
2–3 years	**5,574**	5,188
More than 3 years	**26,403**	24,036
	2,216,347	1,506,924

18. BANK AND OTHER LOANS

The analysis of the carrying amount of bank and other loans is as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Bank loans		
Secured	**9,532,525**	5,286,852
Unsecured	**4,677,063**	4,488,217
Other loans		
Secured	**3,188,292**	2,331,098
Unsecured	**298,183**	41,224
Discounted bills financing		
– Discounted bills receivable from subsidiaries of the Company	**2,532,610**	1,439,289
	20,228,673	13,586,680

At the end of each reporting period, the bank and other loans were repayable as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 1 year	**12,624,241**	8,209,846
After 1 year but within 2 years	**4,621,556**	3,062,746
After 2 years but within 5 years	**2,982,876**	2,314,088
	20,228,673	13,586,680
Analyzed for reporting purpose as:		
Current liabilities	**12,624,241**	8,209,846
Non-current liabilities	**7,604,432**	5,376,834
	20,228,673	13,586,680

Bank and other loans denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
USD	**1,883,753**	1,023,906
JPY	**2,096**	3,695

The carrying amount of the bank and other loans and the range of interest rates are as below:

	As at December 31,			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Fixed rate bank and other loans	**13,306,653**	**1.17 ~ 12.00**	9,473,579	1.82 ~ 12.00
Floating rate bank and other loans *(Note)*	**6,922,020**	**1.58 ~ 8.00**	4,113,101	1.58 ~ 8.00
	20,228,673		13,586,680	

Note: Included in floating rate bank and other loans was USD dominated bank borrowings of RMB1,039,980,000(2021: RMB835,025,000) carried at LIBOR. The remaining floating rate bank and other loans are carried at loan prime rate (LPR) issued by the People's Bank of China.

The secured other loans represent mortgage loans from the licensed finance companies secured by property, plant and equipment and right-of-use assets, as well as loans from licensed financial institutions secured by the Group's bank deposits.

Except for the bank and other loans guaranteed by the related parties, bank loan of RMB2,096,000 as at December 31, 2022 (2021: RMB3,695,000)is fully guaranteed by an independent company.

19. SHARE CAPITAL

	As at December 31,		As at December 31,	
	2022	2021	**2022**	2021
	Number of shares	*Number of shares*	***HKD'000***	*HKD'000*
	(Audited)	(Audited)	**(Audited)**	(Audited)
Authorised				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid of ordinary shares				
At the beginning of the year	**4,440,000,000**	4,090,000,000	**444,000**	409,000
Shares issued *(Note a)*	**–**	350,000,000	**–**	35,000
Share repurchased and cancelled *(Note b)*	**(15,874,000)**	–	**(1,587)**	–
At the end of the year	**4,424,126,000**	4,440,000,000	**442,413**	444,000

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Presented in the consolidated statement of financial position as:		
At the beginning of the year	**383,604**	354,699
Share issued	**–**	28,905
Share repurchased and cancelled	**(1,358)**	–
At the end of the year	**382,246**	383,604

Notes:

a. On June 3, 2021, the Company placed new shares of 350,000,000 at the placing price of HK$5.90 per share (the "Placing"). The gross proceeds received by the Company from the Placing was approximately HK$2,065,000,000 (equivalent to RMB1,705,381,000).

b. During the year ended December 31, 2022, the Company repurchased its ordinary shares as follows:

		Price per share		
Month of repurchase	**Number of ordinary shares**	**Highest**	**Lowest**	**Aggregate consideration paid**
	'000	*HK$*	*HK$*	*HK$'000*
April	5,000	4.23	3.81	19,738
May	3,000	3.85	3.62	11,179
June	1,000	3.54	3.41	3,476
July	5,246	3.36	3.34	16,582
Aug	500	3.11	3.09	1,550
Step	828	3.09	2.96	2,540
Oct	300	3.10	3.07	928
	15,874			55,993

As at December 31, 2022, the entire ordinary shares repurchased were cancelled. The aggregate consideration paid for the repurchase was HK$55,993,000, equivalent to RMB47,902,000.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier together with relevant operation management services provider in China. The Group maintains as the world's largest independent producer and supplier of coke by production/processing volume in 2022, according to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., ("**Frost & Sullivan**") an independent global consulting firm.

