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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

HIGHLIGHTS

- Revenue for the six months ended June 30, 2023 was approximately RMB20,829.9 million, representing a decrease of approximately 7.5% as compared with the corresponding period in 2022.

- Profit attributable to owners of the Company for the six months ended June 30, 2023 was approximately RMB715.7 million, representing a decrease of approximately 58.8% as compared with the corresponding period in 2022.

- Basic earnings per share of the Company for the six months ended June 30, 2023 was RMB16.2 cents, representing a decrease of approximately 58.7% as compared with the corresponding period in 2022.

- The Directors declares an interim dividend for the six months ended June 30, 2023 amounting to RMB4.90 cents per share (equivalent to HK5.35 cents per share) (for the six months ended June 30, 2022: RMB12.30 cents per share or HK14.09 cents per share), with total dividend amount of RMB216,783,000 (equivalent to HK$236,691,000) (for the six months ended June 30, 2022: RMB545,874,000 or HK$625,314,200). The record date for the Shareholders qualifying to receive the interim dividend is Friday, September 15, 2023, and the expected interim dividend payment date will be on or before Friday, September 29, 2023.

The board (the "**Board**") of directors (the "**Directors**") of China Risun Group Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended June 30, 2023 (the "**Reporting Period**" or "**Current Interim Period**") together with the unaudited comparative figures for the six months ended June 30, 2022 (the "**Last Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		Six months ended June 30,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**20,829,943**	22,530,065
Cost of sales and services		**(19,336,970)**	(19,516,944)
Gross profit		**1,492,973**	3,013,121
Other income	5	**122,596**	95,112
Other gains and losses	6	**254,095**	(45,028)
Impairment (recognized) reversed under expected credit losses ("**ECL**") model, net		**(42,736)**	32,370
Selling and distribution expenses		**(558,563)**	(454,082)
Administrative expenses		**(450,307)**	(437,191)
Profit from operations		**818,058**	2,204,302
Finance costs	7	**(601,152)**	(477,960)
Share of results of associates		**49,239**	32,283
Share of results of joint ventures		**107,257**	327,808
Profit before taxation	8	**373,402**	2,086,433
Income tax credit (expense)	9	**337,530**	(350,439)
Profit for the period		**710,932**	1,735,994
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**30,114**	30,725
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**152,958**	–
Income tax relating to revaluation of properties		**(38,240)**	–
Total comprehensive income for the period		**855,764**	1,766,719

		Six months ended June 30,	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**715,652**	1,736,960
Non-controlling interests		**(4,720)**	(966)
		710,932	1,735,994
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**860,484**	1,767,685
Non-controlling interests		**(4,720)**	(966)
		855,764	1,766,719
Earnings per share *(RMB cents)*			
Basic	11	**16.18**	39.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2023

	Notes	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**27,314,492**	22,168,357
Right-of-use assets		**2,260,256**	1,989,362
Investment properties	12	**176,203**	–
Goodwill		**232,435**	232,435
Intangible assets		**1,311,723**	764,124
Interests in associates		**735,351**	688,207
Interests in joint ventures		**2,970,006**	3,207,426
Other long term receivables and prepayments	13	**924,325**	723,515
Financial assets at fair value through profit or loss ("**FVTPL**")	14	**1,692,935**	1,670,920
Deferred tax assets		**118,587**	128,333
Restricted bank balances	16	**–**	356,000
Bank deposits	16	**–**	672,000
Amounts due from related parties		**126,769**	113,093
		37,863,082	32,713,772
Current assets			
Inventories		**2,896,122**	3,221,154
Income tax prepayment		**15,575**	20,109
Other receivables	15	**4,427,690**	4,607,036
Trade and bills receivables measured at fair value through other comprehensive income ("**FVTOCI**")	15	**1,269,337**	861,432
Amounts due from related parties		**1,382,518**	2,211,059
Financial assets at FVTPL	14	**64,078**	65,820
Restricted bank balances	16	**2,251,251**	1,023,563
Bank deposits	16	**54,470**	178,010
Cash and cash equivalents		**2,595,873**	1,200,669
		14,956,914	13,388,852
Current liabilities			
Financial liabilities at FVTPL	14	**461**	201
Trade and other payables	17	**9,230,653**	9,463,968
Contract liabilities		**2,305,091**	2,011,202
Income tax payable		**381,964**	713,947
Bank and other loans	18	**14,510,282**	12,624,241
Lease liabilities		**59,830**	49,331
Amounts due to related parties		**1,045,893**	184,189
		27,534,174	25,047,079
Net current liabilities		**(12,577,260)**	(11,658,227)
Total assets less current liabilities		**25,285,822**	21,055,545

	Notes	**June 30, 2023** *RMB'000* **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
Non-current liabilities			
Bank and other loans	18	**9,595,073**	7,604,432
Lease liabilities		**570,119**	423,903
Deferred income		**129,843**	136,863
Deferred tax liabilities		**432,341**	295,318
Amounts due to related parties		**98,457**	–
		10,825,833	8,460,516
NET ASSETS		**14,459,989**	12,595,029
CAPITAL AND RESERVES			
Share capital	19	**382,246**	382,246
Reserves		**12,637,169**	11,728,184
Total equity attributable to owners of the Company		**13,019,415**	12,110,430
Non-controlling interests		**1,440,574**	484,599
TOTAL EQUITY		**14,459,989**	12,595,029

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Attributable to owners of the Company												
	Share capital *RMB'000*	**Treasury Stocks** *RMB'000*	**Share premium** *RMB'000*	**Merger reserve** *RMB'000*	**Reserve fund** *RMB'000*	**Safety fund** *RMB'000*	**Foreign currency transaction reserve** *RMB'000*	**Revaluation reserve** *RMB'000*	**Other reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at December 31, 2022 (Audited)	382,246	–	3,007,156	19,869	1,470,960	39,337	11,741	–	128,968	7,050,153	12,110,430	484,599	12,595,029
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	715,652	715,652	(4,720)	710,932
Other comprehensive income	–	–	–	–	–	–	30,114	114,718	–	–	144,832	–	144,832
Net transfer to safety fund	–	–	–	–	–	11,879	–	–	–	(11,879)	–	–	–
Capital contributions from a non-controlling shareholder *(Note)*	–	–	–	–	–	–	–	–	88,318	–	88,318	411,682	500,000
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	630,113	630,113
Dividend declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(81,100)	(81,100)
Dividends recognized as distribution *(note 10)*	–	–	–	–	–	–	–	–	–	(39,817)	(39,817)	–	(39,817)
Balance at June 30, 2023 (Unaudited)	382,246	–	3,007,156	19,869	1,470,960	51,216	41,855	114,718	217,286	7,714,109	13,019,415	1,440,574	14,459,989
Balance at January 1, 2022 (Restated)	383,604	–	3,053,700	19,869	1,167,172	37,483	(18,111)	–	–	6,324,132	10,967,849	126,765	11,094,614
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	1,736,960	1,736,960	(966)	1,735,994
Other comprehensive income	–	–	–	–	–	–	30,725	–	–	–	30,725	–	30,725
Net transfer to safety fund	–	–	–	–	–	1,221	–	–	–	(1,221)	–	–	–
Capital contributions from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	10,000	10,000
Disposal of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	–	(5,869)	(5,869)
Shares repurchased and canceled	(171)	–	(6,887)	–	–	–	–	–	–	–	(7,058)	–	(7,058)
Shares repurchased and pending for cancellation	–	(21,254)	–	–	–	–	–	–	–	–	(21,254)	–	(21,254)
Dividends recognized as distribution *(note 10)*	–	–	–	–	–	–	–	–	–	(279,153)	(279,153)	–	(279,153)
Balance at June 30, 2022 (Unaudited)	383,433	(21,254)	3,046,813	19,869	1,167,172	38,704	12,614	–	–	7,780,718	12,428,069	129,930	12,557,999

