RISUN

China Risun Group Limited
中國旭陽集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1907)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

- Revenue for the Year was RMB46,065.9 million, representing an increase of 6.8% year-on-year.
- Profit attributable to owners of the Company for the Year was RMB860.8 million, representing a decrease of 53.6% year-on-year.
- Basic earnings per share of the Company for the Year was RMB19 cents, representing a decrease of 54.8% year-on-year.
- The Board proposed a final dividend of RMB1.20 cents per share, equivalent to HK1.32 cents per share, with total final dividend of approximately RMB53,090,000 or HK$58,510,000, subject to the shareholders' approval in the forthcoming annual general meeting.

The board (the "**Board**") of directors (the "**Director(s)**") of the China Risun Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2023 (the "**Reporting Period**" or the "**Year**") together with the comparative audited consolidated figures for the year ended December 31, 2022 ("**Last Period**" or "**Last Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Notes	**2023** ***RMB'000*** **(Audited)**	2022 *RMB'000* (Audited)
Revenue	4	**46,065,896**	43,139,449
Cost of sales and services		**(42,740,946)**	(38,864,128)
Gross profit		**3,324,950**	4,275,321
Other income	5	**507,618**	274,398
Other gains and losses	6	**332,412**	(1,136)
Impairment losses under expected credit model, net of reversal	7	**(111,245)**	87,755
Selling and distribution expenses		**(1,185,064)**	(985,303)
Administrative expenses		**(1,060,768)**	(932,925)
Profit from operations		**1,807,903**	2,718,110
Finance costs		**(1,349,745)**	(997,254)
Share of results of associates		**89,552**	59,137
Share of results of joint ventures		**134,038**	423,490
Profit before taxation	8	**681,748**	2,203,483
Income tax credit (expense)	9	**307,801**	(343,992)
Profit for the year		**989,549**	1,859,491
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		**17,908**	29,852
Item 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)**	–
Other comprehensive income for the year		**132,626**	29,852
Total comprehensive income for the year		**1,122,175**	1,889,343
Profit for the year attributable to:			
Owners of the Company		**860,814**	1,855,122
Non-controlling interests		**128,735**	4,369
		989,549	1,859,491
Total comprehensive income for the year attributable to:			
Owners of the Company		**993,440**	1,884,974
Non-controlling interests		**128,735**	4,369
		1,122,175	1,889,343
Basic Earnings per share *(RMB)*	11	**0.19**	0.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	Notes	2023 RMB'000 (Audited)	2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**26,897,389**	22,168,357
Right-of-use assets		**2,217,125**	1,989,362
Investment properties		**176,380**	–
Goodwill		**232,435**	232,435
Intangible assets		**1,280,705**	764,124
Interests in associates		**707,622**	688,207
Interests in joint ventures		**2,952,096**	3,207,426
Other long term receivables and prepayments	13	**1,214,254**	723,515
Financial assets at fair value through profit or loss ("**FVTPL**")	14	**577,466**	1,670,920
Deferred tax assets		**144,336**	128,333
Restricted bank balances	15	**–**	356,000
Bank deposits	16	**16,000**	672,000
Amounts due from related parties		**286,622**	113,093
		36,702,430	32,713,772
Current assets			
Inventories		**3,406,055**	3,221,154
Income tax prepayments		**34,160**	20,109
Other receivables	17	**6,585,017**	4,607,036
Trade and bills receivables measured at fair value through other comprehensive income ("**FVTOCI**")	17	**976,187**	861,432
Amounts due from related parties		**2,489,698**	2,211,059
Financial assets at FVTPL	14	**11,581**	65,820
Restricted bank balances	15	**2,374,651**	1,023,563
Bank deposits	16	**–**	178,010
Cash and cash equivalents	16	**1,239,270**	1,200,669
		17,116,619	13,388,852
Assets classified as held for sale		**17,200**	–
		17,133,819	13,388,852

	Notes	**2023**	2022
		RMB'000	*RMB'000*
		(Audited)	(Audited)
Current liabilities			
Financial liabilities at FVTPL	14	**3,838**	201
Trade and other payables	18	**8,773,615**	9,463,968
Contract liabilities		**2,401,064**	2,011,202
Income tax payable		**379,834**	713,947
Bank and other loans	19	**17,509,040**	12,624,241
Lease liabilities		**60,485**	49,331
Amounts due to related parties		**827,552**	184,189
		29,955,428	25,047,079
Net current liabilities		**(12,821,609)**	(11,658,227)
Total assets less current liabilities		**23,880,821**	21,055,545
Non-current liabilities			
Bank and other loans	19	**8,196,603**	7,604,432
Lease liabilities		**539,410**	423,903
Deferred income		**125,595**	136,863
Deferred tax liabilities		**419,879**	295,318
Trade and other payables		**104,714**	–
Amounts due to related parties		**22,175**	–
		9,408,376	8,460,516
Net assets		**14,472,445**	12,595,029
Capital and reserves			
Share capital	20	**382,246**	382,246
Reserves		**12,516,170**	11,728,184
Total equity attributable to owners of the Company		**12,898,416**	12,110,430
Non-controlling interests		**1,574,029**	484,599
Total equity		**14,472,445**	12,595,029

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on November 8, 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and the principal place of business of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Room 2001, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong, respectively.

The ultimate holding company and immediate holding company of the Company is Texson Limited ("**Texson**", the "**Ultimate Holding Company**"), a company incorporated in the British Virgin Islands (the "**BVI**"), and ultimately controlled by Mr. Yang Xuegang (the "**Ultimate Controlling Shareholder**").

The Company's operating subsidiaries are engaged in the production, sale and distribution of coke, coking chemicals and refined chemicals and relevant operation management services (the "**Core Business**") in the People's Republic of China (the "**PRC**" or "**China**"). The consolidated financial statements of the Group are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2023, the Group had net current liabilities of RMB12,821,609,000. The Directors are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB7,072,458,000 at the report date, of which RMB6,502,458,000 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 55% of bank loans and other banking facilities at December 31, 2023 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the end of the Reporting Period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

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

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

3.1 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

In accordance with the transitional provisions:

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 presented.

3.2 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2024
[3] Effective for annual periods beginning on or after January 1, 2025

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after January 1, 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at December 31, 2023, the Group's right to defer settlement for bank loans of RMB1,770,042,000 are subject to compliance with certain financial ratios within 12 months from the reporting date. Except for a bank loan of RMB71,303,000 was reclassified to current liabilities due to the breach of certain financial covenants, other bank loans with maturity over 1 year were classified as non-current as the Group has no non-compliance as at December 31, 2023. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date and such borrowing will still be classified as non-current.

Except as disclosed above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at December 31, 2023.

4. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services, trading and sales of properties arising from property development.

Revenue from the sales of goods directly to customers is recognized when control of the goods has been transferred, being when the products are accepted by the customers at the customer's specific destination or the Group's plants. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the products purchased once accepted.

Revenue from the management service provided to customers is recognized over time when services are provided.

Revenue from sales of properties is recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Operating segment

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

During the year, the Group identified property development as a new reportable segment. As the property development commenced its revenue generation from this year, its assets and liabilities information was included in unallocated assets and liabilities in prior year. Prior year segment disclosures have been represented to conform with the current year's presentation.