Our industry position

The Group held leading positions in a number of refined chemical sectors in China or globally as at December 31, 2022 as followings, according to the Frost & Sullivan:

Coke	World's largest independent producer and supplier
Industrial-naphthalene-based phthalic anhydride	China's largest producer
Coke-oven-gas-based methanol	China's largest producer
Coking crude benzene	World's largest processor
Coal tar	World's second largest processor
Caprolactam (CPL)*	World's second largest producer (In terms of production capacity)
High purified hydrogen*	Beijing-Tianjin-Hebei ("**BTH**") area's largest producer (In terms of production volume)

* New industry's leading position during the Reporting Period

Furthermore, the Group is an operation management service provider to third party independent coke producers and refined chemicals producers in order to enhance the Group's influence in the coke and chemicals industry.

In 2022, the Group kept its track in growth and expansion from last year in order to cope with different challenges ahead and to create more value to the shareholders of the Company. The Group continued its expansion in annual capacity of all the products and its further refining ability to high-end chemicals products with greater market demand. The Group also actively participated in different operation management services projects to provide management services to coke manufacturers and refined chemicals manufacturers across the China. The Group has also been developing new production bases through two joint ventures and one associate in Sulawesi Province, Indonesia. The gross annual coke production capacity of these three companies in Indonesia will be 13.4 million tons and the equity capacity in production of coke attributable to the Group will be 4.36 million tons per annum.

As at December 31, 2022, the Group had eight production bases around the world and was also in the process of developing the Group's ninth production base in Pingxiang, Jiangxi Province, China. Among the existing eight production bases, seven of them are located in three different provinces of China and the eighth production base was located in Sulawesi Province, Indonesia. The setup of production base in Indonesia was a strategic movement and expansion to the world. The main philosophy of the Group's expansion is to increase our annual production/processing volume in coke and refined chemicals according to the market and the Group's own Five-Year Plan from 2021 to 2025. Gradually, there will be new production facilities commencing operation and the Group's growth in overall production capacity will continue. By doing so, the Group can develop a longer and wider production chain of approximately 55 types of refined chemicals currently. In the long run, we will maintain our leading position of coke and refined chemicals industry and create huge values to our shareholders.

In view of the operating results in 2022, the recent development of China's economy and future development needs, as well as the willingness of sharing the results of the Group with Shareholders, the Board recommended a final dividend of RMB0.9 cents per share, equivalent to HK1.0 cents per share, with a total amount of approximately RMB39,817,000 or approximately HK$44,241,000 for the year ended December 31, 2022 representing no less than 30% of the net profit of the Group, subject to the shareholders' approval at the forthcoming annual general meeting of the Company.

Production/processing volume

The Group's annual coke production/processing volume was approximately 10.6 million tons (2021: approximately 11.0 million tons), while the annual refined chemicals production/processing volume decreased from approximately 3.86 million tons in 2021 to approximately 3.64 million tons in 2022.

Apart from coke, the major coking and refined chemicals included coking crude benzene, industrial naphthalene phthalic anhydride, coke oven gas methanol, coal tar, caprolactam (CPL) and hydrogen energy products. The annual production volume of CPL as new materials sectors and hydrogen energy products as new energy sectors in 2022 are as follows:

Caprolactam (CPL)	384.2 thousand tons
Hydrogen energy products	3.94 million cubic meters

BUSINESS REVIEW

The Group's vertically integrated business model and its experience of more than 27 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen products) manufacturing, operation management services and trading. During the Reporting Period and up to the date of this announcement, the Group entered into four new operation management agreements in relation to three projects in Shandong Province, China and one project in Shanxi Province, China to further expand the Group's business presence in coke and coking chemicals, coal tar and hydrogenated benzene sectors.

Apart from the exiting four business segments, the Group actively participated into the hydrogen industrialization plan in Hebei Dingzhou, Inner Mongolia Hohhot and Hebei Xingtai, China. The Group aimed at creating a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to develop from production, storage, transportation, hydrogenation to usage together with radiation of intelligent supply of hydrogen to the whole country with advanced technology and more customer-oriented services.

Apart from setting up a subsidiary in Japan in 2021, the Group is exploring other coke, refined chemicals and trading opportunities around the world and especially within the Asia Pacific region. The Group set up subsidiaries and offices for trading of raw materials of the coke and refined chemicals industry in Singapore, Indonesia and Vietnam during the Reporting Period.

