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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 (the “**Director(s)**”) 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, 2024 (the “**Year**”) and the information currently available, the Group expects its net profit for the Year to decrease by approximately 88% to 93% as compared to the same period in 2023 (the “**Last Year**”) due to a number of factors, including:

- (1) During the Year, the average price of the Group’s coke dropped to approximately RMB1,847.7/ton (tax-exclusive), down approximately 16.1% from the Last Year; and as of the end of January 2025, the Group’s coke price remained at approximately RMB1,496.3/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining a coal-coke price spread of approximately RMB300/ton or above, representing a decrease of approximately 18.2% from the Last Year;
- (2) In addition, in May 2023, Huhhot Risun China Gas Energy Limited* (“**Risun China Gas**”) became a subsidiary of the Group. Risun China Gas contributed 12 months’ revenue and expenses to the consolidated financial statements for the Year (Last Year: 7 months), resulting in an increase of approximately 7.5%, 34.9% and 149.6% in the Group’s finance costs, administrative expenses and selling expenses respectively; and
- (3) During the Last Year, the Group recorded (i) other gains of approximately RMB251.16 million as a result of remeasurement of equity interest in the joint venture upon acquisition of additional equity interest in Risun China Gas; and (ii) a reversal of enterprise income tax of approximately RMB365.82 million in the income tax expense as a result of the deregistration of three wholly-owned subsidiaries and the completion of the necessary corporate tax clearance procedure (For the Year: no such gains or reversals).

The Group continues to control the coal-coke price spread by controlling its blended coal prices through various effective means. At the same time, the Group has also stepped up its efforts in controlling costs and expenses with a view to further reducing its selling expenses, administrative expenses and finance costs. Notwithstanding the substantial decrease in net profit forecast for the Year, the Group's coke business volume and refined chemicals production volume continued to grow, the overseas production base reached production and efficiency targets as planned, international business expanded proactively, the volume of high-purified hydrogen business increased significantly, and the management and staff of the Group made every effort to enhance the Group's comprehensive competitiveness in order to strengthen the Group's industrial leadership position. Based on these reasons, the Board is of the view that the overall operation and financial position of the Group remain healthy and sound. The Group will continue to uphold its excellent entrepreneurial spirit, strive to create value for the Company's Shareholders and investors, and realize continuous growth in its business scale. Leveraging on its past strengths and experience in operation management, the Group will continue to export professional operation management services to the industry, create an operation management service business with Risun characteristics, achieve rapid scale expansion through an asset-light approach, 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 ended December 31, 2024, which are expected to be published before the end of March 2025.

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
Yang Xuegang
Chairman

Hong Kong, February 21, 2025

As at the date of this announcement, the executive Directors are Mr. Yang Xuegang, Ms. Lu Xiaomei, Mr. Li Qinghua, Mr. Han Qinliang, Mr. Wang Nianping and Mr. Yang Lu; and the independent non-executive Directors are Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng.

** for identification purpose only*