Specifically, the Group's reportable segments under IFRS 8 *Operation Segments* are as follows:

- Coke and coking chemicals manufacturing segment: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;

- Refined chemicals manufacturing segment: the purchase of coking chemicals from the Group's coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group's refined chemicals facilities, as well as marketing and selling such refined chemicals;

- Operation management segment: the operation management service provided to the third-party plants, providing of raw materials and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts;

- Trading segment: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals; and

- Property development segment: developing and selling commercial and residential properties.

The CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into coke and coking chemicals segment, refined chemicals segment, operation management segment, trading segment and property development segment respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and similar methods used to distribute their products. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

	Year ended/as at December 31, 2023					
	Coke and Coking Chemicals Manufacturing *RMB'000*	Refined Chemicals Manufacturing *RMB'000*	Operation Management *RMB'000*	Trading *RMB'000*	Property Development *RMB'000*	Total *RMB'000*
Revenue from contracts with external customers						
Sale of coke and coking chemicals	**18,077,005**	**–**	**–**	**–**	**–**	**18,077,005**
Sale of refined chemicals	**–**	**18,680,876**	**2,013,254**	**–**	**–**	**20,694,130**
Trading	**–**	**–**	**–**	**7,168,375**	**–**	**7,168,375**
Management services	**–**	**–**	**3,597**	**–**	**–**	**3,597**
Sales of properties	**–**	**–**	**–**	**–**	**122,789**	**122,789**
	18,077,005	**18,680,876**	**2,016,851**	**7,168,375**	**122,789**	**46,065,896**
Inter-segment revenue	**1,792,586**	**188,079**	**–**	**–**	**–**	**1,980,665**
Reportable segment revenue	**19,869,591**	**18,868,955**	**2,016,851**	**7,168,375**	**122,789**	**48,046,561**
Reportable segment results	**395,487**	**459,005**	**(33,166)**	**(172,518)**	**18,405**	**667,213**
Unallocated head office and corporate expenses						**(236,623)**
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(note 6)*						**251,158**
Profit before taxation						**681,748**
Reportable segment assets (including interests in associates and joint ventures)	**21,337,867**	**21,601,809**	**858,751**	**8,466,736**	**624,281**	**52,889,444**
Reportable segment liabilities	**13,518,610**	**15,082,920**	**683,253**	**9,579,997**	**295,778**	**39,160,558**
Other information:						
Additions to non-current segment assets during the year	**1,140,530**	**813,982**	**182,112**	**100,574**	**14**	**2,237,212**
Share of results of associates	**40,930**	**48,622**	**–**	**–**	**–**	**89,552**
Share of results of joint ventures	**134,038**	**–**	**–**	**–**	**–**	**134,038**
Depreciation and amortization for the year	**1,073,599**	**1,192,737**	**20,853**	**15,541**	**46**	**2,302,776**
Impairment losses on property, plant and equipment recognized in profit or loss	**–**	**67,715**	**–**	**–**	**–**	**67,715**

	Year ended/as at December 31, 2022					
	Coke and Coking Chemicals Manufacturing *RMB'000*	Refined Chemicals Manufacturing *RMB'000*	Operation Management *RMB'000*	Trading *RMB'000*	Property Development *RMB'000*	Total *RMB'000*
Revenue from contracts with external customers						
Sale of coke and coking chemicals	16,368,438	–	–	–	–	16,368,438
Sale of refined chemicals	–	15,430,291	54,870	–	–	15,485,161
Trading	–	–	–	11,223,815	–	11,223,815
Management services	–	–	62,035	–	–	62,035
	16,368,438	15,430,291	116,905	11,223,815	–	43,139,449
Inter-segment revenue	1,770,247	226,778	–	–	–	1,997,025
Reportable segment revenue	18,138,685	15,657,069	116,905	11,223,815	–	45,136,474
Reportable segment results	1,839,562	552,625	15,539	168,892	–	2,576,618
Unallocated head office and corporate expenses						(373,135)
Profit before taxation						2,203,483
Reportable segment assets (including interests in associates and joint ventures)	16,040,600	20,771,733	35,000	7,200,134	626,945	44,674,412
Reportable segment liabilities	10,575,209	12,982,490	–	7,276,708	594,758	31,429,165
Other information:						
Additions to non-current segment assets during the year	706,284	6,258,583	–	191,870	–	7,156,737
Share of results of associates	3,275	55,862	–	–	–	59,137
Share of results of joint ventures	423,490	–	–	–	–	423,490
Depreciation and amortization for the year	626,861	747,038	–	11,189	–	1,385,088

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

	Year ended/as at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**48,046,561**	45,136,474
Elimination of inter-segment revenue	**(1,980,665)**	(1,997,025)
Consolidated revenue	**46,065,896**	43,139,449
Results		
Reportable segment results	**667,213**	2,576,618
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(note 6)*	**251,158**	–
Unallocated head office and corporate expenses	**(236,623)**	(373,135)
Profit before taxation	**681,748**	2,203,483
Assets		
Reportable segment assets	**52,889,444**	44,674,412
Unallocated head office and corporate assets	**946,805**	1,428,212
Consolidated total assets	**53,836,249**	46,102,624
Liabilities		
Reportable segment liabilities	**39,160,558**	31,429,165
Unallocated head office and corporate liabilities	**203,246**	2,078,430
Consolidated total liabilities	**39,363,804**	33,507,595

Geographic information

Except for interests in joint ventures and an associate amounting to RMB1,331,798,000 (2022: RMB1,331,800,000) and RMB219,467,000 (2022: RMB265,919,000) respectively, and share of results of the abovesaid investees amounting to RMB17,250,000 (2022: RMB409,000) which were operated in Indonesia, and 3% (2022: 6%) of the Group's revenue which were derived from external customers incorporated outside the PRC, the Group's revenue and profit were derived from the PRC and all principal assets employed by the Group are located in the PRC during the reporting period.

Major customers

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

5. OTHER INCOME

	Year ended December 31, 2023 RMB'000 (Audited)	2022 RMB'000 (Audited)
Interest income	**161,863**	160,620
Value-added Tax ("**VAT**") concession *(Note a)*	**196,909**	–
Production waste sales	**24,443**	15,801
Equipment rental income	**6,062**	7,808
Government grants *(Note b)*	**78,953**	60,914
Others	**39,388**	29,255
	507,618	274,398

Notes:

a. During the year ended December 31, 2023, certain subsidiaries of the Company are qualified as "Advanced Manufacturing Enterprises", which are eligible for an extra 5% VAT deduction based on their deductible input VAT during the period from January 1, 2023 to December 31, 2027.

b. Government grants were received from several local government authorities as subsidies for the Group's contribution to the environmental protection, energy conservation recycling resources, relocation, foreign investment and infrastructure construction.

