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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

HIGHLIGHTS

- Coke and refined chemicals' volume for the Reporting Period were 8.7 million tons and 2.6 million tons respectively, representing an increase of 14.9% and 19.0% year-on-year.
- High-purified hydrogen's volume for the Reporting Period was 9.5 million Nm^3, representing an increase of 98.9% year-on-year.
- Revenue for the Reporting Period was RMB25,208.8 million, representing an increase of 21.0% year-on-year.
- Profit attributable to owners for the Reporting Period was RMB111.9 million, representing a decrease of approximately 84.4% year-on-year.
- Basic earnings per share for the Reporting Period was RMB2.54 cents, representing a decrease of approximately 84.3% year-on-year.
- The Board declares an interim dividend for the Reporting Period amounting to RMB0.78 cents per share (equivalent to HK0.85 cents per share) (for the last Period: RMB4.90 cents per share or HK5.35 cents per share), with total dividend amount of RMB33,948,000 (equivalent to HK$37,430,000) (for the last Period: RMB216,783,000 or HK$236,691,000). The record date for eligible Shareholders qualifying to receive the interim dividend is Friday, September 13, 2024, and the expected interim dividend payment date will be on or before Monday, September 30, 2024.

The board (the "**Board**") of directors (the "**Director(s)**") of China Risun Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended June 30, 2024 (the "**Reporting Period**" or "**Current Interim Period**"), together with the comparative unaudited figures for the six months ended June 30, 2023 (the "**Last Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		Six months ended June 30,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**25,208,750**	20,829,943
Cost of sales and services		**(23,354,108)**	(19,336,970)
Gross profit		**1,854,642**	1,492,973
Other income	*5*	**283,395**	122,596
Other gains and losses	*6*	**(94,084)**	254,095
Impairment reversed/ (recognized) under expected credit losses ("**ECL**") model, net		**9,817**	(42,736)
Selling and distribution expenses		**(728,686)**	(558,563)
Administrative expenses		**(554,463)**	(450,307)
Profit from operations		**770,621**	818,058
Finance costs	*7*	**(692,790)**	(601,152)
Share of results of associates		**(17,428)**	49,239
Share of results of joint ventures		**106,899**	107,257
Profit before taxation	*8*	**167,302**	373,402
Income tax (expense) credit	*9*	**(33,827)**	337,530
Profit for the period		**133,475**	710,932
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**23,900**	30,114
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties	*12*	**–**	152,958
Income tax relating to revaluation of properties		**–**	(38,240)
Total comprehensive income for the period		**157,375**	855,764

	Notes	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**111,851**	715,652
Non-controlling interests		**21,624**	(4,720)
		133,475	710,932
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**135,751**	860,484
Non-controlling interests		**21,624**	(4,720)
		157,375	855,764
Earnings per share *(RMB cents)*			
Basic	*11*	**2.54**	16.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2024

	Notes	June 30, 2024 RMB'000 (Unaudited)	December 31,2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*12*	**26,555,595**	26,897,389
Right-of-use assets		**2,142,502**	2,217,125
Investment properties	*12*	**176,380**	176,380
Goodwill		**232,435**	232,435
Intangible assets		**1,230,878**	1,280,705
Interests in associates		**717,427**	707,622
Interests in joint ventures		**3,008,972**	2,952,096
Other long term receivables and prepayments	*13*	**1,203,202**	1,214,254
Financial assets at fair value through profit or loss ("**FVTPL**")	*14*	**446,652**	577,466
Deferred tax assets		**169,887**	144,336
Bank deposits	*16*	**16,000**	16,000
Amounts due from related parties		**546,160**	286,622
		36,446,090	36,702,430
Current assets			
Inventories		**3,017,190**	3,406,055
Income tax prepayment		**11,116**	34,160
Other receivables	*15*	**8,443,774**	6,585,017
Trade and bills receivables measured at fair value through other comprehensive income ("**FVTOCI**")	*15*	**1,552,545**	976,187
Amounts due from related parties		**2,881,055**	2,489,698
Financial assets at FVTPL	*14*	**33,451**	11,581
Restricted bank balances	*16*	**3,672,562**	2,374,651
Bank deposits	*16*	**150,000**	–
Cash and cash equivalents		**3,636,728**	1,239,270
		23,398,421	17,116,619
Assets classified as held for sale		**–**	17,200
		23,398,421	17,133,819