Note: During the Current Interim Period, the Group entered into an agreement with a third party, pursuant to which the third party injected RMB500 million by cash to the Group's subsidiary, Dingzhou Tianlu New Energy Limited*. Upon the completion of the capital injection, the proportion of ownership interests and voting rights held by the non-controlling shareholder was 34.90%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 ultimate holding company and immediate holding company of the Company is Texson Limited, a company incorporated in the British Virgin Islands, 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 in the People's Republic of China (the "**PRC**" or "**China**"). The condensed 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

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

Going concern

At June 30, 2023, the Group had net current liabilities of RMB12,577,260,000. The Directors are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB7,269,831,000 at the report date, of which RMB6,699,831,000 is unconditional and RMB570,000,000 is the outstanding portion of a syndicated loan for special purpose of construction of certain production line, and the assumption that approximately 50% of bank and other loans as at the date of this announcement will be successfully renewed upon maturity, the Group has sufficient financial resources to meet its capital expenditure requirements and liabilities as and when they fall due for the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional/change in accounting policies resulting from the application of amendments to International Financial Reporting Standards ("**IFRSs**"), and application of certain accounting policies which became relevant to the Group in the Current Interim Period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

Application of amendments to IFRSs

In the Current Interim Period, the Group has applied the following amendments to IFRSs, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules

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

3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction ("Amendments to IAS 12")

3.1.1 Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies Amendments to IAS 12 to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

3.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 Income Taxes requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognized due to application of the initial recognition exemption. In accordance with the transition provision:

i. the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

ii. the Group also, as at January 1, 2022, recognized 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 utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized both the deferred tax assets and deferred tax liabilities on a gross basis but it has no material impact on the retained earnings at the earliest period.

3.2 Accounting policies in relation to investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognized in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

4. REVENUE AND SEGMENT INFORMATION

During the Current Interim Period, 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. Substantially 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.

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

	Six months ended June 30, 2023				
	Coke and Coking Chemicals Manufacturing	**Refined Chemicals Manufacturing**	**Operation management**	**Trading**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with external customers					
Sale of coke and coking chemicals	**7,595,256**	**–**	**–**	**–**	**7,595,256**
Sale of refined chemicals	**–**	**8,636,743**	**470,687**	**–**	**9,107,430**
Trading	**–**	**–**	**–**	**4,126,430**	**4,126,430**
Management services	**–**	**–**	**827**	**–**	**827**
	7,595,256	**8,636,743**	**471,514**	**4,126,430**	**20,829,943**
Inter-segment revenue	**783,215**	**75,217**	**–**	**–**	**858,432**
Reportable segment revenue	**8,378,471**	**8,711,960**	**471,514**	**4,126,430**	**21,688,375**
Reportable segment results	**40,516**	**304,740**	**(14,514)**	**(72,053)**	**258,689**
Unallocated head office and corporate income					**(136,445)**
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(note 20)*					**251,158**
Profit before taxation					**373,402**
Other information:					
Share of results of associates	**27,269**	**21,970**	**–**	**–**	**49,239**
Share of results of joint ventures	**107,257**	**–**	**–**	**–**	**107,257**

	Six months ended June 30, 2022				
	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	9,262,703	–	–	–	9,262,703
Sale of refined chemicals	–	7,245,929	28,892	–	7,274,821
Trading	–	–	–	5,971,773	5,971,773
Management services	–	–	20,768	–	20,768
	9,262,703	7,245,929	49,660	5,971,773	22,530,065
Inter-segment revenue	806,909	123,507	–	–	930,416
Reportable segment revenue	10,069,612	7,369,436	49,660	5,971,773	23,460,481
Reportable segment results	1,875,781	218,907	10,649	164,758	2,270,095
Unallocated head office and corporate expenses					(183,662)
Profit before taxation					2,086,433
Other information:					
Share of results of associates	3,211	29,072	–	–	32,283
Share of results of joint ventures	327,808	–	–	–	327,808

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

Segment assets

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Coke and coking chemicals manufacturing	**21,821,440**	16,040,600
Refined chemicals manufacturing	**20,916,739**	20,771,733
Operation management	**626,809**	35,000
Trading	**7,333,714**	7,200,134
Reportable segment assets	**50,698,702**	44,047,467
Unallocated head office and corporate assets	**2,121,294**	2,055,157
Total assets	**52,819,996**	46,102,624

Segment liabilities

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Coke and coking chemicals manufacturing	**14,803,004**	10,575,209
Refined chemicals manufacturing	**14,523,529**	12,982,490
Operation management	**558,932**	–
Trading	**8,006,850**	7,276,708
Reportable segment liabilities	**37,892,315**	30,834,407
Unallocated head office and corporate liabilities	**467,692**	2,673,188
Total liabilities	**38,360,007**	33,507,595

5. OTHER INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Interest income	**64,529**	53,493
Production waste sales	**11,682**	22,731
Government grants	**44,294**	7,997
Others	**2,091**	10,891
	122,596	95,112

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Change in fair value of financial assets/liabilities at FVTPL:		
– Listed equity securities	**(18,851)**	(24,934)
– Unlisted equity securities	**2,184**	–
– Private equity investment funds	**12,514**	26,462
– Futures contracts	**7,461**	6,382
– Derivative financial instruments	**21,419**	18,241
– Other non-derivative financial assets	**(3,223)**	(5,927)
Loss on foreign exchange, net	**(33,448)**	(82,934)
(Loss)/gain on disposal of property, plant and equipment	**(1,805)**	6,042
Others	**16,686**	11,640
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interest *(note 20)*	**251,158**	–
	254,095	(45,028)

7. FINANCE COSTS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**406,334**	336,997
Interest on other loans from licenced financial institutions	**161,776**	100,516
Interest on consideration payable for the acquisition of a subsidiary	**–**	74,630
Finance charges on bills receivable discounted	**25,161**	25,703
Finance charges on lease liabilities	**14,830**	5,505
	608,101	543,351
Less: Amount capitalized under construction in progress *(Note)*	**(6,949)**	(65,391)
	601,152	477,960

Note: The finance costs were capitalized at annual rates of 4.75% to 9.20% per annum during the current interim period (during the six months ended June 30, 2022: 4.75% to 9.35% per annum).

8. PROFIT BEFORE TAXATION

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**805,245**	614,346
Depreciation of right-of-use assets	**63,795**	57,609
Amortization of intangible assets	**56,411**	52,582
Total depreciation and amortization	**925,451**	724,537
Capitalized in inventories	**(801,096)**	(605,319)
Capitalized in construction in progress	**(98)**	(621)
	124,257	118,597

9. INCOME TAX CREDIT (EXPENSE)

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Current tax (credit) expense		
PRC income tax for the period *(Note)*	**(307,620)**	377,201
Deferred tax credit	**(29,910)**	(26,762)
	(337,530)	350,439

Note: In June 2023, three of the Group's wholly-owned subsidiaries which were acquired through acquisition of Wuhu Shunri Xinze Equity Investment Partnership (LP) in 2021, a wholly-owned subsidiary of the Company, transferred all their businesses to another wholly-owned subsidiary of the Company and completed the necessary corporate tax closing procedures with the tax authority in compliance with the relevant rules and regulations as a preceding process to deregistration.