6. OTHER GAINS AND LOSSES

	Year ended December 31, 2023 RMB'000 (Audited)	2022 RMB'000 (Audited)
Fair value (loss) gain of financial assets/liabilities at FVTPL:		
– Listed equity securities	**(38,578)**	(34,669)
– Unlisted equity securities	**1,673**	38,160
– Private equity investment funds	**(43,927)**	20,718
– Futures contracts	**37,170**	1,824
– Derivative financial instruments-swaps	**(39,488)**	40,820
– Other non-derivative financial assets	**1,919**	(7,977)
Gain on settlement of a loan payable to a non-controlling shareholder *(Note a)*	**49,925**	–
Impairment losses of property, plant and equipment	**(67,715)**	–
Loss on foreign exchange, net	**(65,945)**	(83,353)
(Loss) gain on disposal of:		
– right-of-use assets	**–**	415
– property, plant and equipment	**(5,988)**	4,219
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(Note b)*	**251,158**	–
Decrease in provision for a legal arbitration *(Note c)*	**154,606**	–
Compensation for operation shutdown *(Note d)*	**68,369**	–
Others	**29,233**	18,707
	332,412	(1,136)

Notes:

a. In May 2023, the Group acquired a subsidiary, Hohhot Risun China Gas Energy Limited ("**Risun China Gas**"). Pursuant to the agreement made between Risun China Gas and one of its shareholders Hohhot China Urban Gas Development Co., Ltd ("**China Gas**") in 2019, the amount of shareholder's loan payable to China Gas will vary based on the closure date of a relevant production line. The shareholder's loan was accounted for at fair value based on management's best estimate of closure date.

   In September 2023, the said production line was closed down earlier than expected at the acquisition date. Risun China Gas and China Gas entered into a supplementary agreement in December 2023, pursuant to which the remaining balance of shareholder's loan was settled and a gain of RMB49,925,000 was recognized to other gains and losses accordingly.

b. During the year ended December 31, 2023, the Group further acquired 12% equity interests in Risun China Gas, the difference between the fair value of the equity interest previously held of RMB613,000,000 and its carrying value of RMB361,842,000 on the acquisition date was recognized as other gains.

c. Since the year 2021, a provision of RMB276 million, including interest in accrual, was made by the Group based on the judgement made by the arbitration court in favor of the then contractor (the "**Contractor**"). During the year, the Group finalized the negotiation and entered into a settlement agreement with the Contractor. According to the agreement, the Group will pay RMB200 million in instalment till the end of 2026, for the purchase of certain property, plant and equipment of RMB 67 million and the settlement of the amount due to the Contractor. Thus, a decrease in provision amounting to RMB155 million, including the imputed interest of the amount payable to the Contractor amounting to RMB12 million, was recognized during the year.

d. The amount mainly represented a compensation receivable from the local authority in relation to the termination of a project under development due to a change of regulation in 2021. A compensation agreement dated August 2023 was entered and the compensation will be paid in instalments till April 30, 2025 based on the compensation agreement signed by both parties.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Impairment losses recognized (reversed) on:		
Trade and other receivables	**75,127**	(60,990)
Other long term receivables	**(1,439)**	(23,159)
Amounts due from related parties	**37,557**	(3,606)
	111,245	(87,755)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31, 2023 *RMB'000* (Audited)	2022 *RMB'000* (Audited)
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**1,053,642**	904,378
Contributions to retirement benefits scheme	**96,973**	91,076
Total staff costs	**1,150,615**	995,454
Capitalized in construction in progress	**(98,030)**	(133,370)
Capitalized in inventories	**(594,189)**	(445,752)
	458,396	416,332
Depreciation of property, plant and equipment	**2,074,952**	1,194,647
Depreciation of right-of-use assets	**128,776**	124,627
Amortization of intangible assets	**130,615**	108,297
Total depreciation and amortization	**2,334,343**	1,427,571
Capitalized in construction in progress	**(198)**	(2,737)
Capitalized in inventories	**(2,015,851)**	(1,228,779)
	318,294	196,055
Auditors' remuneration (including subsidiaries' auditors)	**12,069**	15,779
Gross rental income from investment properties	**1,527**	–
Cost of inventories recognized as an expense	**42,354,655**	38,822,815

9. INCOME TAX (CREDIT) EXPENSE

	Year ended December 31, 2023 *RMB'000* (Audited)	2022 *RMB'000* (Audited)
Current tax (credit) expense		
PRC income tax for the year	**126,144**	349,748
Reversal of income tax payable *(Note)*	**(365,824)**	–
Deferred tax (credit)	**(68,121)**	(5,756)
	(307,801)	343,992

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) ("**Shunri Xinze**") 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 in compliance with the relevant rules and regulations and deregistered in July 2023. 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.

10. DIVIDENDS

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Dividends recognized as distribution during the year:		
2023 Interim, paid – RMB4.9 cents per share	**216,782**	–
2022 Final, paid – RMB0.9 cents per share	**39,817**	–
2022 Interim, paid – RMB12.3 cents per share	**–**	544,306
2021 Final, paid – RMB6.3 cents per share	**–**	279,153
	256,599	823,459

Subsequent to the end of the reporting period, the proposed final dividend in respect of the year ended December 31, 2023 of RMB1.20 cents per ordinary share, equivalent to HK1.32 cents per share, with total amount of approximately RMB53,090,000 (equivalent to HK$58,510,000) has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2023 and December 31, 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 and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Earnings		
Profit attributable to the owners of the Company *(RMB'000)*	**860,814**	1,855,122
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,422,693,814**	4,431,225,321
Basic earnings per share *(RMB)*	**0.19**	0.42

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

12. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment amounting to approximately RMB1,934.3 million (2022: RMB6,714.5 million).

13. OTHER LONG TERM RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Prepayments for property, plant and equipment	**162,032**	319,216
Loan receivables *(Note a)*	**600,000**	–
Prepayments for land use right	**65,540**	50,308
Receivables for relocation compensation *(Note b)*	**–**	109,091
Deposits for other loans	**316,270**	241,867
Others	**109,881**	43,941
Less: Allowance for credit losses	**(39,469)**	(40,908)
	1,214,254	723,515

Notes:

a. Included in loan receivables was a 3-years entrusted loan to a third party through a licensed financial institution amounted to RMB300 million, which carries interest at 5.75% per annum and payable semi-annually. During the year ended December 31, 2023, the Group entered into a supplementary agreement with the borrower pursuant to which both parties agreed to extend the maturity date from July 2023 to July 2026 with other contractual terms unchanged.

   During the year ended December 31, 2023, the Group entered into another entrusted loan amounted to RMB500 million to a third party through a licensed financial institution, which carries interest at 5.20% per annum and payable semi-annually. The principal will be repayable by instalments from June 2024 to December 2026, of which RMB200 million will be repayable in 2024 and therefore presented as current assets.

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

14. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Non-current assets		
Listed equity securities	**121,718**	118,246
Unlisted equity investment	**111,670**	114,182
Private equity investment funds *(Note a)*	**224,457**	1,320,580
Wealth management product	**119,621**	117,912
	577,466	1,670,920
Current assets		
Futures contracts	**833**	1,062
Held-for-trading non-derivative financial assets	**9,416**	23,938
Derivative financial instruments *(Note b)*	**1,332**	40,820
	11,581	65,820
Current liabilities		
Futures contracts	**(3,838)**	(201)
	(3,838)	(201)
	585,209	1,736,539

Notes:

a. During the year ended December 31, 2023, the Group redeemed the entire investment amounting to RMB1,000 million from Wuhu Changyu Investment Centre (Limited Partnership).