	Notes	June 30, 2024 RMB'000 (Unaudited)	December 31,2023 RMB'000 (Audited)
Current liabilities			
Financial liabilities at FVTPL	*14*	**669**	3,838
Trade and other payables	*17*	**10,324,654**	8,773,615
Contract liabilities		**2,270,392**	2,401,064
Income tax payable		**357,708**	379,834
Bank and other loans	*18*	**19,320,368**	17,509,040
Lease liabilities		**54,015**	60,485
Amounts due to related parties		**1,091,479**	827,552
		33,419,285	29,955,428
Net current liabilities		**(10,020,864)**	(12,821,609)
Total assets less current liabilities		**26,425,226**	23,880,821
Non-current liabilities			
Bank and other loans	*18*	**10,770,483**	8,196,603
Lease liabilities		**504,723**	539,410
Deferred income		**160,589**	125,595
Deferred tax liabilities		**397,418**	419,879
Trade and other payables		**79,791**	104,714
Amounts due to related parties		**22,175**	22,175
		11,935,179	9,408,376
NET ASSETS		**14,490,047**	14,472,445
CAPITAL AND RESERVES			
Share capital	*19*	**380,669**	382,246
Reserves		**12,562,775**	12,516,170
Total equity attributable to owners of the Company		**12,943,444**	12,898,416
Non-controlling interests		**1,546,603**	1,574,029
TOTAL EQUITY		**14,490,047**	14,472,445

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Attributable to owners of the Company												
	Share capital *RMB'000*	Treasury Stocks *RMB'000*	Share premium *RMB'000*	Merger reserve *RMB'000*	Reserve fund *RMB'000*	Safety fund *RMB'000*	Foreign currency transaction reserve *RMB'000*	Revaluation reserve *RMB'000*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at January 1, 2024 (Audited)	382,246	(37,173)	3,007,156	19,869	1,670,462	44,062	29,649	114,718	217,286	7,450,141	12,898,416	1,574,029	14,472,445
Profit for the period	–	–	–	–	–	–	–	–	–	111,851	111,851	21,624	133,475
Other comprehensive income	–	–	–	–	–	–	23,900	–	–	–	23,900	–	23,900
Net transfer to safety fund	–	–	–	–	–	13,610	–	–	–	(13,610)	–	–	–
Cancellation of shares *(note 19)*	(1,577)	53,185	(51,608)	–	–	–	–	–	–	–	–	–	–
Repurchase of shares as treasury stocks	–	(37,855)	–	–	–	–	–	–	–	–	(37,855)	–	(37,855)
Withdrawal of capital investment from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	(4,050)	(4,050)
Transfer to reserve fund	–	–	–	–	1,336	–	–	–	–	(1,336)	–	–	–
Dividend declared by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(45,000)	(45,000)
Dividends recognized as distribution *(note 10)*	–	–	–	–	–	–	–	–	–	(52,868)	(52,868)	–	(52,868)
Balance at June 30, 2024 (Unaudited)	380,669	(21,843)	2,955,548	19,869	1,671,798	57,672	53,549	114,718	217,286	7,494,178	12,943,444	1,546,603	14,490,047
Balance at January 1, 2023 (Audited)	382,246	–	3,007,156	19,869	1,470,960	39,337	11,741	–	128,968	7,050,153	12,110,430	484,599	12,595,029
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	715,652	715,652	(4,720)	710,932
Other comprehensive income	–	–	–	–	–	–	30,114	114,718	–	–	144,832	–	144,832
Net transfer to safety fund	–	–	–	–	–	11,879	–	–	–	(11,879)	–	–	–
Capital contributions from a non-controlling shareholder	–	–	–	–	–	–	–	–	88,318	–	88,318	411,682	500,000
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	630,113	630,113
Dividend declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(81,100)	(81,100)
Dividends recognized as distribution *(note 10)*	–	–	–	–	–	–	–	–	–	(39,817)	(39,817)	–	(39,817)
Balance at June 30, 2023 (Unaudited)	382,246	–	3,007,156	19,869	1,470,960	51,216	41,855	114,718	217,286	7,714,109	13,019,415	1,440,574	14,459,989

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on November 8, 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

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

The Company's operating subsidiaries are engaged in the production, sale and distribution of coke, coking chemicals and refined chemicals. The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

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

Going concern

As at June 30, 2024, the Group had net current liabilities of RMB10,020,864,000. The directors of the Company (the "**Directors**") are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB7,117,364,000 at the report date, of which RMB6,517,364,000 is unconditional and RMB600,000,000 is the undrawn portion of syndicated loans for the construction of certain production lines, and the assumption that approximately 55% of bank and other loans as at the date of this announcement will be successfully renewed upon maturity, the Group has sufficient financial resources to meet its commitments and liabilities as and when they fall due for the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from the application of the amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2023.