The average selling prices (net of VAT) of the Group's major products during the Reporting Period are as follows:

	RMB per ton
Coke	3,041.7
Coal tar pitch	5,600.9
Phthalic anhydride	6,713.5
Methanol	2,269.4
Benzene	6,699.8
Caprolactam (CPL)	12,195.9
Hydrogen-energy products (per cube meter)	2.72

Equity Capital Market

On April 12, 2022, the Company announced its intention to repurchase its shares in the open market from time to time during the financial year of 2022 with the total amount of no more than HK$300 million. The share repurchases reflect the Company's confidence in its long-term strategy and development. During the Reporting Period, the Company repurchased 15,874,000 shares by cash of approximately HK$56 million in the open market and subsequently cancelled by December 31, 2022.

Environmental Protection

In 2022, the Group continued to support the policy of "carbon peak and carbon neutrality" promoted in the PRC. The Group reduced the emission of carbon by tracking the carbon emission, saving energy and reducing consumption together with capturing and utilizing the carbon dioxide. The Group kept engaging in the green and low-carbon practices, driving the industrial chain in reduction of carbon emissions in a collaborative manner and striving to be one of the leaders in carbon peak and neutrality in coke and chemical industry in the PRC.

Below is the table summarizing the key business activities of the Group for 2022 and up to the date of this announcement:

Time	**Business Activities**
March 2022 – Establishment of Wuhu Changyu Limited Partnership	Entered into the partnership agreement with Great Wall (Tianjin) Equity Investment Fund Management Co., Ltd., pursuant to which the parties agreed to jointly establish Wuhu Changyu Investment Centre (Limited Partnership) in sourcing potential investment in the coal industry.
April to December 2022 – Conducting On-Market Share Repurchase	Exercised the share repurchase mandate to repurchase shares of the Company in the open market.
July 2022 – Capital Injection to Hebei Risun Energy	Entered into the investment agreement, pursuant to which Xiamen Xiangyue Investment Partnership Enterprise (LP) agreed to make additional capital injection of RMB600 million to Hebei Risun Energy by way of cash injection.
October 2022 – New Operation Management Services Agreements in Shandong Province, China	Entered into three new operation management services agreements with three different refined chemicals manufacturers with annual production capacity of 300,000 tons of coal tar and 100,000 tons of hydrogenated benzene respectively in Shandong Province, China.
December 2022 – New Headquarters of the Group in Beijing	Moved into the new headquarters in Beijing as a kick off of the celebration of 28-years anniversary of the Group in 2023.
January 2023 – New Operation Management Services Agreement in Shanxi Province, China	Entered into a new operation management services agreement in relation to a plant with production capacity of 1,000,000 tons per annum of coke and coking chemicals in Shanxi Province, China.

DEVELOPMENTAL STRATEGY

The Group was founded in 1995 and up to 2022, the Group has a more than 27-years history of development, where we take advantage of our leading position, experience, technology and digitalization in coke industry to drastically expand our four business segments together with the hydrogen products business through different development strategies. The Group aims to strengthen the global leading position as an integrated producer and supplier of coke and coking chemicals, refined chemicals and hydrogen products.

Apart from the above development strategies, there are nine competitive advantageous abilities that the Group believed and enabled to deploy and execute the development strategies effectively in order to enhance the leadership in coke and coking chemicals, refined chemicals industry and hydrogen products business:

1. Scale advantageous ability

The Group is the world's largest independent coke producer and supplier of coke by production/processing volume and enjoy economies of scale which enabled us to become more competitive in terms of costs, product quality and customer relationships among the seven production bases in China and one production base in Indonesia.

2. Vertically integrated advantageous ability

The vertically integrated business model helps improving the Group's production efficiency and achieving synergies through centralized and unified management and reducing exposure to market volatility and price fluctuations.

3. Production base advantageous ability

All of the production bases are located in industrial parks approved by local government authorities. The production bases are located near most of the major customers and suppliers and transportation infrastructure, such as national railway networks, major highways, expressways and ports, which provide the Group with multiple transportation options.

4. Cost control advantageous ability

The Group actively control the expenditures in cost of sales and services, selling and distribution expenses, administrative expenses, finance costs and income tax expenses. The Group formulated a comprehensive and mature coal preparation and blending computer system based on our IT infrastructure and experience so as to widen the price spread between our products and our raw materials both in coke and refined chemicals.