In addition, the Group subscribed for a private equity investment funds with initial investment principal of RMB25 million in September 2023. The fair value of these funds as at December 31, 2023 were RMB25 million.

b. The Group is exposed to exchange risk mainly arising from various bank loans denominated in United States Dollars ("**USD**"). To manage and mitigate the foreign exchange exposure, the Group entered into various forward contracts with certain financial institutions. As at December 31, 2023, the forward contracts have total notional amounts of USD248 million (2022: USD199.5 million), of which the maturity dates match to the maturity dates of these banks loans. The future contracts are not designated as hedging instruments. The fair value was RMB1 million as at December 31, 2023 and an unrealized gains of RMB1 million was recognized as change in fair value during the year ended December 31, 2023.

15. RESTRICTED BANK BALANCES

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Restricted bank balances to secure:		
Bills payable and letters of credit *(Note)*	**1,398,127**	833,578
Bank loans	**940,986**	429,495
Futures contracts	**35,538**	116,490
	2,374,651	1,379,563
Analyzed for reporting purpose as:		
Non-current assets	**–**	356,000
Current assets	**2,374,651**	1,023,563

Note: Certain restricted bank balance were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB3,939,034,000 and RMB2,532,610,000 as at December 31, 2023 and 2022 respectively.

Restricted bank balances are bank deposits 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 0.01% to 5.78% per annum as at December 31, 2023 (2022: 0.002% to 3.85% per annum).

16. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Bank balances, included bank deposits that have a maturity of longer than three months, carried interest at market interest rate ranging from 0.002% to 2.50% (2021: from 0.01% to 3.50%) per annum as at December 31, 2023. Bank balances and cash as at December 31, 2023 and 2022 were mainly denominated in RMB which is not a freely convertible currency in the international market and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
USD	**94,416**	98,182
Hong Kong Dollars ("**HKD**")	**13,315**	3,230
Others *(Note)*	**2,125**	2,307
	109,856	103,719

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

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade receivables measured at FVTOCI	**503,982**	302,656
Bills receivables measured at FVTOCI	**472,205**	558,776
Trade and bills receivables measured at FVTOCI	**976,187**	861,432
Prepayments for raw materials	**3,217,465**	2,192,611
Other deposits, prepayments and other receivables	**599,800**	248,014
Loan receivables	**200,000**	300,000
Receivables for relocation compensation	**109,091**	20,000
Receivables on behalf of third parties as a trading agency	**2,061,346**	1,403,312
Deductible input Value Added Tax and prepaid other taxes and charges	**477,528**	471,168
Less: impairment	**(80,213)**	(28,069)
Other receivables	**6,585,017**	4,607,036

As at January 1, 2022, trade and bill receivables from contracts with customers amounted to RMB951,378,000.

The customers usually settle the sales by cash or bills. The credit period granted to the customers who settle in cash is usually no more than 30 days, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, net of allowance for credit losses, are as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within one month	**481,279**	243,956
1 to 3 months	**10,133**	42,828
3 to 6 months	**3,641**	5,590
6 to 12 months	**8,929**	10,282
	503,982	302,656

18. TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade payables	**2,601,768**	2,216,347
Payables to be settled by the endorsed bills receivable	**56,559**	349,371
Bills payable	**1,046,755**	1,007,968
Payables on behalf of third parties as a trading agency	**824,536**	1,396,825
Payables for construction in progress	**2,870,371**	2,617,620
Advances from customers on behalf of third parties as a trading agency	**570,064**	789,414
Other tax payables	**103,433**	216,202
Payroll payables	**132,987**	172,652
Other payables and accruals *(Note)*	**671,856**	697,569
	8,878,329	9,463,968
Analyzed for reporting purposes as:		
Current liabilities	**8,773,615**	9,463,968
Non-current liabilities	**104,714**	–

Note: Included in other payables and accruals were payables in relation to an arbitration with a contractor as detailed in note 6. Pursuant to the settlement agreement, the balance will be repaid by instalments till December 31, 2026, of which RMB105 million will be repaid after 2024 and therefore presented as long-term payables, the remaining balance was presented as current liabilities.

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

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 3 months	**2,238,794**	2,003,227
3 to 6 months	**157,961**	68,086
6 to 12 months	**94,599**	59,536
1–2 years	**68,012**	53,521
2–3 years	**15,030**	5,574
More than 3 years	**27,372**	26,403
	2,601,768	2,216,347

19. BANK AND OTHER LOANS

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Bank loans		
Secured	**8,193,983**	9,532,525
Unsecured	**8,163,912**	4,677,063
Other loans		
Secured	**4,990,986**	3,188,292
Unsecured	**417,728**	298,183
Discounted bills financing		
– Discounted bills receivable from subsidiaries of the Company	**3,939,034**	2,532,610
	25,705,643	20,228,673

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 1 year	**16,789,043**	12,624,241
After 1 year but within 2 years	**6,355,445**	4,621,556
After 2 years but within 5 years	**1,377,644**	2,982,876
After 5 years	**463,514**	–
	24,985,646	20,228,673
Repayable on demand due to breach of loan covenants (shown under current liabilities)	**719,997**	–
	25,705,643	20,228,673
Analyzed for reporting purpose as:		
Current liabilities	**17,509,040**	12,624,241
Non-current liabilities	**8,196,603**	7,604,432
	25,705,643	20,228,673

During the year, in respect of bank loans with a carrying amount of RMB719,997,000 as at 31 December 2023, the Group breached certain of the terms of the bank loan, which are primarily related to the net debt to EBITDA ratio of the Group. On discovery of the breach, the Directors informed the lenders and commenced a renegotiation of the terms of the loan with the relevant bankers. As at 31 December 2023, those negotiations had not been concluded. Since the lenders have not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loans have been classified as current liabilities as at 31 December 2023. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The Directors are confident that their negotiations with the lenders will ultimately reach a successful conclusion. In any event, should the lenders 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.

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
USD	**1,105,344**	1,883,753
JPY	**673**	2,096

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

	As at December 31,			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Fixed rate bank and other loans	**18,363,513**	**1.70 ~ 9.00**	13,306,653	1.17 ~ 12.00
Floating rate bank and other loans *(Note)*	**7,342,130**	**1.58 ~ 8.40**	6,922,020	1.58 ~ 8.00
	25,705,643		20,228,673	

Note: Included in floating rate bank and other loans was USD dominated bank borrowings of RMB204,416,000 (2022: RMB1,039,980,000) carried at secured overnight financing rate (SOFR). The remaining floating rate bank and other loans are carried at loan prime rate (LPR) issued by the People's Bank of China.

The secured other loans represent loans from the licensed finance companies secured by property, plant and equipment and leasehold lands, as well as loans from licensed financial institutions secured by the Group's bank deposits.

As at December 31, 2023, except for the bank and other loans guaranteed by the related parties, bank loan of RMB673,000 (2022: RMB2,096,000) is fully guaranteed by an independent company.