Application of amendments to IFRSs

In the Current Interim Period, the Group has applied the following amendments to IFRSs, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

During the Current Interim Period, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services, trading and sales of properties arising from property development. Except for the provision of operation management services, which was recognized over time, the revenue of the remaining operations is recognized at a point in time when the customers obtain control of the goods/services delivered.

Approximately 3% of the Group's revenue and profit were derived from outside the Peoples Republic of China ("**PRC**") and substantially all principal assets employed by the Group are located in the PRC during the reporting period.

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

	Six months ended June 30, 2024					
	Coke and Coking Chemicals Manufacturing *RMB'000*	**Refined Chemicals Manufacturing** *RMB'000*	**Operation Management** *RMB'000*	**Trading** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with external customers						
Sale of coke and coking chemicals	9,811,144	–	–	–	–	9,811,144
Sale of refined chemicals	–	10,403,136	2,383,012	–	–	12,786,148
Trading	–	–	–	2,432,793	–	2,432,793
Management services	–	–	20,045	–	–	20,045
Sales of properties	–	–	–	–	158,620	158,620
	9,811,144	10,403,136	2,403,057	2,432,793	158,620	25,208,750
Inter-segment revenue	890,795	112,684	–	–	–	1,003,479
Reportable segment revenue	10,701,939	10,515,820	2,403,057	2,432,793	158,620	26,212,229
Reportable segment results	63,348	343,387	57,418	(170,444)	6,449	300,158
Unallocated head office and corporate expenses						(132,856)
Profit before taxation						167,302
Other information:						
Share of results of associates	(40,469)	23,041	–	–	–	(17,428)
Share of results of joint ventures	106,899	–	–	–	–	106,899

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

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

Segment assets

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Coke and coking chemicals manufacturing	**20,967,102**	21,337,867
Refined chemicals manufacturing	**24,376,712**	21,601,809
Operation management	**1,006,157**	858,751
Trading	**12,047,344**	8,466,736
Others	**486,540**	624,281
Reportable segment assets	**58,883,855**	52,889,444
Unallocated head office and corporate assets	**960,656**	946,805
Total assets	**59,844,511**	53,836,249

Segment liabilities

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Coke and coking chemicals manufacturing	**15,341,629**	13,518,610
Refined chemicals manufacturing	**18,079,649**	15,082,920
Operation management	**801,446**	683,253
Trading	**10,286,288**	9,579,997
Others	**191,737**	295,778
Reportable segment liabilities	**44,700,749**	39,160,558
Unallocated head office and corporate liabilities	**653,715**	203,246
Total liabilities	**45,354,464**	39,363,804

5. OTHER INCOME

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Interest income	**132,715**	64,529
Value-added Tax ("**VAT**") concession *(Note)*	**111,688**	–
Production waste sales	**10,044**	11,682
Government grants	**23,189**	44,294
Others	**5,759**	2,091
	283,395	122,596

Note: During the Current Interim Period, 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.

6. OTHER GAINS AND LOSSES

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Change in fair value of financial assets/liabilities at FVTPL:		
– Listed equity securities	**(14,343)**	(18,851)
– Unlisted equity securities	**(10,825)**	2,184
– Private equity investment funds	**(41,785)**	12,514
– Futures contracts	**4,867**	7,461
– Derivative financial instruments	**5,536**	21,419
– Other non-derivative financial assets	**(2,225)**	(3,223)
Loss on foreign exchange, net	**(22,446)**	(33,448)
Loss on disposal of property, plant and equipment	**(3,529)**	(1,805)
Gain on disposal of a subsidiary	**10,413**	–
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests	**–**	251,158
Others	**(19,747)**	16,686
	(94,084)	254,095

7. FINANCE COSTS

	Six months ended June 30, 2024 RMB'000	2023 RMB'000
Interest on bank loans	**435,483**	406,334
Interest on other loans from licensed financial institutions	**187,624**	161,776
Finance charges on bills receivable discounted	**67,891**	25,161
Finance charges on lease liabilities	**18,141**	14,830
	709,139	608,101
Less: Amount capitalized under construction in progress *(Note)*	**(16,349)**	(6,949)
	692,790	601,152

Note: The finance costs were capitalized at annual rates of 5.83% to 7.05% per annum during the current interim period (during the six months ended June 30, 2023: 4.75% to 9.20% per annum).