5. Centralized sale and marketing advantageous ability

The Group is market-oriented and all the products are sold under the brand "RISUN" via the centralized sale and marketing system operated by the Group. The Group maintains low levels of finished product inventories and adopt a "zero inventory" policy and strive to achieve minimal inventory of our coke products. The Group produce based on the periodical production plans which are adjusted regularly pursuant to the customers' demands.

6. Innovation advantageous ability

The research and technology personnel focuses on the innovation of production and energy and resource efficiency to improve our manufacturing processes and reduce the environmental impact of our production processes. The Group also commits to improving product added value and extending the industrial chain.

7. Automation and information technologies advantageous ability

The production bases are highly automated and we established a centralized system connecting our Manufacturing Execution System (MES), Enterprise Resource Planning (ERP) systems and the BeiDou Navigation Satellite System. The Group also uses the mobile internet, cloud computing, internet of things, big data and intelligent manufacturing technologies in the operations of the Group.

8. Environmental safety advantageous ability

The Group adopts a number of measures and practices to reduce the environmental impact of the operations, such as preventing soil pollution, water pollution and air pollution in order to minimize the negative impact on the environment.

Another key of our environmental measures is the Group's resource recovery and re-utilization. During the coking process, the Group recover and re-utilize valuable coking by-products, from which we manufacture our refined chemical products. With the vertically integrated business model, we also re-utilize the heat from our production processes and re-use wastewater and other fluids after appropriate treatment.

9. Risk mitigation advantageous ability

The Group monitors the business operations of our customers, including but not limited to their inventory levels, production output and sales volumes, via our on-site customer service personnel. This can promptly understand the downstream demand for our products, adjust our production plans and mitigate the risks associated with price fluctuations and changes in demand for our products.

During the Reporting Period, the Group enhanced the nine competitive advantageous advantages by achieving the followings:

1. Continuously upgrading the coal blending technology by mixing more types of coals in predetermined and controlled quantities and qualities so as to achieve more optimistic characteristics in the production of coke products. The Group aims to achieve a cost of coal blending that is RMB50–100 per ton lower than the industry average;

2. Continuously increasing the portion of railway transportation up to 85% among other transportation methods including highway and port transportation;

3. Obtained qualification for transporting hazardous chemicals and built a fleet;

4. Constructed three-in-one hydrogen refueling station in Dingzhou, Hebei Province;

5. Continuously increasing the overall automation rate and coke and coking chemicals automation rate up to 98% and 100% respectively by making use of industrial internet and intelligent manufacturing in furtherance of the Group's philosophy of "complete automation, thorough automation; complete informatization, thorough informatization"; and

6. Established a centralized procurement center at group level in December 2022 to unify the procurement and allocation from different merchants, brands and qualities to the Group's production bases and operating subsidiaries in a more effective and efficient way. It is believed that this could reduce manufacturing costs by RMB100 million per annum.

BUSINESS PROSPECTS

2023 is the middle year of our next Five – Year Plan up to 2025. Despite the impact of the COVID-19, the Group still made a profit of RMB1.9 billion in 2022. Looking forward, the Group will make use of different ways of operation management, merger and acquisition together with the setup of joint ventures with well-known enterprises to increase our market share by production/processing of coke, refined chemicals, new materials and new energy products.

Coke

The coke industry was under the supply-demand reform in the previous years, which will continue in 2023. The reform is to eliminate the coke production capacity from high-polluting coke enterprises. Coking furnaces of 4.3 meters or below in China had ceased operation in the past 3 years and will continue to shut down in different provinces of China, and the demand of coke will be supplemented by the other existing coke production capacity from other coke enterprises. The Group believes that the selling price of coke will benefit from the supply-demand reform.

The Group expands the coke production/processing capacity by different ways, such as merger and acquisition of existing coke enterprises, setting up joint venture with other coke/steel enterprise and managing operations of existing coke enterprises. Through our business expansion, we believe that our market share of the industry of independent coke producer and supplier will increase from currently 1.6% to a high single-digit percentage or even a double-digit percentage in China and Asia Pacific in the next few years. In 2023, the new coking project invested by the Group in Inner Mongolia, China and Sulawesi, Indonesia will be completed in different phases and will further enlarge the coke production capacity. These new coke production capacities are particularly precious under the general direction of climate action goals of "striving to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060".

