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## **China Risun Group Limited**

### **中國旭陽集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1907)**

### **PROFIT WARNING**

This announcement is made by China Risun Group Limited (the “**Company**”, 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 year ended December 31, 2023 (the “**Year**”) and the information currently available, the Group expects its net profit for the Year to decrease by not more than 55% as compared to that for the year ended December 31, 2022 (“**Last Year**”) due to a number of factors, including:

- (1) a drop in the selling prices of the Group’s coke products during the Year. In particular, the average selling price for the Year decreased by approximately 28% as compared to that for the Last Year. Despite the decrease of approximately 20% of the Group’s coal purchase prices during the Year as compared with that of the Last Year, the margin of the Group’s coke products still narrowed by approximately 40%. We believe that the selling prices of the Group’s coke products will be stable in 2024 as we hold a positive view of China’s economic growth in 2024, as well as in the medium-term, and as expected by the International Monetary Fund, China will continue to be the vital engine of global economic growth.
- (2) an increase of approximately 800,000 tons in the production volume of the Group’s refined chemical products for the Year as compared to that for Last Year. Production costs also dropped. As a result, the net profit of the refined chemical products (mainly caprolactam) improved during the Year.

- (3) the recognition of impairment losses on property, plant and equipment and credit impairment losses of more than approximately RMB70 million by the Group for the Year (Last Year: write-back of impairment: RMB88 million).

Notwithstanding the expected decrease in net profit for the Year, the Board is of the view that the overall operation and financial position of the Group remain healthy and sound. The Group will uphold its entrepreneurial spirit, strive to create value for its Shareholders, seize opportunities brought by industry consolidation, realize continuous growth in its business scale, expand the scope of its services, and strengthen its leadership position in China as well as the world by means of innovation and digitalization.

The information contained in this announcement is only based on the directors' preliminary assessment of the Group's unaudited consolidated management accounts. Such information has not been audited or reviewed by the Company's auditors or the audit committee of the Board, and is therefore subject to adjustment. The Company is still finalizing the Group's annual results for the Year, which are expected to be published before the end of March 2024.

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

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

Hong Kong, February 22, 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Yang Xuegang, Mr. Zhang Yingwei, Mr. Han Qinliang, Mr. Wang Fengshan, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive directors of the Company are Mr. Kang Woon, Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.*