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting) the following items:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**1,035,500**	805,245
Depreciation of right-of-use assets	**78,258**	63,795
Amortization of intangible assets	**69,274**	56,411
Total depreciation and amortization	**1,183,032**	925,451
Capitalized in construction in progress	**(48)**	(98)
	1,182,984	925,353

9. INCOME TAX EXPENSE (CREDIT)

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Current tax expense (credit)		
PRC income tax for the period *(Note)*	**81,839**	(307,620)
Deferred tax credit	**(48,012)**	(29,910)
	33,827	(337,530)

Note: During the six months period ended June 30, 2023, the Group recognized a reversal of income tax payable amounting to RMB365,824,000 in profit or loss in relation to tax closing and deregistration of certain subsidiaries in compliance with relevant rules and regulations based on the outcome of the corporate tax closing procedures.

10. DIVIDENDS

During the Current Interim Period, a final dividend of RMB1.2 cents (2023: RMB0.9 cents) per ordinary share amounting to RMB52,868,000 (2023: RMB39,817,000) in respect of the year ended December 31, 2023 was paid to the owners of the Company in June 2024.

Subsequent to the end of the Reporting Period, the Directors have determined that an interim dividend of RMB0.78 cents per share amounting to RMB33,078,000 (the six months ended June 2023: RMB216,783,000) will be distributable in September 2024.

11. EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2024 and June 30, 2023 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months ended June 30,	
	2024	2023
Earnings		
Profit attributable to the owners of the Company *(RMB'000)*	**111,851**	715,652
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,406,393,599**	4,424,126,000

No diluted earnings per share for six months period ended June 30, 2024 and June 30, 2023 were presented as there were no potential ordinary shares in issue for both periods.

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the Current Interim Period, the Group acquired property, plant and equipment amounting to approximately RMB698 million (six months ended June 30, 2023: RMB5,977 million).

During the six months period ended June 30, 2023, buildings with carrying value amounting to RMB23 million was transferred to investment properties because its use has changed as evidenced by the commencement of leases, the difference between the carrying amount and its fair value amounting to RMB153 million, and a corresponding impact on deferred taxation at the date of transfer was recognized in other comprehensive income.

13. OTHER LONG TERM RECEIVABLES AND PREPAYMENTS

	June 30, 2024	December 31, 2023
	RMB'000	*RMB'000*
Prepayments for property, plant and equipment	**38,979**	162,032
Loan receivable *(Note)*	**650,000**	600,000
Prepayments for right-of-use assets	**139,499**	65,540
Deposits for other loans	**280,989**	316,270
Others	**129,514**	109,881
Less: Allowance for credit losses	**(35,779)**	(39,469)
	1,203,202	1,214,254

Note: Included in loan receivables were unsecured entrusted loans to third parties through licensed financial institutions, which carries interests ranging from 5.2% to 6.5% per annum as at June 30, 2024 (December 31, 2023: 5.2% to 7.75%) and are payable over period of 1.25 to 3 years.

14. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Non-current assets		
Listed equity securities	**98,046**	121,718
Unlisted equity investment	**46,345**	111,670
Private equity investment funds	**181,787**	224,457
Wealth management products	**120,474**	119,621
	446,652	577,466
Current assets		
Futures contracts	**172**	833
Structured deposit	**20,000**	–
Held-for-trading non-derivative financial assets	**13,279**	9,416
Derivative financial instruments	**–**	1,332
	33,451	11,581
Current liabilities		
Futures contracts	**(669)**	(3,838)