In addition to our domestic expansion plan within China, the Group is also exploring opportunities overseas in order to hedge the risk of unfavorable changes in environmental protection policies in China by setting up coking production/processing capacity in other countries.

Refined chemicals

The Group will also enhance the production capacity of refined chemicals facilities. The Group is now expanding the production capacity of caprolactam in Hebei and Shandong Province, since caprolactam is one of the potential refined chemicals with positive business prospect in China. The Group expects that there will be a total of approximately 0.75 million tonnes of caprolactam per annum production capacity when the expansion is completed and such annual capacity enables the Group to be one of the leading caprolactam participants in China.

Hydrogen energy products

The Group is committed to speed up the construction progress of the hydrogen development projects, strive to build Hebei Dingzhou, Inner Mongolia Hohhot and Hebei Xingtai into hydrogen energy demonstration cities and eventually become the hydrogen energy output bases in Northern China with the support of continuous research and development and technology innovation.

The Group will expand the transportation fleet by using more hydrogen refueling vehicles. Also, the Group will enhance the refueling capacity of existing hydrogen refueling stations and promote the development and construction of the master hydrogen refueling station near Beijing so as to radiate the storage and supply to the BTH region.

The Group will further explore new technologies such as liquid hydrogen, green hydrogen and hydrogen fuel cells and develop more new application scenarios such as co-generation of heat and power, hydrogen energy transportation lines, etc in order to enrich the scope of the hydrogen application.

COVID-19

The outbreak of novel coronavirus in early 2020 had an impact on the world's economy. The PRC government has taken tight measures to control the situation. The Group has also strictly followed the requirements by the PRC Government and will observe any new instructions by relevant authorities of the PRC Government in future.

Starting from 2023, it is noted that the situation in China remains a low and stable level after the outbreak occurred in the fourth quarter of 2022. Since our operation and production is mainly focused in China, we expect China's economy will rebound soon and will continue to monitor the effect to the operation and production of the Group.

EVENTS AFTER THE REPORTING DATE

Up to the date of this announcement, the Group has no material subsequent events after December 31, 2022.

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:

	As of and for the year ended December 31,	
	2022	2021 (Restated)
Gross profit margin[1]	**9.9%**	14.0%
Net profit margin[2]	**4.3%**	6.6%
EBITDA margin[3]	**10.7%**	13.9%
Return on equity[4]	**15.3%**	23.8%
Gearing ratio[5]	**1.6**	1.5

Notes:

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

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

(3) Calculated by dividing earnings before interest, tax, depreciation and amortization ("**EBITDA**") by revenue for the year.

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

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

FINANCIAL REVIEW

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

	For the year ended December 31, 2022				
	Coke and coking chemicals manufacturing *RMB'000*	**Refined chemicals manufacturing** *RMB'000*	**Operation management services** *RMB'000*	**Trading** *RMB'000*	**Total** *RMB'000*
Total revenue	**16,368,438**	**15,430,291**	**116,905**	**11,223,815**	**43,139,449**
Gross profit	**2,475,714**	**1,072,403**	**17,962**	**709,242**	**4,275,321**

	For the year ended December 31, 2021				
	Coke and coking chemicals manufacturing *RMB'000*	Refined chemicals manufacturing *RMB'000* (Restated)	Operation management services *RMB'000*	Trading *RMB'000*	Total *RMB'000*
Total revenue	15,900,844	13,518,846	261,406	9,688,958	39,370,054
Gross profit	3,701,348	1,210,714	37,136	581,420	5,530,618

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

(a) Revenue

Revenue for the year ended December 31, 2022 increased to RMB43,139.4 million when compared with RMB39,370.1 million for the year ended December 31, 2021.

Revenue from coke and coking chemicals manufacturing business increased by RMB467.6 million or 2.9% from RMB15,900.8 million for the year ended December 31, 2021 to RMB16,368.4 million for the year ended December 31, 2022, primarily due to an increase in the average selling price of coke from RMB2,795.3 per tonne for the year ended December 31, 2021 to RMB3,041.7 per tonne for the year ended December 31, 2022, which was however, partially net off by the decrease in the volume of coke sold.

Revenue from refined chemical manufacturing business increased by RMB1,911.5 million or 14.1% from RMB13,518.8 million for the year ended December 31, 2021 to RMB15,430.3 million for the year ended December 31, 2022, primarily due to the increase in the sales volume of benzene and ammonium sulfate, rebound in the selling price of most refined chemical products since the outbreak of COVID-19 has become under control in China.

