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China Risun Group Limited

中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1907)

ANNOUNCEMENT POSITIVE PROFIT ALERT

This announcement is made by China Risun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the four months ended April 30, 2021 (the “**Current Period**”), the business performance of Group’s coke manufacturing and refined chemicals manufacturing businesses has significantly improved as compared to that for the six months ended June 30, 2020 (the “**Last Interim Period**”). The Group is expecting to record an increase in net profit for the Current Period by over 250% as compared with that for the Last Interim Period, mainly due to:

- (1) the fact that amid the economic recovery and demand rebound following the COVID-19 pandemic as well as the supply-side reform, the Group, being the world’s largest independent producer and supplier of coke, recorded a continuous rise in the average selling price of coke products during the Current Period. While the cost of coal remained stable at approximately RMB1,000 per ton, the average selling price of the Group’s coke products for the Current Period surged to approximately RMB2,330 per ton (Last Interim Period: approximately RMB1,590 per ton), thereby further widening the price spread between the Group’s coke products and the raw materials;
- (2) further expansion of the Group’s production capacity by means of acquisitions and mergers, operation management services, etc. In January 2021, the Group completed the acquisition of Wuhu Shunri Xinze Equity Investment Partnership (LP) (蕪湖順日信澤股權投資合夥企業(有限合夥)), which directly holds six coke and chemicals enterprises, which had made contribution of approximately RMB260 million to the Group’s net profit for the Current Period; and

- (3) increase in contribution from caprolactam and styrene for the Current Period compared to the Last Interim Period, as the Group's industry chain has expanded to higher-end new materials and products following the long-term research and development as well as investment in aromatics chemicals.

The Company believes that as China aims to hit peak emissions of carbon dioxide and for carbon neutrality, the coking coal industry in China will continue with its supply-side reform and speed up its industry consolidation as well as structural improvement and reform. As a result, the demand-supply tension of coke will continue and, in turn, support the growth of the coke manufacturing business. In addition, the refined chemicals manufacturing business will strengthen its competitiveness by means of product line extension and technological research, development and innovation while the operation management business grows steadily. All of these developments will bring new opportunities for the Group's business growth. The Company will continue to seize the market opportunity to achieve a constant and stable improvement in the Group's results through development in multi-mode growth, multi-industry development, and multi-region layout. Nevertheless, the market prices of the Company's coke products may fluctuate significantly due to changes in the market prices of coke. The increase in the Group's net profit for the Current Period does not guarantee the continuous significant growth in the results of the Group for the six months ended June 30, 2021 or year 2021.

The information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group obtained by the Board. Such information has not been audited or reviewed by the Company's auditor or the Audit Committee of the Board and therefore may be subject to adjustment. The interim results of the Group for the six months ended June 30, 2021 will be published in due course according to the requirements of the Listing Rules.

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

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

Hong Kong, May 24, 2021

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.