20. SHARE CAPITAL

	As at December 31,		As at December 31,	
	2023	2022	**2023**	2022
	Number of shares	*Number of shares*	***HKD'000***	*HKD'000*
	(Audited)	(Audited)	**(Audited)**	(Audited)
Authorised				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid of ordinary shares				
At the beginning of the year	**4,424,126,000**	4,440,000,000	**442,413**	444,000
Share repurchased and cancelled *(Note b)*	**–**	(15,874,000)	**–**	(1,587)
At the end of the year	**4,424,126,000**	4,424,126,000	**442,413**	442,413

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Presented in the consolidated statement of financial position as:		
At the beginning of the year	**382,246**	383,604
Share repurchased and cancelled	**–**	(1,358)
At the end of the year	**382,246**	382,246

Notes:

a. During the year ended December 31, 2023, the Company repurchased its ordinary shares as follows:

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid
		Highest	Lowest	
	'000	*HK$*	*HK$*	*HK$'000*
November	12,591	3.31	3.17	40,526

As at December 31, 2023, the entire ordinary shares repurchased were pending for cancellation. The aggregate consideration paid for the repurchase was HK$40,526,000, equivalent to RMB37,173,000.

b. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier together with relevant operation management services provider in China. The Group maintains as the world's largest independent producer and supplier of coke by production/processing volume in 2023* and this remarkable leading position in the independent coke industry has been maintained for decades.

Other than the above, the Group held a number of leading positions in different refined chemical sectors in China or globally in 2023* as following:

Coke	World's largest independent producer and supplier
Coking crude benzene	World's largest processor
High temperature Coal tar	World's second largest processor
Caprolactam (CPL)	World's second largest producer
Coke-oven-gas-based methanol	China's largest producer
Industrial-naphthalene-based phthalic anhydride	China's largest producer
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 five refined chemicals producers.

During the Reporting Period, the Group focused on the main theme of integration of existing businesses and production bases, expansion of production capacity of coke and refined chemicals together with entering into four new operation management agreements. In order to continuously create value to the shareholders of the Company ("**Shareholders**"), the Group closely controlled the operating costs and expenditures of production bases and monitored the operating efficiency of production facilities. The Group continued its expansion in annual capacity of all the products and its further refining ability to high-end chemicals products with strong market demand. Starting from 2022, the Group has been also developing new production base with two joint ventures and one associate in Sulawesi Province, Indonesia. In 2023 and up to the date of this report, there were three coke ovens commenced for operation. Ultimately, the gross annual coke production capacity of these three companies in Indonesia is 13.40 million tons and the equity capacity in production of coke attributable to the Group is 4.36 million tons per annum.

* *According to the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global consulting firm.*

Currently, the Group has eight operating production bases around the world, including seven located in three provinces of China and one in Sulawesi, Indonesia. The Group was also in the process of the development of new coke production base in Jiangxi, China. The main philosophy of the Group's expansion is to increase its annual production/processing volume in coke and refined chemicals according to the market and the Group's own Five – Year Plan from 2021 to 2025. With the commencement of operation of its new production facilities by phases, the Group's overall production capacity will continue to grow. By doing so, the Group can develop a longer and wider production chain of more than 60 types (2022: approximately 55 types) of refined chemicals. In the long run, the Group will maintain the leading positions of coke and refined chemicals industry and continue to create values to the Shareholders.

In view of the operating results in the Year, the recent development of China's economy and future development needs, as well as the willingness of sharing the results of the Group with Shareholders, the Board recommended a final dividend of RMB1.20 cents per share, equivalent to HK1.32 cents per share, with a total amount of approximately RMB53,090,000 or HK$58,510,000 for the Year representing no less than 30% of the profit attributable to owners of the Company for the Year. By aggregating the dividends paid by the Company since its listing in March 2019 and current proposed final dividend for the Year, the total amount of dividends per share was approximately RMB0.76 or HK$0.88, representing a return of 31.4% to the offering price of HK$2.80 at initial public offering in March 2019.

BUSINESS REVIEW

The Group's vertically integrated business model and its experience of more than 28 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading.

The Group engaged in its first operation management service in 2014 and has been actively developing up to the Year for a decade in operation management business. During the Reporting Period and up to the date of this announcement, the Group entered into four new operation management agreements to further expand the Group's business presence in coke and coking chemicals, including aniline and benzene hydrogenation refined chemicals sectors, in Shanxi, Shandong and Jilin Province, China.

Our principal businesses, categorised in the following four existing major 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 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.

The Group obtained certain land parcels from the local government in Dingzhou City after production facilities transformation and upgrades, payment for the land-use rights acquisitions were settled by the government subsidy granted under such transformation and upgrades. In order to fully utilize the land resources of the Group and generate more fundings for developing its principal businesses, the Group decided to construct and develop residential properties and sell the same to third parties. As a result, the Company set up a new subsidiary, Dingzhou Zhongxu Real Estate Limited* (定州中旭置業有限公司) for handling the development and sales of properties, and recorded a total revenue of RMB122.8 million for the Year, and a new business segment was identified for compliance with the requirements under IFRS 8 (Operating Segments). However, the development and sales of properties in Dingzhou City are for the purposes of asset realization and generate more fundings in cash or cash equivalent for the Group, and the Group does not have any plan to expand its principal business into real estate industry in the long run.

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

	RMB per ton
Coke	2,201.4
Coal tar pitch	4,479.2
Phthalic anhydride	6,678.3
Methanol	2,043.2
Benzene	6,404.2
Caprolactam (CPL)	10,822.1
Hydrogen-energy products (per cube meter)	2.28

Below is the table summarizing the key corporate activities of the Group in 2023 and up to the date of this announcement:

Time	**Corporate Activities**
January 2023 – New Operation Management Services in Shanxi Province, China	Entered into a new operation management services agreement in relation to a plant with production capacity of 1,000,000 tons per annum of coke and coking chemicals in Shanxi Province, China.
May 2023 – New Operation Management Services in Shandong Province, China	Entered into a new operation management services agreement to a production capacity of 100,000 tons per annum of crude benzene hydrogenation refined chemicals in Shandong Province, China.

Time	Corporate Activities
May 2023 – Capital injection to Hohhot Risun China Gas Energy Limited* ("**Risun China Gas**") (呼和浩特旭陽中燃能源有限公司)	Entered into the Capital Increase Agreement, pursuant to which three shareholders of Risun China Gas agreed to make additional disproportionate contribution of RMB800 million to Risun China Gas by way of cash injection in order to expedite the launch of the coking project of Risun China Gas with an annual production capacity of 3 million tons.
June 2023 – Capital Injection to Dingzhou Tianlu New Energy Limited* (Dingzhou Tianlu) (定州天鷺新能源有限公司)	Entered into the investment agreement, pursuant to which BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司) agreed to make capital injection of RMB500 million to Dingzhou Tianlu by way of cash injection.
October 2023 – New Operation Management Services in Jilin Province, China	Entered into a new operation management services agreement to a production capacity of 300,000 tons per annum of aniline refined chemicals in Jilin Province, China.
November 2023 – New Operation Management Services in Shandong Province, China.	Entered into a new operation management services agreement in relation to a plant with annual coke and coking production capacity of 1,200,000 tons in Shandong Province, China.
November 2023 to December 2023 – Conducting On-Market Share Repurchase	Partially exercised the Share Repurchase Mandate to repurchase shares of the Company in the open market during the financial year 2023.
November 2023 – Shares of the Company included in MSCI	Shares of the Company was included in MSCI Global Small Cap Indexes – China.