The Group recognized a reversal of income tax payable amounting to RMB365,824,000 in profit and loss based on the outcome of the corporate tax closing procedures.

Subsequent to the end of the Reporting Period, these subsidiaries were deregistered in July 2023.

10. DIVIDENDS

During the Current Interim Period, a final dividend of RMB0.9 cents (2022: RMB6.3 cents) per ordinary share amounting to RMB39,817,000 (2022: RMB279,153,000) in respect of the year ended December 31, 2022 was paid to the owners of the Company in June 2023.

Subsequent to the end of the Reporting Period, the Directors have determined that an interim dividend of RMB4.9 cents per share amounting to RMB216,783,000 (the six months ended June 2022: RMB545,874,000) will be distributable in September 2023.

11. EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2023 and June 30, 2022 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 earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months ended June 30,	
	2023	2022
Earnings		
Profit attributable to the owners of the Company *(RMB'000)*	**715,652**	1,736,960
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,424,126,000**	4,437,273,481

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the Current Interim Period, the Group acquired property, plant and equipment amounting to approximately RMB5,977 million (six months ended June 30, 2022: RMB2,774 million), of which RMB4,969 million was acquired through the acquisition of a subsidiary as set out in note 20.

During the Current Interim Period, buildings with carrying value amounting to RMB23 million was transferred to investment properties because their use has changed as evidenced by the commencement of leases, any difference between the carrying amount and its fair value amounting to RMB153 million, and a corresponding impact on deferred taxation at the date of transfer was recognized in other comprehensive income.

13. OTHER LONG TERM RECEIVABLES AND PREPAYMENTS

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Prepayments for property, plant and equipment	**95,516**	319,216
Loan receivable *(Note)*	**300,000**	–
Prepayments for right-of-use assets	**27,674**	50,308
Receivables for relocation compensation	**109,091**	109,091
Deposits for other loans	**393,428**	241,867
Others	**58,441**	43,941
Less: Allowance for credit losses	**(59,825)**	(40,908)
	924,325	723,515

Note: Loan receivable amounting to RMB300 million represents an entrusted loan to a third party through a licensed financial institution, which carries interest at 5.75% per annum and repayable semi-annually. During the Current Interim Period, the Group entered into a supplementary agreement with the borrower pursuant to which both parties agreed to extend the repayment period from July 2023 to July 2026 with other contractual terms unchanged.

14. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Non-current assets		
Listed equity securities	**153,915**	118,246
Unlisted equity investment	**112,682**	114,182
Private equity investment funds *(Note a)*	**1,304,637**	1,320,580
Wealth management products	**121,701**	117,912
	1,692,935	1,670,920
Current assets		
Futures contracts	**1,253**	1,062
Held-for-trading non-derivative financial assets	**25,006**	23,938
Derivative financial instruments *(Note b)*	**37,819**	40,820
	64,078	65,820
Current liabilities		
Futures contracts	**(461)**	(201)
	(461)	(201)

Notes:

a. Included in private equity investment funds was the Group's investment in Wuhu Changyu Investment Centre (Limited Partnership)* ("**Wuhu Changyu**") (蕪湖長餘投資中心(有限合夥)) amounting to RMB1,001 million. Subsequent to the end of the reporting period, the Group redeemed the investment amounting to RMB1,000 million from Wuhu Changyu.

b. The Group is exposed to the exchange rate 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 June 30, 2023, the forward contracts have total notional amounts of USD261.5 million (2022: USD199.5 million), of which the maturity dates match with the maturity dates of these bank loans. The forward contracts are not designated as hedging instruments. The fair value was RMB38 million as at June 30, 2023 and an unrealized loss of RMB21 million was recorded as change in fair value during the period ended June 30, 2023.

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

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Trade receivables measured at FVTOCI	**597,265**	302,656
Bills receivables measured at FVTOCI	**672,072**	558,776
Trade and bills receivables measured at FVTOCI	**1,269,337**	861,432
Prepayments for raw materials	**2,791,883**	2,192,611
Other deposits, prepayments and other receivables	**378,840**	268,014
Loan receivable *(note 13)*	**–**	300,000
Receivables on behalf of third parties as a trading agency	**758,920**	1,403,312
Deductible input Value Added Tax and prepaid other taxes and charges	**519,621**	471,168
Less: impairment	**(21,574)**	(28,069)
Other receivables	**4,427,690**	4,607,036

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

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Within one month	**501,676**	243,956
1 to 3 months	**57,630**	42,828
3 to 6 months	**15,319**	5,590
6 to 12 months	**22,640**	10,282
	597,265	302,656

16. RESTRICTED BANK BALANCES/BANK DEPOSITS

a. Restricted bank balances

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

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Restricted bank balances to secure:		
Bills payable and letters of credit *(Note)*	**1,666,030**	833,578
Bank loans	**508,094**	429,495
Futures contracts	**77,127**	116,490
	2,251,251	1,379,563
Analyzed for reporting purpose as:		
Non-current assets	**–**	356,000
Current assets	**2,251,251**	1,023,563
	2,251,251	1,379,563

Note: Certain restricted bank balances 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 RMB3,247,123,000 and RMB2,532,610,000 as at June 30, 2023 and December 31, 2022, 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 0.2% to 3.85% per annum as at June 30, 2023 (December 31, 2022: 0.002% to 3.85% per annum).

b. Bank deposits

The bank deposits are with initial maturity of more than three months and carry interest at rates ranging from 1.50% to 3.25% (December 31, 2022: 0.01% to 3.50%) per annum.

17. TRADE AND OTHER PAYABLES

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Trade payables	**2,639,872**	2,216,347
Payables to be settled by the endorsed bills receivable	**206,103**	349,371
Bills payable	**1,916,783**	1,007,968
Payables for construction in progress	**2,835,355**	2,617,620
Payables on behalf of third parties as a trading agency	**528,683**	1,396,825
Advances from customers on behalf of third parties as a trading agency	**235,428**	789,414
Other tax payables	**55,282**	216,202
Payroll payables	**92,331**	172,652
Deposits payables to suppliers	**254,946**	200,373
Other payables and accruals	**465,870**	497,196
	9,230,653	9,463,968

All trade and other payables are due within one year. The credit period on purchases of raw materials is ranging from 30 to 90 days.

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

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Within 3 months	**2,222,921**	2,003,227
3 to 6 months	**145,509**	68,086
6 to 12 months	**162,850**	59,536
1–2 years	**67,950**	53,521
2–3 years	**13,913**	5,574
More than 3 years	**26,729**	26,403
	2,639,872	2,216,347

18. BANK AND OTHER LOANS

During the Current Interim Period, the Group received the proceeds amounting to approximately RMB10,765,760,000 (six months ended June 30, 2022: RMB10,671,872,000) related to its renewed and newly obtained bank loans and made repayments amounting to approximately RMB10,508,246,000 (six months ended June 30, 2022: RMB4,460,888,000), with a net exchange loss of RMB27,811,000 (six months ended June 30, 2022: net exchange loss of RMB46,358,000). The loans carry interest at the rate ranging from 1.58% to 9.00% (December 31, 2022: 1.17% to 12.00%) per annum and are repayable in instalments over a period of 1 to 8 years.