Revenue from the operation management business decreased by RMB144.5 million or 55.3% from RMB261.4 million for the year ended December 31, 2021 to RMB116.9 million for the year ended December 31, 2022, primarily due to the operation management service for Shanxi Jinzhou Chenical Co., Ltd. has been terminated from March 2022.

Revenue from the trading business increased by RMB1,534.8 million or 15.8% from RMB9,689.0 million for the year ended December 31, 2021 to RMB11,223.8 million for the year ended December 31, 2022, primarily due to the increase in the volume of coke sold and an increase in the average selling price of coal and coke.

(b) Cost of sales

Cost of sales for the year ended December 31, 2022 increased to RMB38,864.1 million when compared with RMB33,839.4 million for the year ended December 31, 2021.

Cost of sales from the coke and coking chemical manufacturing business increased by RMB1,693.2 million or 13.9% from RMB12,199.5 million for the year ended December 31, 2021 to RMB13,892.7 million for the year ended December 31, 2022, primarily due to the increase in market prices for coking coal which was however, partially net off by the decrease in the volume of coal sold.

Cost of sales from the refined chemical manufacturing business increased by RMB2,049.8 million or 16.7% from RMB12,308.1 million for the year ended December 31, 2021 to RMB14,357.9 million for the year ended December 31, 2022, primarily due to the increase in the purchase price of raw material for refined chemicals.

Cost of sales from the operation management business decreased by RMB125.4 million or 55.9% from RMB224.3 million for the year ended December 31, 2021 to RMB98.9 million for the year ended December 31, 2022, primarily due to the operation management service for Shanxi Jinzhou Chenical Co., Ltd. has been terminated from March 2022.

Cost of sales from the trading business increased by RMB1,407.1 million or 15.4% from RMB9,107.5 million for the year ended December 31, 2021 to RMB10,514.6 million for the year ended December 31, 2022, primarily as a result of the increase in purchase price of products.

(c) Gross profit and gross profit margin

The Group's total gross profit decreased by approximately RMB1,255.3 million or 22.7% from approximately RMB5,530.6 million for the year ended December 31, 2021 to approximately RMB4,275.3 million for the year ended December 31, 2022. Gross profit margin decreased from 14.0% for the year ended December 31, 2021 to 9.9% for the year ended December 31, 2022.

Gross profit from the coke and coking chemical manufacturing business decreased by RMB1,225.6 million or 33.1% from RMB3,701.3 million for the year ended December 31, 2021 to RMB2,475.7 million for the year ended December 31, 2022. Gross profit margin for the coke and coking chemical manufacturing business decreased from 23.3% for the year ended December 31, 2021 to 15.1% for the year ended December 31, 2022, primarily due to the decrease in the margin between coke selling and coal buying.

Gross profit from the refined chemical manufacturing business decreased by RMB138.3 million or 11.4% from RMB1,210.7 million for the year ended December 31, 2021 to RMB1,072.4 million for the year ended December 31, 2022. Gross profit margin for the refined chemical manufacturing business decreased from 9.0% for the year ended December 31, 2021 to 7.0% for the year ended December 31, 2022, primarily due to the decrease in the margin between production selling and raw materials buying.

Gross profit from the operation management business decreased by RMB19.1 million or 51.5% from RMB37.1 million for the year ended December 31, 2021 to RMB18.0 million for the year ended December 31, 2022. Gross profit margin for the operation management business increased from 14.2% for the year ended December 31, 2021 to 15.4% for the year ended December 31, 2022, primarily due to the operation management service for Shanxi Jinzhou Chenical Co., Ltd. has been terminated from March 2022.

Gross profit from the trading business increased by RMB127.8 million or 22.0% from RMB581.4 million for the year ended December 31, 2021 to RMB709.2 million for the year ended December 31, 2022. Gross profit margin for the trading business increased slightly from 6.0% for the year ended December 31, 2021 to 6.3% for the year ended December 31, 2022.

(d) Other income

The Group's other income consists 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 recycling resources, relocation, purchase of land use rights, and infrastructure construction. Other income increased by RMB137.0 million or 99.7% from RMB137.4 million for the year ended December 31, 2021 to RMB274.4 million for the year ended 31 December, 2022 mainly due to the increase in interest income and government grants.