Furthermore, the business developments in terms of the coke and refined chemicals, hydrogen-energy products, capital market, environmental protection and digitalization during the Reporting Period are described as follows:

Coke

The Group persistently focused on the expansion of its coke production capacity by either organic growth in self-construction of coke production facilities or merger and acquisition of other coke enterprises. In the past, the Group successfully completed the acquisition of a group of coke enterprises in Shangdong in December 2020 and took the shortest time to make smooth integration into the Group.

In 2023, the Group did not acquire any new coke enterprise but was still focusing on the way of expansion by further integration of two coke production facilities in Huhhot Production Base and Sulawesi Production Base. During the Year, the Group completed the coke production facility with an annual production capacity of 3 million tons in Huhhot Production Base in June 2023. Also, the Group was constructing another coke production facility in Sulawesi Production Base by phase: two coke ovens out of eight coke ovens were completed and commenced operation in 2023; and subsequently in the first quarter of 2024, the third coke oven was also completed and commenced operation.

Moreover, the Group was providing operation management service for third-party coke enterprises with plants producing and processing annual coke capacity of 3.2 million tons in different provinces in China.

Refined chemicals

The Group maintained three production chains of refined chemicals and their classification with corresponding refined chemicals products 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)

In 2023, the Group made use of its leading position and advanced production chain and technology in operating and manufacturing caprolactam (CPL) and some alcohol-ammonia chemicals products, such as 2-Amino-2-Methyl-1-Propanol (AMP). CPL 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, while 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. The main philosophy was to invest in those refined chemicals production lines with larger market demand anticipated by the Group.

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 strengthens the Group's leading position as the world's largest processor of coking crude benzene and empowers the Group with greater influence and competitiveness in the benzene hydrogenation market.

Hydrogen-energy products

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

In 2023, Risun Hydrogen Energy successfully passed the "Low Carbon Hydrogen, Clean Hydrogen and Renewable Hydrogen Standards and Evaluation" certification of the National Hydrogen Energy and Fuel Cell Vehicle Demonstration Evaluation Platform, where the Group became the first domestic enterprise to officially obtain clean hydrogen certification for demonstration city clusters.

Capital Market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was approximately 300 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. The Group also strengthened the team of equity market department in China and Hong Kong in order to continuously promote the Company to investors in different countries and areas, including the Middle East.

In November 2023, the Company was also included in MSCI Global Small Cap Indexes – China. The Group believes that the inclusion of the Company in various well-known indexes reflects the confidence of the equity capital market in the Group's business performance and development prospects.

Environmental Protection

During the Reporting Period, Hebei China Coal Risun Energy Co., Ltd. and Cangzhou Risun Chemical Co., Ltd. were included in this batch of carbon dioxide capture, utilization and storage pilot projects. It was also a province-wide industrial green development demonstration project determined by the Hebei Provincial Department of Industry and Information Technology. The carbon dioxide capture facility of the Group was a capture device and liquefaction and purification device of carbon dioxide of 7,500 ton per annum. It was an economically feasible demonstration in the coke industry for the reduction of carbon emission and carbon neutrality together with new technologies of research development and storage in order to reduce carbon emission.

In September 2023, the Hebei Provincial Department of Industry and Information Technology announced the 2023 provincial green manufacturing list in Hebei Province. Cangzhou Risun Chemical Co., Ltd., by virtue of its outstanding achievements and results of green development were selected as provincial green factories in Hebei Province, China.

Digitalization

The Group was committed to leading 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, in view of the National Five-Year Plan's focuses 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 more than 28-years history of development, where we take advantage of its leading position, experience, technology and digitalization in coke and refined chemicals industries to drastically expand its four existing business segments together with hydrogen-energy products business through the following development strategies:

(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 its energy-efficiency, environmental protection and operation safety standards; and

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

The above development strategies are deployed based on the Group's competitive advantageous abilities through integrated business model and are designed to diversify the risks throughout the production bases in China and overseas.

Apart from the above development strategies, the Group has identified nine competitive advantageous abilities, based on which it formulates and executes development strategies effectively in order to enhance its leadership in coke and refined chemicals industries and hydrogen-energy products business:

1. Scale advantageous ability

The Group is the world's largest independent coke producer and supplier by production/processing volume, and enjoys economies of scale which enables the Group to become more competitive in terms of costs, product quality and customer relationships among the eight production bases in China and overseas.

2. Vertically integrated advantageous ability

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

3. Production base advantageous ability

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

4. **Cost control advantageous ability**

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

5. **Centralized sale and marketing advantageous ability**

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

6. **Innovation advantageous ability**

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

7. **Automation and information technologies advantageous ability**

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

8. **Environmental safety advantageous ability**

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

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

9. Risk mitigation advantageous ability

The Group monitors the business operations of its customers, including but not limited to their inventory levels, production output and sales volumes, via its on-site customer service personnel. This enables prompt understanding of the downstream demand for the Group's products, adjustment of the Group's production plans and reduction of the risks associated with price fluctuations and changes in demand for its products.

BUSINESS PROSPECTS

Looking forward to the Group's Five-Year Plan from 2021 to 2025, the Group will make use of different ways of operation management, merger and acquisition together with the setup of joint ventures with well-known geographical large enterprises to increase the market share by production/processing of coke and refined chemicals together with hydrogen-energy products.

Coke and refined chemicals

Looking forward to 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 is in the development process of Pingxiang Production Base in Xiangdong Industrial Park by constructing coke facilities with an annual coke production capacity of 1.8 million tons. Moreover, the Group will continue exploring different potential projects of mergers and acquisitions in China and overseas. The Group will explore greater use of coals from different countries in the world 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 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 devoting efforts towards development in the areas of production, storage, transportation, hydrogenation and utilisation. The Group aims to provide smart hydrogen energy supply across China 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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

a. Subsequent to the Reporting Period, the Group entered into a financial guarantee contract with Industrial and Commercial Bank of China Limited, Xingtai Qiaodong Branch on January 8, 2024, pursuant to which the Group agreed to provide financial guarantee to the project of Risun Wei Shan with maximum liabilities amounting to RMB698 million.

b. Subsequent to the Reporting Period, the Group repurchased 3,485,000 ordinary shares with aggregate consideration of HK$10,578,000, equivalent to RMB9,616,000. As at the date of this announcement, the entire ordinary shares repurchased were pending for cancellation before the forthcoming annual general meeting in June 2024.