As at June 30, 2023, certain bank loans with carrying value amounting to RMB1,434 million became payable on demand and are included in current liabilities, as the Group cannot meet one of the conditions as set out in the relevant banking facilities letters. Up to the date of this announcement, the Group is in progress of applying for waiver from the banks. The Directors are confident that the due processes with the banks will ultimately reach a successful conclusion. In any event, should the banks call for immediate repayment of the loans, the Directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

19. SHARE CAPITAL

	As at June 30, 2023 Number of shares	As at December 31, 2022 Number of shares	As at June 30, 2023 HK$'000	As at December 31, 2022 HK$'000
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At the beginning and end of the period/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 period/year	**4,424,126,000**	4,440,000,000	**442,413**	444,000
Shares repurchased and cancelled *(Note)*	**–**	(15,874,000)	**–**	(1,587)
At the end of the period/year	**4,424,126,000**	4,424,126,000	**442,413**	442,413

	June 30, 2023 RMB'000	December 31, 2022 RMB'000
Presented in the condensed consolidated statement of financial position:		
At the beginning of the period/year	**382,246**	383,604
Shares repurchased and cancelled *(Note)*	**–**	(1,358)
At the end of the period/year	**382,246**	382,246

Note: During the year ended December 31, 2022, the Company repurchased and cancelled 15,874,000 ordinary shares with aggregate consideration of HK$55,993,000, equivalent to RMB47,902,000.

20. ACQUISITION OF A SUBSIDIARY

On May 26, 2023, the Group entered into a capital contribution agreement with another two joint venture partners. According to the agreement, the Group agreed to contribute further in cash amounting to RMB600.32 million to acquire an additional 12% equity interest in Risun China Gas, and the other two joint venture partners agreed to contribute further in cash amounting to RMB199.68 million collectively. This additional capital was intended to accelerate the launch of coking project of Risun China Gas.

Prior to this additional acquisition, the Group held a 55% equity interest in Risun China Gas, which was accounted for as a joint venture of the Group. On May 31, 2023, the transaction was completed, and the Group holds a 67% equity interest in Risun China Gas. Pursuant to the revised articles of association, the Group is able to direct the relevant activities of Risun China Gas which will be decided by simple majority voting rights in shareholders' meeting, and the Group has obtained control over Risun China Gas. Accordingly this transaction was accounted for as a business combination.

Assets and liabilities recognized at the date of acquisition (determined on a provisional basis)

	RMB'000
Non-current assets	
Property, plant and equipment	4,969,365
Right-of-use assets	107,100
Intangible assets	593,706
Other long term receivables and prepayments	113,131
Pledged bank deposits	967
Current assets	
Inventories	376,278
Other receivables	142,533
Amounts due from related parties	1,050,060
Cash and cash equivalents	1,358,889
Current liabilities	
Trade and other payables	(739,342)
Contract liabilities	(48,636)
Income tax payable	(33,748)
Bank and other loans	(750,871)
Amounts due to related parties	(2,206,660)
Non-current liabilities	
Bank and other loans	(2,786,443)
Amounts due to related parties	(98,457)
Deferred tax liabilities	(138,439)
Net assets acquired	1,909,433

The other receivables acquired with a fair value of RMB142,533,000 at the date of acquisition had gross contractual amount of RMB142,533,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

Non-controlling interests

The non-controlling interest in Risun China Gas recognized at the acquisition date was measured by reference to the proportionate share of the net assets of Risun China Gas amounting to RMB630,113,000.

Goodwill arising on acquisition

	RMB'000
Consideration	
Capital injection by the Group	600,320
Contingent consideration payable *(Note)*	66,000
Fair value of 55% equity interests previously held by the Group *(note 6)*	613,000
Plus: Non-controlling interest	630,113
Less: Net assets acquired	(1,909,433)
Goodwill arising on acquisition	–

Note: Pursuant to the capital contribution agreement, an additional compensation payable by the Group to the other two shareholders will be subject to negotiation and agreement by all parties involved. As at the date of this announcement, the negotiation is still ongoing. The contingent consideration payable amounting to RMB66 million represents the Directors' best estimate.

Net cash inflows arising on the acquisition

	RMB'000
Consideration paid in cash	–
Less: Cash and cash equivalents acquired	1,358,889
	1,358,889

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemicals and refined chemicals producer and supplier together with relevant operation management services provider in China and globally. The Group maintained the leading position and is the world's largest independent producer and supplier of coke by volume in 2022, according to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global consulting firm.

Our Industry Position

The Group holds leading positions in a number of refined chemicals sectors in China and globally in 2022 as follows:

1)	Coke	World's largest independent producer and supplier
2)	Industrial-naphthalene-based phthalic anhydride	China's largest producer
3)	Coke-oven-gas-based methanol	China's largest producer
4)	Coking crude benzene	World's largest processor
5)	High temperature coal tar	World's second largest processor
6)	Caprolactam (CPL)	World's second largest producer
7)	High purified hydrogen	Beijing-Tianjin-Hebei area's largest producer

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 refined chemicals industry. As at the end of the Reporting Period, the Group provided operation management service to three coke producers and three refined chemicals producers.

In 2023, the Group is under the mid-way of its sixth Five-Year Plan from 2021 to 2025 (the "**Sixth Five-year Plan**"). During this first half of Sixth Five-year Plan, the Group continues its track in growth and expansion of its annual coke production/processing volume and new refined chemicals production lines (including CPL and high purified hydrogen). The main theme of growth and expansion is to enable the Group to strike through industry cycles by diversifying into new production lines or new production bases together with expanding from domestic operation into overseas operation. The objective of the main theme is to create sustainable value to the shareholders of the Company (the "**Shareholders**") since the listing on the Main Board in March 2019. The results and achievements of the Group during the first half of Sixth Five-year Plan and especially during the Reporting Period are extraordinary and remarkable in the history of the Group. 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) ("**Risun**

China Gas"), whose principal business operation is production of coke and coking chemicals in Hohhot, Inner Mongolia, and further consolidated it into the Group's financial statements as a non-wholly owned subsidiary. Such move can optimize the operation of Risun China Gas and enlarge the Group's consolidated asset and revenue bases, additionally, the coking project with an annual capacity of 3.0 million tons in Huhhot production base in Inner Mongolia commenced full-scale production in June this year. Also, the Group's coking project in Sulawesi Production Base with an annual production capacity of 4.8 million tons, in which the first coking facility with an annual capacity of 1.6 million tons successfully ignited and commenced production in June and July this year. The annual coke processing volume of the Group will further increase in the second half of 2023 and ultimately to 30 million tons or even more by the end of Sixth Five-year Plan.

Considering the operating results in the first half of 2023, the recent development of China's economy and the Group's future development needs as well as the willingness of sharing the results of the Group with Shareholders, the Board determined to declare an interim dividend of RMB4.90 cents per share (equivalent to HK5.35 cents per share) (for the Last Period: RMB12.30 cents per share or HK14.09 cents per share), with total dividend amount of RMB216,783,000 for the Reporting Period (equivalent to HK$236,691,000) (for the Last Period: RMB545,874,000 or HK$625,314,200) representing no less than 30% of the Group's net profit attributable to owners of the Company.

BUSINESS REVIEW

The Group's vertically integrated business model and its experience of 28 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. Currently, the Group has four key business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading. During the Reporting Period and up to the date of this announcement, we entered into two new operation management agreements in relation to refined chemicals together with integrated sales and marketing services with independent third parties in Shanxi Province and Shandong Province, the PRC.