(e) Other gains and losses

The Group had other losses of RMB1.1 million for the year ended December 31, 2022 primarily due to the fair value losses of listed equity securities and the losses on foreign exchange of RMB83.4 million for the year ended December 31, 2022, which was however, partially net off by the fair value gain of financial assets.

(f) Impairment (gains) losses under ECL model, net of reversal

The Group had impairment gains under ECL model, net of RMB87.8 million for the year ended December 31, 2022 primarily due to the collection of certain receivables and reversal of impairment.

(g) Selling and distribution expenses

Selling and distribution expenses increased by RMB43.2 million or 4.6% from RMB942.1 million for the year ended December 31, 2021 to RMB985.3 million for the year ended December 31, 2022, primarily due to an increase in transportation expenses lead by the increase in business volume.

(h) Administrative expenses

Administrative expenses decreased by approximately RMB40.9 million or 4.2% from approximately RMB973.8 million for the year ended December 31, 2021 to approximately RMB932.9 million for the year ended December 31, 2022, primarily due to a decrease in staff costs.

(i) Finance costs

Finance costs primarily consist of interest expenses on bank loans, other loans and finance expenses on discount of bills receivables. The Group's finance costs increased by RMB92.4 million or 10.2% from RMB904.9 million for the year ended December 31, 2021 to RMB997.3 million for the year ended December 31, 2022. The increase was mainly due to an increase in the bank loans.

(j) Share of results of associates

Share of results of associates decreased by RMB13.0 million or 18.0% from a profit of RMB72.2 million for the year ended December 31, 2021 to a profit of RMB59.1 million for the year ended December 31, 2022, primarily due to the decrease in profits shared from Cabot Risun Chemicals (Xingtai) Co. Ltd. lead by the increase in the market price of raw materials, which was however, partially net off by an increase in profits shared from Hebei Jinniu Risun Chemicals Limited and Yangmei Group Shouyang Jingfu Coal Co., Ltd..

(k) Share of results of joint ventures

Share of results of joint ventures decreased by RMB66.8 million or 13.6% from RMB490.3 million for the year ended December 31, 2021 to RMB423.5 million for the year ended December 31, 2022, primarily due to the decrease in profit shared from CNC Risun Energy and Risun China Gas.

(l) Profit before taxation

As a result of the foregoing factors, the profit before taxation decreased by RMB994.8 million, or 31.1% from RMB3,198.3 million for the year ended December 31, 2021 to RMB2,203.5 million for the year ended December 31, 2022.

(m) Income tax expense

The Group incurred income tax expenses of RMB344.0 million for the year ended December 31, 2022 and RMB601.8 million for the year ended December 31, 2021 respectively at effective tax rates of 15.6% and 18.8%. The decrease in income tax expense is mainly due to the decrease in profit before taxation of RMB994.8 million.

(n) Profit for the period

For the year ended December 31, 2022, the Group recorded a net profit of RMB1,859.5 million, which represented a decrease of RMB736.9 million or 28.4% as compared to the net profit of RMB2,596.4 million for the year ended December 31, 2021.

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 and proceeds from bank and other loans. 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 December 31, 2022, 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 years indicated:

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from operating activities	**3,163,708**	4,205,730
Net cash used in investing activities	**(9,180,633)**	(5,127,101)
Net cash generated from financing activities	**4,925,931**	2,022,107
Net (decrease) increase in cash and cash equivalents	**(1,090,994)**	1,100,736
Cash and cash equivalents at the beginning of the year	**2,280,914**	1,181,955
Effect of foreign exchange rate changes	**10,749**	(1,777)
Cash and cash equivalents at the end of the year	**1,200,669**	2,280,914

(a) Net cash generated from operating activities

For the year ended December 31, 2022, our net cash generated from operating activities was approximately RMB3,163.7 million and was less than our net cash generated from operating activities for the year ended December 31, 2021 of approximately RMB4,205.7 million, primarily due to the decrease of profit.

(b) Net cash used in investing activities

For the year ended December 31, 2022, our net cash used in investing activities increased from approximately RMB5,127.1 million for the year ended December 31, 2021 to approximately RMB9,180.6 million primarily due to the final payment for the acquisition of subsidiaries under Wuhu Shunri Xinze Equity Investment Partnership (LP)* (蕪湖順日信澤股權投資合夥企業(有限合夥)) and its subsidiaries and the increase of purchase of property, plant and equipment and payment of other long-term payables of RMB2.9 billion.