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

The following table sets forth the Group's financial ratios as at the dates and for the years indicated:

	As of and for the year ended December 31,	
	2023	2022
Gross profit margin[(1)]	**7.2%**	9.9%
Net profit margin[(2)]	**2.1%**	4.3%
EBITDA margin[(3)]	**9.5%**	10.7%
Return on equity[(4)]	**6.7%**	15.3%
Gearing ratio[(5)]	**1.8**	1.6
Debt-to-asset ratio	**73.1%**	72.7%

Notes:

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

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

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

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

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

FINANCIAL REVIEW

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

	For the year ended December 31, 2023					
	Coke and coking chemicals manufacturing	**Refined chemicals manufacturing**	**Operation management services**	**Trading**	**Property development**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Total revenue	**18,077,005**	**18,680,876**	**2,016,851**	**7,168,375**	**122,789**	**46,065,896**
Gross profit	**1,640,778**	**1,360,101**	**17,940**	**282,753**	**23,378**	**3,324,950**

	For the year ended December 31, 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	16,368,438	15,430,291	116,905	11,223,815	43,139,449
Gross profit	2,475,714	1,072,403	17,962	709,242	4,275,321

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

(a) Revenue

Revenue for the Year increased to RMB46,065.9 million when compared with RMB43,139.4 million for the Last Year.

Revenue from coke and coking chemicals manufacturing business increased by RMB1,708.6 million or 10.4% from RMB16,368.4 million for the Last Year to RMB18,077.0 million for the Year, primarily due to a cumulative increase in revenue of RMB5,221.7 million since Risun China Gas was included in the scope of consolidation on June 1, 2023. However, the decrease in average selling price of coke and coking chemicals resulted in a cumulative decrease of RMB3,513.1 million in revenue of the original scope of consolidation.

Revenue from refined chemical manufacturing business increased by RMB3,250.6 million or 21.1% from RMB15,430.3 million for the Last Year to RMB18,680.9 million for the Year, primarily due to an increase in sales revenue of RMB2,778.4 million since Cangzhou CPL phase two completed construction and commenced operations and a cumulative increase in revenue of RMB592.7 million from the synthetic ammonia and methanol production lines since Risun China Gas was included in the scope of consolidation since June 2023.

Revenue from the operation management business increased by RMB1,900.0 million or 1625.2% from RMB116.9 million for the Last Year to RMB2,016.9 million for the Year, primarily due to the addition of the Shandong crude benzene hydrogenation project and the Jilin aniline project.

Revenue from the trading business decreased by RMB4,055.4 million or 36.1% from RMB11,223.8 million for the Last Year to RMB7,168.4 million for the Year, primarily due to the Group reducing simple trading businesses resulting in a decrease in business volume, as well as a decrease in the unit price of coke and coal, being the main trading products, which ultimately resulted in a decrease in revenue from the trading business for the Year.

(b) Cost of sales

Cost of sales for the Year increased to RMB42,740.9 million when compared with RMB38,864.1 million for the Last Year.

Cost of sales from coke and coking chemicals manufacturing business increased by RMB2,543.5 million or 18.3% from RMB13,892.7 million for the Last Year to RMB16,436.2 million for the Year, primarily due to a cumulative increase in cost of sales of RMB4,867.0 million since Risun China Gas was included in the scope of consolidation on June 1, 2023. However, the decrease in average selling price of coal, being the primary raw material, resulted in a cumulative decrease of RMB2,323.5 million in cost of sales of the original scope of consolidation.

Cost of sales from refined chemical manufacturing business increased by RMB2,962.9 million or 20.6% from RMB14,357.9 million for the Last Year to RMB17,320.8 million for the Year, primarily due to an increase in cost of sales of RMB2,418.3 million since Cangzhou CPL phase two completed construction and commenced operations and a cumulative increase in cost of sales of RMB423.5 million since the synthetic ammonia and methanol production lines of Risun China Gas was included in the scope of consolidation in June 2023.

Cost of sales from the operation management business increased by RMB1,900.0 million or 1,921.1% from RMB98.9 million for the Last Year to RMB1,998.9 million for the Year, primarily due to the addition of the Shandong crude benzene hydrogenation project and the Jilin aniline project.

Cost of sales from the trading business decreased by RMB3,629.0 million or 34.5% from RMB10,514.6 million for the Last Year to RMB6,885.6 million for the Year, primarily due to the Group reducing simple trading businesses resulting in a decrease in business volume, as well as a decrease in the unit price of coke and coal, being the main trading products, which ultimately resulted in a decrease in cost of sales from the trading business for the Year.

(c) Gross profit and gross profit margin

The Group's total gross profit decreased by approximately RMB950.3 million or 22.2% from approximately RMB4,275.3 million for the Last Year to approximately RMB3,325.0 million for the Year. Gross profit margin decreased from 9.9% for the Last Year to 7.2% for the Year.

Gross profit from the coke and coking chemical manufacturing business decreased by RMB834.9 million or 33.7% from RMB2,475.7 million for the Last Year to RMB1,640.8 million for the Year. Gross profit margin for the coke and coking chemical manufacturing business decreased from 15.1% for the Last Year to 9.1% for the Year, primarily due to the decrease in the margin between coke selling and coal buying.

Gross profit from the refined chemical manufacturing business increased by RMB287.7 million or 26.8% from RMB1,072.4 million for the Last Year to RMB1,360.1 million for the Year. Gross profit margin for the refined chemical manufacturing business increased from 7.0% for the year ended December 31, 2021 to 7.3% for the Last Year, primarily due to Cangzhou CPL phase two completed construction and commenced operations, wherein the process for cyclohexanone, being its raw material, has been changed from oxidation to hydration, leading to a decrease in costs, resulting in an increase in gross profit of RMB360.1 million, and gross profit margin has also increased.

Gross profit from the operation management business maintained at approximately RMB18.0 million for the Year and the Last Year. Gross profit margin for the operation management business decreased from 15.4% for the Last Year to 0.9% for the Year, primarily due to the addition of commissioned processing model besides charging management service fees for the operation management business, which resulting in an increase in revenue, however due to a narrow price spread between raw materials and finished goods, gross profit contributed was limited, in turn leading to a lower gross profit margin for the operation management business segment.

Gross profit from the trading business decreased by RMB426.4 million or 60.1% from RMB709.2 million for the Last Year to RMB282.8 million for the Year. Gross profit margin for the trading business decreased from 6.3% for the Last Year to 3.9% for the Year, primarily due to the decrease of trading volume and lower price spread.

(d) Other income

The Group's other income consists primarily of Value-added Tax ("**VAT**") concession, 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 RMB233.2 million or 85.0% from RMB274.4 million for the Last Year to RMB507.6 million for the Year mainly because during the Year, certain subsidiaries of the Company are qualified as "Advanced Manufacturing Enterprises", which are eligible for an extra 5% VAT deduction based on their deductible input VAT during the period from January 1, 2023 to December 31, 2027.

(e) Other gains and losses

The Group had other gains of RMB332.4 million for the Year primarily due to the three following reasons:

1. 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.

2. during the Year, the Group finalized the negotiation and entered into a settlement agreement with a contractor, which reduce the payment RMB87.6 million and purchase of certain property, plant and equipment valued at RMB67 million. Thus a decrease in provision amounting to RMB154.6 million was recognized during the Year.

3. a compensation receivable from the local authority amounting to RMB68.4 million in relation to the termination of a project under development due to a change of regulation in 2021.

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

The Group had impairment losses under ECL model, net of RMB111.2 million for the Year, primarily due to the Group's increase in certain receivables.