Four key business segments of the Group are set out as follows:

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

2) **refined chemicals manufacturing:** the processing of coking chemicals, sourced from the Group's coke and coking chemicals manufacturing segment and third parties, into refined chemicals products at the Group's refined chemicals facilities, as well as marketing and sale of such refined chemicals including the hydrogen-energy products;

3) **operation management:** 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

4) **trading:** the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of them.

During the Reporting Period, the business developments in terms of the major products, geographical layout, capital market, environmental protection and digitalization are described as follows.

Major Products

The Group proactively conducted our businesses and create value to the Shareholders by investing into more profitable and value-added products. The Group has achieved the following during the Reporting Period:

(1) For the coke and coking chemicals, the Group focused on the expansion of the annual production capacity of coke. As at January 1, 2023, the Group had the annual production capacity of coke amounting to approximately 10.6 million tons and there were two expansions of production capacity of coke in Huhhot and Sulawesi Production Bases completed in different phases in first half of 2023.

Up to the date of this announcement, second phase of coke production facility with an annual production capacity of 1.5 million tons in Huhhot Production Base was completed (3.0 million tons in total for the two phases). While in Sulawesi Production Base, there were annual production capacity of coke amounting to 1.6 million tons completed in first half of 2023. Currently, the Group is also providing operation management service for plants with an aggregate annual processing capacity of 3.0 million tons in China.

(2) For the refined chemicals, the Group had three different lines of refined chemicals, comprised of carbon material chemicals, alcohol-ammonia chemicals and aromatic chemicals. The Group also refined and produced hydrogen-energy products, such as high purified hydrogen, from the by-products of coal-oven-gas during the coke production processes in Xingtai, Dingzhou and Hohhot Production Bases.

The classification of different refined chemicals products is as follows:

Carbon material chemicals:	Coal tar pitch, industrial-naphthalene-based phthalic anhydride, carbon black oil
Alcohol-ammonia chemicals:	Methanol, synthetic ammonia, 2-Amino-2-Methyl-1-Propanol (AMP)
Aromatic chemicals:	Benzene hydrogenation, cyclohexane, cyclohexanone, styrene, caprolactam (CPL), polyamide 6 (PA6)

As mentioned in the annual report 2022, we ranked as the world's second largest caprolactam (CPL) producer with an annual caprolactam (CPL) production capacity of 0.75 million tons, which is the raw materials used for producing polyamide 6 (PA6) and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance.

The Group was also exploring new markets of some alcohol-ammonia chemicals products, such as 2-Amino-2-Methyl-1-Propanol (AMP). The Group successfully produced high-purified 2-Amino-2-Methyl-1-Propanol (AMP) and achieved the first sale order with higher selling price over similar traditional products. AMP is a high value-added refined chemicals product, which was widely used in high-end paint additives, cosmetics, pharmaceuticals, pesticide, metal processing, carbon dioxide absorption etc. There was a large market demand due to its broad application usage and could further increase the Group's revenue.

For the new market of aromatic chemicals, the Group newly built an annual processing capacity of 0.36 million tons of crude benzene hydrogenation and renovated an annual processing capacity of 0.20 million tons crude benzene hydrogenation into a single production base with obvious scale advantages and significant comprehensive benefits, resulting in annual processing capacity of 0.56 million tons in total in Tangshan Production Base. This further strengthened the Group's leading position as the world's largest processor of coking crude benzene and empower the Group with greater influence and competitiveness in the benzene hydrogenation market.

For the hydrogen-energy products, the Group continued to develop hydrogen-energy business in five closely-related aspects: production – storage – transportation – refueling – application of high purified hydrogen. The Group was making use of advantage of the coke production facilities in Dingzhou, Xingtai and Huhhot by producing hydrogen from the coke-oven-gas. Among these three production bases, the hydrogen production facilities in Dingzhou may reach a daily production capacity of 14,000 kg. The Group has already built three hydrogen refueling stations, including one hydrogen, petrol and gas comprehensive energy station with a daily hydrogen refueling capacity of 1,000 kg in Dingzhou and each one hydrogen refueling station with a daily hydrogen refueling capacity of 1,000 kg in Xingtai and Baoding respectively.

(3) For the operation management, the Group expanded two operation management services of coke and benzene hydrogenation into Shanxi and Shandong Province, the PRC in January and May 2023. In Shanxi, the Group was responsible for provision of integrated sales and marketing services to an independent third-party coke enterprise with annual coke production volume of 1.0 million tons. In Shandong, the Group was responsible for provision of operation management service to an independent third-party chemicals enterprise with annual benzene hydrogenation processing volume of 0.1 million tons.

(4) For the trading, the Group carried out trading of 5.23 million tons of coal, coke and refined chemicals 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	2,369.4
Coal tar pitch	4,625.8
Phthalic anhydride	6,773.8
Methanol	2,044.1
Benzene	7,710.7
Synthetic amine	2,993.0
Caprolactam (CPL)	10,302.1
Hydrogen-energy products (per cube meter)	2.79

Geographical Layout

Since 2021, the Group expanded its geographical layout from China to Indonesia by establishing business partnerships with other large-scale enterprises by way of formation of three joint ventures. Three joint ventures located in Sulawesi Production Base commenced operation during the Reporting Period.

Apart from setting up subsidiary/office in Singapore, Indonesia and Vietnam in 2022, the Group is exploring more coke, refined chemicals and trading opportunities around the world and especially within the Asia Pacific region. The Group set up offices for trading of raw materials of the coke and refined chemicals industry in India and Middle East during the Reporting Period.

Capital Market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was over 280.73 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. The Group also enforced the team of equity market department in China and Hong Kong in order to promote the Company to investors in different countries and areas, including the Middle East.

Environmental Protection

In the first half of 2023, 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 chemicals industry in China and overseas.

Digitalization

The Group was committed to lead the digitalization in the coke and chemical industry by continuous innovation throughout the process of sales-transportation-manufacturing-supply-research. The Group continued to promote the construction and improvement of digital or intelligent factories among the production bases of the Group with the aim of development of "green, agglomeration, intelligence and high-end" in the coke and chemicals industry.

Moreover, according to the National Five-Year Plan focusing on digital transformation, intelligent manufacturing, industrial Internet, big data and information security, the Group determined to formulate its own development in information technology and digitalization projects. By doing so, the Group continued to get along with "completely automation and thoroughly automation; completely informatization and thoroughly informatization" as well as industrial Internet, intelligent manufacturing together with the use of automatic equipment and automatic control system.

DEVELOPMENT STRATEGY

Founded in 1995 and up to 2023, the Group has a 28-years history of development, where it takes advantage of its leading position, experience and digitalization in coke industry to drastically expand its four key business segments through the following development strategies, with the aim to strengthen the global leading position as an integrated producer and supplier of coke and refined chemicals:

(i) expansion of business operation and production capacity (including high value-added chemicals products and hydrogen-energy products);

(ii) exploration of market opportunities to provide operation management services;

(iii) development and reinforcement of long-term business relationships with the major customers and suppliers;

(iv) expansion of domestic and international trading business;

(v) improvement of our energy-efficiency, environmental protection and operation safety standards; and

(vi) improvement of our core competitive strengths through automation and information technologies.

The above development strategies are deployed based on our competitive advantages through integrated business model and are designed to diversify the risks throughout the production bases in China and overseas.