(c) Net cash generated from financing activities

For the year ended December 31, 2022, our net cash generated from financing activities increased from approximately RMB2,022.1 million for the year ended December 31, 2021 to approximately RMB4,925.9 million. The increase was primarily due to the increase of proceeds from new interest – bearing borrowings.

INDEBTEDNESS

(a) Borrowings

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

	December 31, 2022 *RMB'000*	December 31, 2021 *RMB'000*
Bank loan, secured	**9,532,525**	5,286,852
Bank loan, unsecured	**4,677,063**	4,488,217
	14,209,588	9,775,069
Other loans, secured	**3,188,292**	2,331,098
Other loans, unsecured	**298,183**	41,224
	3,486,475	2,372,322
Discounted bills financing	**2,532,610**	1,439,289
Total	**20,228,673**	13,586,680

	2022		2021	
	RMB in million	**%**	*RMB in million*	%
Fixed rate bank and other borrowings	**13,306.7**	**1.17–12.00**	9,473.6	1.82–12.00
Floating rate bank and other borrowings	**6,922.0**	**1.58–8.00**	4,113.1	1.58–8.00
Total	**20,228.7**		13,586.7	

The total borrowings increased by approximately RMB6.6 billion, or 48.5%, to approximately RMB20.2 billion as of December 31, 2022 from RMB13.6 billion as of December 31, 2021, primarily due to an increase in bank loan and other loan.

The borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	As of December 31,	
	2022	2021
	RMB in millions	*RMB in millions*
USD	**1,883.8**	1,023.9
JPY	**2.1**	3.7
Total	**1,885.9**	1,027.6

(b) Lease liabilities

Our Group had the following total future minimum lease payments as of the dates indicated:

	December 31, 2022	December 31, 2021
	RMB'000	*RMB'000*
Lease liabilities	**473,234**	214,008

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended December 31, 2022, the Company repurchased and cancelled 15,874,000 shares of the Company at the total consideration of approximately HK$55,993,000. Details of the share repurchases by the Company are included in note 19 to this announcement. Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended December 31, 2022.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance for purposes of enhancing the value for shareholders and protecting their interests. The Company has adopted provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The Company has established and optimized the corporate governance structure in accordance with the Listing Rules and the Corporate Governance Code and has set up a series of corporate governance systems. During the Reporting Period, the Company has been observing all mandatory provisions of the code as stipulated in the Corporate Governance Code except the provisions under paragraph A.2.1 of Part 2.

In accordance with paragraph A.2.1 of Part 2 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 Corporate Governance Code to protect the shareholders' interests. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended December 31, 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the listing of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Board 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.

Upon specific enquiry conducted by the Company, all the Directors have confirmed that during the Reporting Period, they have been fully complying with the Model Code.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. The Company has not been aware of any incident of any employee's non-compliance with the Model Code during the Reporting Period and up to the date of this announcement.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 30, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters.

The Audit Committee was established with written terms of reference in compliance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group.

The Audit Committee comprises Mr. Yu Kwok Kuen Harry, Mr. Kang Woon and Mr. Wang Yinping, who are independent non-executive Directors.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of total amount of RMB39,817,000 or HK$44,241,000 (dividend amount of each ordinary share is RMB0.9 cents, equivalent to HK1.0 cents per share) for the year ended December 31, 2022 to all shareholders. The ratio of final dividend distribution for the year was based on the various factors including the operating results in 2022, the recent development of China's economy and future development needs, as well as the willingness of sharing the results of the Group with Shareholders, provided that it shall be no less than 30% of our annual distributable earnings for 2022. The final dividend is subject to the shareholders' approval at the forthcoming annual general meeting for 2022 (the "**AGM**") of the Company. The expected final dividend payment date will be on or before June 30, 2023.

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

AGM is scheduled to be held on Tuesday, May 30, 2023, the notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules. The register of members of the Company will be closed from Wednesday, May 24, 2023 to Tuesday, May 30, 2023 (both days inclusive), during which period no transfer of shares of the Company will be effected, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Tuesday, May 23, 2023.

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORTS 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 annual report of the Company for the year ended December 31, 2022 will be despatched to the shareholders of the Company and will also be made available on the above websites in accordance with the Listing Rules in due course.

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

Hong Kong, March 30, 2023

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.

* *For identification purposes only*