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

	June 30, 2024 ***RMB'000***	December 31, 2023 *RMB'000*
Trade receivables measured at FVTOCI	**856,048**	503,982
Bills receivables measured at FVTOCI	**696,497**	472,205
Trade and bills receivables measured at FVTOCI	**1,552,545**	976,187
Prepayments for raw materials	**4,541,162**	3,217,465
Other deposits, prepayments and other receivables	**687,130**	599,800
Loan receivables	**200,000**	200,000
Receivables for relocation compensation	**109,091**	109,091
Prepayments on behalf of third parties as a trading agency	**2,593,337**	2,061,346
Deductible input Value Added Tax and prepaid other taxes and charges	**390,819**	477,528
Less: impairment	**(77,765)**	(80,213)
Other receivables	**8,443,774**	6,585,017

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

	June 30, 2024 ***RMB'000***	December 31, 2023 *RMB'000*
Within one month	**655,304**	481,279
1 to 3 months	**150,541**	10,133
3 to 6 months	**19,963**	3,641
6 to 12 months	**30,240**	8,929
	856,048	503,982

16. RESTRICTED BANK BALANCES/BANK DEPOSITS

a. Restricted bank balances

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

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Restricted bank balances to secure:		
Bills payable and letters of credit *(Note)*	**2,688,155**	1,398,127
Bank loans	**874,883**	940,986
Futures contracts	**109,524**	35,538
	3,672,562	2,374,651
Analyzed for reporting purpose as:		
Current assets	**3,672,562**	2,374,651

Note: Certain restricted bank balances were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB4,790,222,000 (December 31, 2023: RMB3,939,034,000) as at June 30, 2024.

Restricted bank balances are deposits with banks mainly in the PRC and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. These bank deposits carry interest at market rates ranging from 0.01% to 3.85% per annum as at June 30, 2024 (December 31, 2023: 0.01% to 5.78% per annum).

b. Bank deposits

The bank deposits are with initial maturity of more than three months but within one year and carry interest at rates ranging from 1.86% to 2.1% (December 31, 2023: 2.1%).

17. TRADE AND OTHER PAYABLES

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Trade payables	**2,980,691**	2,601,768
Payables to be settled by the endorsed bills receivable	**273,961**	56,559
Bills payable	**2,303,243**	1,046,755
Payables for construction in progress	**2,439,001**	2,870,371
Payables on behalf of third parties as a trading agency	**952,848**	824,536
Advances from customers on behalf of third parties as a trading agency	**674,635**	570,064
Other tax payables	**53,975**	103,433
Payroll payables	**98,422**	132,987
Other payables and accruals *(Note)*	**627,669**	671,856
	10,404,445	8,878,329
Analyzed for reporting purposes as:		
Current liabilities	**10,324,654**	8,773,615
Non-current liabilities	**79,791**	104,714

Note: Included in other payables and accruals were payables in relation to an arbitration with a contractor amounting to RMB135 million (December 31, 2023: RMB185 million). Pursuant to the settlement agreement, the balance will be repaid by instalments till December 31, 2026, of which RMB80 million (December 31, 2023: RMB105 million) will be repaid after June 2025 and therefore presented as long-term payables, the remaining balance was presented as current liabilities.

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

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

	June 30, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Within 3 months	**2,673,819**	2,238,794
3 to 6 months	**68,672**	157,961
6 to 12 months	**153,228**	94,599
1 to 2 years	**40,826**	68,012
2 to 3 years	**19,714**	15,030
More than 3 years	**24,432**	27,372
	2,980,691	2,601,768

18. BANK AND OTHER LOANS

During the Current Interim Period, the Group received the proceeds amounting to approximately RMB14,594,426,000 (six months ended June 30, 2023: RMB10,765,760,000) related to its renewed and newly obtained bank loans and made repayments amounting to approximately RMB10,295,258,000 (six months ended June 30, 2023: RMB10,508,246,000), with a net exchange loss of RMB46,347,000 (six months ended June 30, 2023: net exchange loss of RMB27,811,000). The loans carry interest at the rate ranging from 1.58% to 8.5% (December 31, 2023: 1.58% to 9.00%) per annum and are repayable in instalments over a period of 1 to 8 years.