BUSINESS PROSPECTS

Coke and refined chemicals

Looking forward to the second half of 2023 and 2024 onwards, the Group will continue to increase the market share in independent coke market and certain refined chemicals market in China and overseas by expanding the annual coke and refined chemicals production/ processing capacity, exploring and focusing on new refined chemicals market with large potential demand and relatively small domestic supply together with entering into different operation management services in order to promote deep and instant market influence and power to selling price.

The Group has completed the development of Huhhot and Sulawesi Production Bases in different phases and will firstly make use of the new production facilities and their production capacity. The Group will start the investment of Pingxiang Production Base in Xiangdong Industrial Park in second half of 2023 by constructing facilities with an annual coke production capacity of 1.8 million tons. It is believed that the construction of Pingxiang Production Base will be completed by the end of 2024 or early 2025. On the other hand, the Group will continue exploring different potential projects of mergers and acquisitions in China and overseas. The Group will explore by using different kinds of coal and digitization of new technologies to maximize the price spread of the Group's products.

Hydrogen-energy products

The Group is going to participate actively into the hydrogen industrialization plan in different cities in the PRC, including Dingzhou, Xingtai and Baoding in the Hebei Province and Hohhot in Inner Mongolia, etc. The Group will also investing in new hydrogen-energy products project in Pingxiang Production Base. The Group aims at becoming 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. In the future, the Group will explore the opportunities to build up hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area.

Future development

The Group is undergoing the Sixth Five-year Plan from 2021 – 2025. The main theme of the Sixth Five-year Plan is to continuously enhancing the total coke processing volume to ultimately 30 million tons per annum or even more together with our nine competitive advantageous abilities. On the other hand, the Group is closely monitoring cost of sales and service, selling and administrative expenses together with finance costs and the financial indicators of the Group, including but not limited to gearing ratio, to ensure the financial health of the Group. The Group has a historical good record of borrowings and its successful renewal rates of bank and other borrowings from 2021, 2022 and the Reporting Period were 85%, 84% and 79% respectively.

Furthermore, the bank deposits, restricted bank balances and cash as at June 30, 2023 was approximately RMB4.9 billion, increased by approximately RMB1.5 billion or 44% when compared to approximately RMB3.4 billion as at December 31, 2022. The Group believes that the financial position is strong and will make use of every method to achieve a sustainable development in future.

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 periods indicated:

	For the six months ended June 30,	
	2023	2022
Financial indicators		
Gross profit margin[(1)]	**7.2%**	13.4%
Net profit margin[(2)]	**3.4%**	7.7%
EBITDA margin[(3)]	**9.1%**	14.6%
Return on equity[(4)]	**11.0%**	28.0%
	As at June 30, 2023	As at December 31, 2022
Gearing ratio[(5)]	**1.7x**	1.6x
Debt to asset ratio[(6)]	**72.6%**	72.7%

Notes:

(1) Gross profit margin is calculated by dividing gross profit by revenue for the period.

(2) Net profit margin is calculated by dividing profit for the period by revenue for the period.

(3) EBITDA margin is calculated by dividing earnings before interest, tax, depreciation and amortization ("**EBITDA**") by revenue for the period.

(4) Return on equity is calculated by dividing profit attributable to owners of the Company for the period or annualized period by equity attributable to owners of the Company as of the end of the period.

(5) Gearing ratio is calculated by dividing total interest-bearing borrowings by total equity as of the end of the period/year.

(6) Debt to asset ratio is calculated by dividing total debts by total assets as of the end of the period/year.

FINANCIAL REVIEW

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

	For the six months ended June 30, 2023				
	Coke and coking chemicals manufacturing	**Refined chemicals manufacturing**	**Operation management services**	**Trading**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Total revenue	**7,595,256**	**8,636,743**	**471,514**	**4,126,430**	**20,829,943**
Gross profit	**618,712**	**673,267**	**(336)**	**201,330**	**1,492,973**

	For the six months ended June 30, 2022				
	Coke and coking chemicals manufacturing	Refined chemicals manufacturing	Operation management services	Trading	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total revenue	9,262,703	7,245,929	49,660	5,971,773	22,530,065
Gross profit	2,129,495	475,576	11,989	396,061	3,013,121

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

(a) Revenue

Revenue for the six months ended June 30, 2023 decreased to RMB20,829.9 million when compared with RMB22,530.1 million for the six months ended June 30, 2022.

Revenue from coke and coking chemicals manufacturing business decreased by RMB1,667.4 million or 18.0% from RMB9,262.7 million for the six months ended June 30, 2022 to RMB7,595.3 million for the six months ended June 30, 2023, primarily due to a decrease in the average selling price of coke from RMB3,218.7 per ton for the six months ended June 30, 2022 to RMB2,369.4 per ton for the six months ended June 30, 2023. Business volume of coke increased by 367.5 thousand tons but the selling price of coke decreased by a greater extent, which caused the decrease in revenue of coke products.

Revenue from refined chemical manufacturing business increased by RMB1,390.8 million or 19.2% from RMB7,245.9 million for the six months ended June 30, 2022 to RMB8,636.7 million for the six months ended June 30, 2023, primarily because business volume of caprolactam (CPL) increased from 194.9 thousand tons during the Last Period to 335.3 thousand tons during the Reporting Period. While the selling price of caprolactam (CPL) increased from approximately RMB10,011.6 per ton during the Last Period to approximately RMB10,302.1 per ton during the Reporting Period. Revenue of refined chemicals increased by RMB1,502.5 million.

Revenue from the operation management business increased by RMB421.8 million or 848.7% from RMB49.7 million for the six months ended June 30, 2022 to RMB471.5 million for the six months ended June 30, 2023, primarily because two new operation management services of benzene hydrogenation during the Reporting Period contributed the increase in revenue by RMB455.2 million.

Revenue from the trading business decreased by RMB1,845.4 million or 30.9% from RMB5,971.8 million for the six months ended June 30, 2022 to RMB4,126.4 million for the six months ended June 30, 2023, primarily because trading volume of coke increased by 409.3 thousand tons but offset by the decrease in selling price of coke.

(b) Cost of sales

Cost of sales for the six months ended June 30, 2023 decreased to RMB19,337.0 million when compared with RMB19,517.0 million for the six months ended June 30, 2022.

Cost of sales from the coke and coking chemical manufacturing business decreased by RMB156.7 million or 2.2% from RMB7,133.2 million for the six months ended June 30, 2022 to RMB6,976.5 million for the six months ended June 30, 2023, primarily due to the decrease in market prices for coking coal.

Cost of sales from the refined chemical manufacturing business increased by RMB1,193.1 million or 17.6% from RMB6,770.4 million for the six months ended June 30, 2022 to RMB7,963.5 million for the six months ended June 30, 2023, primarily due to the increase in the sales of caprolactam.

Cost of sales from the operation management business increased by RMB434.2 million or 1,151.7% from RMB37.7 million for the six months ended June 30, 2022 to RMB471.9 million for the six months ended June 30, 2023, due to the increased cost of Chenyao benzene hydrogenation project by RMB454.4 million.

Cost of sales from the trading business decreased by RMB1,650.6 million or 29.6% from RMB5,575.7 million for the six months ended June 30, 2022 to RMB3,925.1 million for the six months ended June 30, 2023, primarily as a result of the decrease in purchase price from coke and coal.

(c) Gross profit and gross profit margin

The Group's total gross profit decreased by approximately RMB1,520.1 million or 50.4% from approximately RMB3,013.1 million for the six months ended June 30, 2022 to approximately RMB1,493.0 million for the six months ended June 30, 2023. Gross profit margin decreased from 13.4% for the six months ended June 30, 2022 to 7.2% for the six months ended June 30, 2023.