(g) Selling and distribution expenses

Selling and distribution expenses increased by RMB199.8 million or 20.3% from RMB985.3 million for the Last Year to RMB1,185.1 million for the Year. The main reason was that transportation costs increased by RMB129.8 million. Due to the Group's consolidation of Risun China Gas, the business and trade volume increase compared with last year.

(h) Administrative expenses

Administrative expenses increased by RMB127.9 million or 13.7% from RMB932.9 million for the Last Year to approximately RMB1,060.8 million for the Year. Such increase was mainly attributable to the increase of RMB56.8 million as a result of the consolidation of Risun China Gas upon completion of capital injection and opening L/C commission increased RMB62.3 million compared with the Last Year.

(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 RMB352.4 million or 35.3% from RMB997.3 million for the Last Year to RMB1,349.7 million for the Year. The increase was mainly due to an increase in other loans and L/C discount fee during the Reporting Period.

(j) Share of results of associates

Share of results of associates increased from a profit of RMB59.1 million for the Last Year to a profit of RMB89.6 million for the Year, 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 RMB38.4 million during the Reporting Period.

(k) Share of results of joint ventures

Share of results of joint ventures decreased by RMB289.5 million or 68.3% from RMB423.5 million for the Last Year to RMB134.0 million for the Year, primarily due to the decrease in profit shared from China Coal Risun Energy Limited* (河北中煤旭陽能源有限公司) of RMB210.0 million during the Reporting Period.

(l) Profit before taxation

As a result of the foregoing factors, the profit before taxation decreased by RMB1,521.8 million or 69.1% from RMB2,203.5 million for the Last Year to RMB681.7 million for the Year.

(m) Income tax expense

The Group incurred income tax credit of RMB307.8 million for the Year and income tax expense of RMB344.0 million for the Last Year respectively at effective tax rates of -45.2% and 15.6%. The decrease in income tax expense is mainly because 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, transferred all their businesses to another wholly-owned subsidiary of the Company, and completed the necessary corporate tax closing procedures in compliance with the relevant rules and regulations and deregistered in July 2023. 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.

(n) Profit for the period

For the Year, the Group recorded a net profit of RMB989.5 million, which represented a decrease of RMB870.0 million or 46.8% as compared to the net profit of RMB1,859.5 million for the Last Year.

(o) Earnings per share – Basic

The basic earnings per share for the Year and the Last Year was RMB19.46 cents and RMB41.86 cents respectively. The decrease in basic earnings per share 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 December 31, 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 year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net cash generated from operating activities	**2,204,369**	3,163,708
Net cash used in investing activities	**(1,712,609)**	(9,180,633)
Net cash (used in) from financing activities	**(455,155)**	4,925,931
Net increase (decrease) in cash and cash equivalents	**36,605**	(1,090,994)
Cash and cash equivalents at the beginning of the period	**1,200,669**	2,280,914
Effect of foreign exchange rate changes	**1,996**	10,749
Cash and cash equivalents at the end of the period	**1,239,270**	1,200,669

(a) Net cash generated from operating activities

For the Year, our net cash generated from operating activities was approximately RMB2,204.4 million and was lower than our net cash generated from operating activities for the Last Year by approximately RMB959.3 million, primarily due to the group paid more trade and other payables.

(b) Net cash used in investing activities

For the Year, our net cash used in investing activities decreased from approximately RMB9,180.6 million for the Last Year to approximately RMB1,712.6 million primarily due to the following four reasons:

1. payment of RMB2,901.0 million for acquisition of Wuhu Shunri in Shandong for the Last Year;

2. net cash inflow of RMB1,358.9 million from the acquisition of Risun China Gas during the Reporting Period;

3. an increase of RMB1,063.9 million in disposal of financial assets at FVTPL the Reporting Period as compared to the Last Period;

4. a decrease of RMB2,332.6 million in expenditure on construction of fixed assets during the Reporting Period as compared to the Last Period.

(c) Net cash used in/generated from financing activities

For the Year, our net cash used in financing activities was RMB455.2 million as compared to a net cash inflow from financing activities of RMB4,925.9 million for the Last Year. The decrease in net cash flow from financing activities was mainly because of the net increase the repayment of bank and other loans.

INDEBTEDNESS

(a) Borrowings

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Bank loan, secured	**8,193,983**	9,532,525
Bank loan, unsecured	**8,163,912**	4,677,063
	16,357,895	14,209,588
Other loans, secured	**4,990,986**	3,188,292
Other loans, unsecured	**417,728**	298,183
	5,408,714	3,486,475
Discounted bills financing	**3,939,034**	2,532,610
Total	**25,705,643**	20,228,673

	2023		2022	
	RMB in million	**%**	*RMB in million*	%
Fixed rate bank and other borrowings	**18,363.5**	**1.70 ~ 9.00**	13,306.7	1.17 ~ 12.00
Floating rate bank and other borrowings	**7,342.1**	**1.58 ~ 8.40**	6,922.0	1.58 ~ 8.00
Total	**25,705.6**		20,228.7	

The total borrowings increased by approximately RMB5.5 billion, or 27.1%, to approximately RMB25.7 billion as of December 31, 2023 from RMB20.2 billion as of December 31, 2022, primarily due to an increase in bank loan and other loan.

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

	As at December 31,	
	2023	2022
	RMB in millions	*RMB in millions*
USD	**1,105.3**	1,883.8
JPY	**0.7**	2.1
Total	**1,106.0**	1,885.9

(b) Lease liabilities

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Lease liabilities	**599,895**	473,234

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

During the Year, the Company repurchased but pending for cancellation 12,591,000 shares of the Company at the total consideration of approximately HK$40,526,000. Details of the share repurchases by the Company are included in note 20 to this announcement. Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Year.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance for purposes of enhancing the value for shareholders and protecting their interests. The Company has adopted provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Company has established and optimized the corporate governance structure in accordance with the Listing Rules and the Corporate Governance Code and has set up a series of corporate governance systems. During the Year, the Company has been observing all mandatory provisions of the code as stipulated in the Corporate Governance Code except for the provisions under paragraph A.2.1 of Part 2.

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

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules and Corporate Governance Code to protect the shareholders' interests. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the listing of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its model code for securities transactions by the Directors.

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 14, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

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

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

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

FINAL DIVIDEND

The Board recommended a final dividend of RMB1.20 cents per share, equivalent to HK1.32 cents per share, with a total amount of approximately RMB53,090,000 or HK$58,510,000 for the year ended December 31, 2023 representing no less than 30% of the profit for the year attributable to owners of the Company. By aggregating the dividends paid since March 2019 and current proposed final dividend for the Year, the total amount of dividends per share was approximately RMB0.76 or HK$0.88, representing a return of 31.4% to the offering price of HK$2.80 at initial public offering in March 2019.

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

AGM is scheduled to be held on Thursday, May 30, 2024, the notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules. The register of members of the Company will be closed from Monday, May 27, 2024 to Thursday, May 30, 2024 (both days inclusive), during which period no transfer of shares of the Company will be effected, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, shareholders shall lodge all transfer of shares accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, May 24, 2024.

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORTS ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the respective website of the Company at www.risun.com and the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Year will be despatched to the shareholders of the Company and will also be made available on the above websites in accordance with the Listing Rules in due course.

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

Hong Kong, March 14, 2024

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*