19. SHARE CAPITAL

	As at		**As at**	
	June 30, 2024	December 31, 2023	**June 30, 2024**	December 31, 2023
	Number of shares	*Number of shares*	***HK$'000***	*HK$'000*
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At the beginning and end of the period/year	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid of ordinary shares:				
At the beginning of the period/year	**4,424,126,000**	4,424,126,000	**442,413**	442,413
Shares repurchased and cancelled	**(18,440,000)**	–	**(1,844)**	–
At the end of the period/year	**4,405,686,000**	4,424,126,000	**440,569**	442,413

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Presented in the condensed consolidated statement of financial position:		
At the beginning of the period/year	**382,246**	382,246
Shares repurchased and cancelled	**(1,577)**	–
At the end of the period/year	**380,669**	382,246

Note:

a. **During the current interim period, the Company repurchased its ordinary shares as follows:**

Month of repurchase	Number of ordinary shares '000	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$'000
January	1,934	3.09	3.02	5,911
February	1,551	3.03	3.01	4,694
March	2,364	3.00	2.99	7,089
May	3,500	3.03	3.00	10,608
June	4,519	2.99	2.97	13,479
	13,868			41,781

During the period ended June 30, 2024, the Group cancelled 18,440,000 ordinary shares, of which 12,591,000 ordinary shares were repurchased in 2023 and 5,849,000 were repurchased during the Current Interim Period. The cancellation process of the remaining 8,019,000 shares purchased during the Current Interim Period have not yet completed. The aggregate consideration paid for the repurchase during the Current Interim Period was HK$41,781,000, equivalent to RMB37,855,000.

20. PLEDGE OF ASSETS

At the end of each reporting period, certain Group's assets were pledged to secure bank and other loans, bills payable and other facilities granted to the Group and their carrying amounts are as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Property, plant and equipment	**9,340,914**	9,008,897
Right-of-use assets	**890,862**	969,371
Investment properties	**152,556**	65,071
Inventories	**300,010**	300,020
Trade receivables	**382,344**	226,089
Restricted bank balances	**3,672,562**	2,247,243
	14,739,248	12,816,691

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemicals and refined chemicals producer and supplier together with relevant operation management services provider in China. 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 chemicals sectors in China or globally in 2023* as following:

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

The Group is also an operation management service provider to third-party independent coke and refined chemicals producers in order to enhance the Group's market share in these two industries. At the end of the Reporting Period, the Group provided operation management service to three coke producers and five refined chemicals producers.

The net profit for the Reporting Period decreased by approximately RMB577.5 million or 81.2% as compared to the Last Period. The average price of the Group's coke products dropped to approximately RMB2,000/ton (tax-exclusive), down approximately 16.2% from the Last Period; and as of the end of July 2024, the Group's coke price remained at approximately RMB1,900/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining a coal-coke price spread of approximately RMB320/ton or above, representing a decrease of approximately 1.5% from the Last Period. The Group also managed to maintain steady price spreads in refined chemicals products such as alcohol-ammonia and aromatic chemicals during the Reporting Period.

In order to strengthen the consolidated competitive advantage, the Group continuously focused on integrating and expanding existing businesses including production/processing capacity of coke, refined chemicals and operation management, while also improving the Group's performance under an operation and management reform (the "**Reform**"). The purpose of the Reform is to improve operation and management efficiency, profitability, return on investment, comprehensive competitiveness by fully implementing the annual plan of operation and production and the financial budget, achieving the corporate cost control measures and safeguarding profits so as to complete the Group's "Sixth Five-Year" plan by 2025.

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

Considering the operating results in the first half of 2024, the recent development of China and the world's economy, the Group's future development needs, the Reform as well as the willingness of sharing the results of the Group with Shareholders, the Board determined to declare an interim dividend of RMB0.78 cents per share (equivalent to HK0.85 cents per share) (for the Last Period: RMB4.90 cents per share or HK5.35 cents per share), with a total dividend amount of RMB33,948,000 or HK$37,430,000 for the Reporting Period (for the Last Period: RMB216,783,000 or HK$236,691,000) representing no less than 30% of the Group's net profit attributable to owners of the Company.

BUSINESS REVIEW

The Group's vertically integrated business model and its experience of 29 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. Currently, the Group has four key business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading. During the Reporting Period and up to the date of this announcement, we entered into two new operation management agreements in relation to coke and coking chemicals with independent third parties in Henan Province and Ningxia Hui Autonomous Region, the PRC.

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

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

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

3) **operation management:** the operation management service provided to the third – party plants, and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts; and

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

During the Reporting Period, the business developments in terms of the coke, refined chemicals, hydrogen-energy products, operation management (including trading), geographical layout, capital market, environmental protection and digitalization 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 mergers and acquisitions of other coke enterprises. Since the IPO in 2019, the Group successfully completed the acquisition of a group of six coke enterprises in Shandong Province in December 2020 and set up the first-ever overseas production base in Sulawesi of Republic of Indonesia from December 2021.