Gross profit from the coke and coking chemical manufacturing business decreased by RMB1,510.8 million or 70.9% from RMB2,129.5 million for the six months ended June 30, 2022 to RMB618.7 million for the six months ended June 30, 2023. Gross profit margin for the coke and coking chemical manufacturing business decreased from 23.0% for the six months ended June 30, 2022 to 8.1%, due to the decline in coal prices was lower than that of coke prices

Gross profit from the refined chemical manufacturing business increased by RMB197.7 million or 41.6% from RMB475.6 million for the six months ended June 30, 2022 to RMB673.3 million for the six months ended June 30, 2023. Gross profit margin for the refined chemical manufacturing business decreased from 6.6% for the six months ended June 30, 2022 to 7.8% for the six months ended June 30, 2023, primarily due to the increase in the purchase price of raw material for refined chemicals.

Gross profit from the operation management business decreased by RMB12.3 million or 102.5% from a gross profit of RMB12.0 million for the six months ended June 30, 2022 to a gross loss of RMB0.3 million for the six months ended June 30, 2023. Gross profit margin for the operation management business decreased from 24.1% for the six months ended June 30, 2022 to -0.1% for the six months ended June 30, 2023, primarily due to the decrease in gross profit led by to the 13-day shutdown of Chengyao's benzene hydrogenation project in April 2023 for maintenance and the continuous increase in raw material prices of crude benzene after the maintenance, resulting in smaller difference in price.

Gross profit from the trading business decreased by RMB194.8 million or 49.2% from RMB396.1 million for the six months ended June 30, 2022 to RMB201.3 million for the six months ended June 30, 2023. Gross profit margin for the trading business decreased from 6.6% for the six months ended June 30, 2022 to 4.9% for the six months ended June 30, 2023, primarily due to the increase of trading volume and lower price spread.

(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 RMB27.5 million or 28.9% from RMB95.1 million for the six months ended June 30, 2022 to RMB122.6 million for the six months ended 30 June, 2023 mainly because government subsidies increased by RMB36 million, while production waste sales decreased by RMB11 million and interest income increased by RMB11 million.

(e) Other gains and losses

The Group had other gains of RMB254.1 million for the six months ended June 30, 2023 primarily due to the difference between the fair value and book value of the original 55% equity of Risun China Gas was recognized as gain on remeasurement of equity interest of RMB251.2 million.

(f) Impairment (recognized) reversed under ECL model, net

The Group had impairment losses under ECL model, net of RMB42.7 million for the six months ended June 30, 2023, primarily due to credit impairment loss of RMB42.7 million during the Reporting Period.

(g) Selling and distribution expenses

Selling and distribution expenses increased by RMB104.5 million or 23.0% from RMB454.1 million for the six months ended June 30, 2022 to RMB558.6 million for the six months ended June 30, 2023. The main reason was that transportation costs increased by RMB98.6 million. Due to the impact of COVID-19 epidemic in the Last Period, the business and trade volume was relatively low resulting in a lower corresponding transportation costs. The business recovery led to the increase in transportation costs during the Reporting Period.

(h) Administrative expenses

Administrative expenses increased by approximately RMB13.1 million or 3.0% from approximately RMB437.2 million for the six months ended June 30, 2022 to approximately RMB450.3 million for the six months ended June 30, 2023. The administrative expenses slightly decreased during the Reporting Period when compared to that in Last Period due to the tighter cost control measures taken place in 2023. However, the consolidation of to Risun China Gas upon completion of capital injection led to the increase of RMB10 million in administrative expenses since then.

(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 RMB123.2 million or 25.8% from RMB478.0 million for the six months ended June 30, 2022 to RMB601.2 million for the six months ended June 30, 2023. The increase was mainly due to an increase in other loans during the Reporting Period.

(j) Share of results of associates

Share of results of associates changed from a profit of RMB32.3 million for the six months ended June 30, 2022 to a profit of RMB49.2 million for the six months ended June 30, 2023, primarily due to the increase in profits shared from Yangmei Group Shouyang Jingfu Coal Co., Ltd.* (陽煤集團壽陽景福煤業有限公司) of RMB25 million during the Reporting Period.

(k) Share of results of joint ventures

Share of results of joint ventures decreased by RMB220.5 million or 67.3% from RMB327.8 million for the six months ended June 30, 2022 to RMB107.3 million for the six months ended June 30, 2023, primarily due to the decrease in profit shared from China Coal Risun Energy Limited of RMB212.7 million during the Reporting Period.

(l) Profit before taxation

As a result of the foregoing factors, the profit before taxation decreased by RMB1,713.0 million or 82.1% from RMB2,086.4 million for the six months ended June 30, 2022 to RMB373.4 million for the six months ended June 30, 2023.

(m) Income tax credit (expense)

The Group incurred income tax credit of RMB337.5 million for the six months ended June 30, 2023 and income tax expense of RMB350.4 million for the six months ended June 30, 2022 respectively at effective tax rates of -155.6% and 20.3%. The decrease in income tax expenses was mainly due to the recognition of gains on debt restructuring after the acquisition of three companies in Shandong Dongming Production Base in 2021, and the accrued corresponding income tax expenses amounted to RMB 365.8 million. In June 2023, these three companies were deregistered, and no accrued income tax expense is payable based on the relevant tax clearance certificates. Therefore, such amount was reversed during the Reporting Period. During the Reporting Period, three of the Group's wholly-owned subsidiaries which were acquired through acquisition of Wuhu Shunri Xinze Equity Investment Partnership (LP) in 2021, a wholly-owned subsidiary of the Company, were deregistered after having transferred all their businesses to another wholly-owned subsidiary of the Company. As a preceding process to deregistration, these subsidiaries completed the necessary corporate tax closing procedures with the tax authorities in compliance with the relevant rules and regulations. The Group recognized a reversal of income tax payable amounting to RMB365,824,000 in profit and loss based on the outcome of the corporate tax closing procedures.

Subsequent to the end of the reporting period, these subsidiaries were deregistered in July 2023.

(n) Profit for the period

For the six months ended June 30, 2023, the Group recorded a net profit of RMB710.9 million, which represented a decrease of RMB1,025.1 million or 59.0% as compared to the net profit of RMB1,736.0 million for the six months ended June 30, 2022.

(o) Earnings per share – Basic

The basic earnings per share for the June 30, 2023 and 2022 was RMB16.18 cents and RMB39.14 cents respectively. It was due to the decrease in net profit.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has funded the investments and operations principally with cash from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at June 30, 2023, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,803,676**	1,713,853
Net cash used in investing activities	**(581,592)**	(7,226,101)
Net cash generated from financing activities	**172,745**	5,355,001
Net increase (decrease) in cash and cash equivalents	**1,394,829**	(157,247)
Cash and cash equivalents at the beginning of the period	**1,200,669**	2,280,914
Effect of foreign exchange rate changes	**375**	2,268
Cash and cash equivalents at the end of the period	**2,595,873**	2,125,935

(a) Net cash generated from operating activities

For the six months ended June 30, 2023, our net cash generated from operating activities was approximately RMB1,803.7 million and was higher than our net cash generated from operating activities for the six months ended June 30, 2022 by approximately RMB89.8 million, primarily due to the increase in working capital.

