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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**”) and its subsidiaries (collectively 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, 2023 (the “**Current Period**”) and the information currently available, the Group expects its net profit for the Current Period to decrease by approximately 55% to 60% as compared to that for the six months ended June 30, 2022 (the “**Last Corresponding Period**”). The expected decrease in the Group’s net profit for the Current Period was contributed by a number of factors. Among others, the major cause was the narrowing margin of coke due to a drop in the average prices of coke products from approximately RMB3,200 per ton for the Last Corresponding Period to approximately RMB2,400 per ton for the Current Period, while the average price of coke only showed a slight decrease from approximately RMB1,900 per ton for the Last Corresponding Period to approximately RMB1,600 per ton for the Current Period. As at the date of this announcement, the price of the Group’s coke has returned to over approximately RMB2,400 per ton. We believe that the price of coke will become stable in the second half of 2023. In addition, the average prices of refined chemicals products (mainly methanol and synthetic amine) decreased by approximately 12% and 22%, respectively. During the Current Period, the Group also recognized the impairment of financial assets subject to expected credit loss model and other projects of approximately RMB43 million (Last Corresponding Period: reversal of impairment by the Group of approximately RMB32 million).

Notwithstanding the expected decrease in net profit for the Current Period, the Board is of the view that the overall operation and financial position of the Group remain healthy and sound. The Company will continue to create sustainable value for the Shareholders in the long run. During the Current Period, the Group made additional capital contribution to Hohhot Risun China Gas Energy Limited\* (呼和浩特旭陽中燃能源有限公司), resulting in it becoming a non-wholly owned subsidiary of the Group. Such move can optimize the operation of Risun China Gas and enlarge the Group's consolidated asset and revenue bases. In addition, the coking project with an annual capacity of 3 million tons in the Group's Huhhot production base in Inner Mongolia commenced full-scale production in June this year, while the first phase (with an annual capacity of 1.6 million tons) of the Group's coking project with an overall annual capacity of 4.8 million tons in Sulawesi Province, Indonesia successfully ignited and commenced production in July this year. These developments are expected to contribute continuous profit to the Group in the second half of 2023 and 2024, and further strengthen the Group's position as the largest independent producer and supplier of coke in the world.

The information contained in this announcement is only based on the directors' preliminary assessment of the Group's unaudited consolidated management accounts. Such information has not been audited or reviewed by the Company's auditors or the audit committee of the Board, and is therefore subject to adjustment. The Company is still finalizing the Group's interim results for the six months ended June 30, 2023, which are expected to be published before the end of August 2023.

**The Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, August 15, 2023

*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 purpose only