In 2024, the Group did not acquire any new coke enterprise but was still focusing on the way of expansion by further development in the Sulawesi Production Base. During the Reporting Period, the Group was constructing the overseas coke production facility in the Sulawesi Production Base and two more coke ovens were completed and commenced operation. The total coke production capacity in the Sulawesi Production Base rised to 3.2 million tons per annum by four coke ovens in total at the end of the Reporting Period.

Moreover, the Group was providing operation management services for third-party coke enterprises with annual coke producing and/or processing capacity of 4.6 million tons in different provinces in China during the Reporting Period.

Refined Chemicals

The Group maintained three different production chains of refined chemicals together with further refined production of hydrogen-energy products, such as high-purified hydrogen, from the by-products of coke-oven-gas during the coke production processes in the Xingtai, Dingzhou and Huhhot Production Bases.

The classification of different refined chemicals products is as follows:

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

In 2024, the Group reached another height of the production volume of caprolactam (CPL) by the advanced production chain and technology together with some alcohol-ammonia chemicals products, such as 2-Amino-2-Methyl-1-Propanol (AMP). CPL was still the major growth momentum in the Group's refined chemicals sector. It is the raw materials used for producing PA6 and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance. On the other hand, 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 Group was selling these refined chemicals in both China and overseas, reaching over 10 different countries in the world.

For the market of aromatic chemicals, the Group focused on crude benzene hydrogenation in Tangshan Production Base, a single production base with obvious scale advantages and significant comprehensive benefits. This further strengthened 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

The Group continued to develop the hydrogen-energy business in five closely-related aspects: production – storage – transportation – refueling – research – application of high purified hydrogen. The Group was making use of the advantage of the coke production facilities in Dingzhou, Xingtai and Huhhot by producing hydrogen from the coke-oven-gas. The total hydrogen production capacity reached 24,000 kg per day. The Group was operating three hydrogen refueling stations, including one hydrogen, petrol and gas comprehensive energy station with a daily hydrogen refueling capacity of 1,000 kg in Dingzhou and each one hydrogen refueling station with a daily hydrogen refueling capacity of 1,000 kg in Xingtai and Baoding, respectively.

Operation Management (including trading)

The Group carried out operation management (including trading) of 3.6 million tons of coal, coke and refined chemicals during the Reporting Period.

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

	RMB per ton
Coke	2,046.6
Coal tar pitch	4,438.6
Phthalic anhydride	6,493.7
Methanol	2,050.0
Benzene	7,309.0
Synthetic amine	2,376.2
Styrene	8,039.3
Caprolactam (CPL)	11,473.7
Hydrogen-energy products (per cube meter)	2.16

Geographical Layout

Apart from setting up subsidiaries/offices in Singapore, Indonesia, Vietnam, India, etc. in the past, the Group is exploring more coke, refined chemicals and trading opportunities around the world and especially within the Asia Pacific region. The Group was planning to set up offices for trading of raw materials of the coke and refined chemicals industry in Europe and North America during the Reporting Period.

Capital Market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was over 344 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 the equity market department in China and Hong Kong in order to promote the Company to investors in different countries and areas, including the Middle East.

The number of repurchased shares (eventually cancelled during the Reporting Period) was 12,591,000 shares as at December 31, 2023. During the Reporting Period, the Company repurchased, by way of on-exchange trading, 13,868,000 shares of the Company at the total consideration of approximately HK$41,680,620, among which 4,519,000 repurchased shares had been held as treasury shares.

Subsequent to the Reporting Period, the Company further repurchased, by way of on-exchange trading, 45,319,000 shares of the Company at the total consideration of approximately HK$135,709,660, which were all held as treasury shares. As at the date of this Announcement, the Company held 49,838,000 treasury shares and the Company intended to resell these treasury shares for cash on the Stock Exchange or use them in employees' share scheme in the future.

Environmental Protection

In the first half of 2024, the Group continued to support the policy of "carbon peak and carbon neutrality" promoted in the PRC. The Group reduced the emission of carbon by tracking the carbon emission, saving energy and reducing consumption together with capturing and utilizing the carbon dioxide. The Group kept engaging in green and low-carbon practices, driving the industrial chain in reduction of carbon emissions in a collaborative manner and striving to be one of the leaders in carbon peak and neutrality in coke and chemicals industry in China and overseas.