(b) Net cash used in investing activities

For the six months ended June 30, 2023, our net cash used in investing activities was decreased from approximately RMB7,226.1 million for the six months ended June 30, 2022 to approximately RMB581.6 million primarily due to the three following reasons:

1. payment of RMB1.0 billion for investment in Wuhu Changyu in the same period of 2022 as part of the price of RMB2.9 billion for acquisition in Shandong;

2. net cash inflow of RMB1.3 billion from the acquisition of Risun China Gas during the Reporting Period;

3. a decrease of RMB1.1 billion in expenditure on construction of fixed assets during the Reporting Period as compared to the Last Period.

(c) Net cash generated from financing activities

For the six months ended June 30, 2023, our net cash generated from financing activities was decreased from approximately RMB5,355.0 million for the six months ended June 30, 2022 to approximately RMB172.7 million, primarily due to the decrease in 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:

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Bank loans, secured	**9,116,120**	9,532,525
Bank loans, unsecured	**6,031,682**	4,677,063
	15,147,802	14,209,588
Other loans, secured	**5,070,378**	3,188,292
Other loans, unsecured	**640,052**	298,183
	5,710,430	3,486,475
Discounted bills financing	**3,247,123**	2,532,610
Total	**24,105,355**	20,228,673

The total borrowings increased by approximately RMB3.9 billion, or 19.3%, to approximately RMB24.1 billion as of June 30, 2023 from RMB20.2 billion as of December 31, 2022, primarily due to an increase in other loans.

As at June 30, 2023, the Group was unable to meet one of the conditions as set out in the relevant banking facilities letters. Certain bank loans with carrying value amounting to RMB1,434 million became payable on demand and are included in current liabilities.

Up to the date of this announcement, the Group is in progress of applying for waiver from the banks. The Directors believe that the due processes with the banks will ultimately reach a successful conclusion. Taking into account the internal and external financial resources available to the Group, including but not limited to internally generated cash flows, bank balances and external bank loans with its successful renewal rates, the Group anticipates that sufficient working capital for its present requirements and there is no threat to the continuing operations of the Group for at least the next 12 months.

(b) Lease liabilities

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

	June 30, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Lease liabilities	**629,949**	473,234

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2023, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of the business operations, the Group does not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposed.

SHARE OPTION SCHEME

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

Up to June 30, 2023, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company nor their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**")) had any interest in a business that competes or may compete with the business of the Group.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2023, we had 6,614 full-time employees (as at June 30, 2022: 7,644). Most of our senior management members and employees are based in Beijing and Hebei province.

We enter into a standard employment contract with each of our full-time employees. Remuneration for our employees includes basic wages, variable wages, bonuses and other benefits. For the six months ended June 30, 2023 and 2022, our staff costs were RMB521.1 million and RMB526.2 million, respectively.

The Company's remuneration policy was formulated by the Remuneration Committee on the basis of the employees' performance, qualifications and competence. The emoluments of the Directors are set by the Remuneration Committee, having regard to, among others, salaries paid by comparable companies as well as time commitment and responsibilities and employment conditions of the Group.

CORPORATE GOVERNANCE PRACTICES

Pursuant to the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules which sets out the principles of good corporate governance and the code provisions (the "**Code Provisions**"), the Company has adopted all code provisions as set out in the CG Code and has complied with the applicable code provisions throughout the Reporting Period, except for Principle C.2.1 under Part 2 of the CG Code.

In accordance with Principle C.2.1 under Part 2 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. Mr. Yang Xuegang is the chairman and chief executive officer of the Company. With extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of the subsidiaries of the Company and their corresponding production facilities and human resources of the Group, and has been instrumental to the Group's growth and business expansion since its establishment in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises of six executive Directors (including Mr. Yang) and three independent non-executive Directors and therefore has a strong independence element in its composition.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the relevant Model Code during the Reporting Period.

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS

On May 26, 2023, three shareholders of Risun China Gas entered into the capital increase agreement, pursuant to which the three shareholders agreed to make additional non-pro rata contribution of RMB800 million to Risun China Gas by way of cash injection. In particular, Huhhot Zhongran Urban Gas Development Co., Ltd.* ("**Huhhot Zhongran**") (呼和浩特中燃城市燃氣發展有限公司), Risun Group Limited* ("**Risun Group**", an indirect wholly-owned subsidiary of the Company) and Tianjin Baisen Energy Technology Co., Ltd.* ("**Tianjin Baisen**") (天津百森能源科技有限公司) subscribed for RMB133.12 million, RMB600.32 million and RMB66.56 million, respectively, of the increased registered capital. Risun China Gas is now owned by Huhhot Zhongran, Risun Group and Tianjin Baisen as to 22%, 67% and 11%, respectively, and Risun China Gas became a non-wholly-owned subsidiary of the Group. As at June 30, 2023 and up to the date of this announcement, the transaction was completed. Pursuant to the capital increase agreement, an additional compensation payable by the Group to Huhhot Zhongran and Tianjin Baisen will be subject to negotiation and agreement by all parties involved. As at the date of this announcement, the negotiation is still ongoing. The contingent consideration payable amounting to RMB66 million represents the best estimate by the Directors.

On June 25, 2023, the Group entered into an agreement with BOCOM Financial Asset Investment Co., Ltd. (independent third party of the Company and its connected persons), pursuant to which the counter-party injected RMB500 million in cash to the Group's subsidiary, Dingzhou Tianlu New Energy Limited* (定州天鷺新能源有限公司). Upon the completion of the capital injection, the proportion of ownership and voting rights held by the counter-party were 34.90%.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Reporting Period. As at June 30, 2023, the Board has not authorized any plan for other material investments or additions of capital assets.

CONTINGENT LIABILITIES

As at June 30, 2023, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and an associate were RMB1,182.7 million (as at December 31, 2022: RMB3,259.8 million).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Company or any of its subsidiaries that took place subsequent to June 30, 2023.

CLOSURE OF REGISTER OF MEMBERS

The record date for the Shareholders qualifying to receive the proposed interim dividend is Friday, September 15, 2023. In order to determine the right of Shareholders entitled to receive the proposed interim dividend, the register of members of the Company will be closed from Wednesday, September 13, 2023 to Friday, September 15, 2023, both days inclusive, during which period the registration of transfer of shares will be suspended. In order to qualify for the interim dividend, a Shareholder must lodge all properly completed share transfer forms accompanied by the relevant share certificates for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, September 12, 2023. The expected interim dividend payment date will be on or before Friday, September 29, 2023.

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**"), with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Company (www.risun.com) and the Stock Exchange (www.hkexnews.hk), which comprises three members, all being Independent non-executive Directors, namely Mr. Yu Kwok Kuen Harry, Mr. Kang Woon and Mr. Wang Yinping. The chairman of the Audit Committee is Mr. Yu Kwok Kuen Harry, who possesses appropriate professional qualifications.

This announcement, including the unaudited consolidated interim results and the accounting principles and practices adopted by the Group, has been reviewed by the Audit Committee in accordance with Listing Rules. The Audit Committee has also discussed auditing, risk management, internal control and financial statement matters, including the review of the consolidated financial statements of the Group for the Reporting Period.

In addition, the interim results for the six months ended June 30, 2023 has not been audited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standard Board.

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

This announcement is published on the respective websites of the Company at www.risun.com and the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended June 30, 2023 will be despatched to the Shareholders and will also be made available on the above websites in due course and in accordance with the Listing Rules.

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

Hong Kong, August 25, 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*