Digitalization

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

Moreover, according to the National Five-Year Plan focusing on digital transformation, intelligent manufacturing, industrial Internet, big data and information security, the Group determined to formulate its own development in information technology and digitalization projects. By doing so, the Group continued to align 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 2024, the Group has a 29-years history of development, where it takes advantage of its leading position, experience and digitalization in coke industry to drastically expand its four key business segments through the following development strategies, with the aim to strengthen the global leading position as an integrated producer and supplier of coke and refined chemicals:

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

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

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

(iv) expansion of domestic and international trading business;

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

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

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

BUSINESS PROSPECTS

Coke and refined chemicals

Looking forward to the second half of 2024 and 2025 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 now constructing the Pingxiang Production Base in Xiangdong Industrial Park with an annual coke production capacity of 1.8 million tons. It is believed that the construction of Pingxiang Production Base will be completed no later than the end of 2025. On the other hand, the Group will continue exploring different potential projects of mergers and acquisitions in China and overseas. The Group will explore by using different kinds of coal and digitization of new technologies to maximize the price spread of the Group's products.

Hydrogen-energy products

The Group is going to participate actively into the hydrogen industrialization plan in different cities in the PRC, including Dingzhou, Xingtai and Baoding in the Hebei Province and Huhhot in Inner Mongolia, etc. The Group will also invest in a new hydrogen-energy products project in the Pingxiang Production Base. The Group aims at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to developing from production, storage, transportation, hydrogenation to usage together with the radiation of intelligent supply of hydrogen to the whole country with advanced technology and more customer-oriented services. In the future, the Group will explore the opportunities to build up hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area.

Future development

The Group is undergoing the closing of the Sixth Five-year Plan from 2021 – 2025. The main theme of the Sixth Five-year Plan is to continuously enhance the total coke processing volume to ultimately 30 million tons per annum or even more together with the Group's nine competitive advantageous abilities. On the other hand, the Group is closely monitoring the costs of sales and service, selling and administrative expenses together with finance costs and the financial indicators of the Group under the Reform, including but not limited to gearing ratio, to ensure the financial health of the Group. The Group has a historically good record of renewal rates with bank from 2022, 2023 and the Reporting Period were 84%, 79% and 81% respectively.

Furthermore, the bank deposits, restricted bank balances and cash as at June 30, 2024 amounted to approximately RMB7,475.3 million, increased by approximately RMB3,845.4 million or 105.9% when compared to approximately RMB3,629.9 million as at December 31, 2023. The Group believes that the financial position is strong and will make use of every method to achieve sustainable development in the future.

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

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

	For the six months ended June 30,	
	2024	2023
Financial indicators		
Gross profit margin[(1)]	**7.4%**	7.2%
Net profit margin[(2)]	**0.5%**	3.4%
EBITDA margin[(3)]	**8.1%**	9.1%
Return on equity[(4)]	**1.7%**	11.0%

	As at June 30, 2024	As at December 31, 2023
Gearing ratio[(5)]	**2.1**	1.8
Debt to asset ratio[(6)]	**75.8%**	73.1%

Notes:

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

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

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

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

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

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

FINANCIAL REVIEW

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

	For the six months ended June 30, 2024					
	Coke and coking chemicals manufacturing	**Refined chemicals manufacturing**	**Operation management services**	**Trading**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Total revenue	**9,811,144**	**10,403,136**	**2,403,057**	**2,432,793**	**158,620**	**25,208,750**
Gross profit	**736,691**	**883,262**	**109,169**	**117,662**	**7,858**	**1,854,642**

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

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

(a) Revenue

Revenue for the Reporting Period increased to RMB25,208.8 million when compared with RMB20,829.9 million for the Last Period.

Revenue from the coke and coking chemicals manufacturing business increased by RMB2,215.8 million or 29.2% from RMB7,595.3 million for the Last Period to RMB9,811.1 million for the Reporting Period, primarily due to an increase in revenue of RMB3,318.1 million since Huhhot Risun China Gas Energy Limited* (呼和浩特旭陽中燃能源有限公司) ("**Risun China Gas**") was included in the scope of consolidation on June 1, 2023, which was however, partially offset by the decrease in average selling price of coke by RMB322 per ton or 13.6% from RMB2,369 per ton for the Last Period to RMB2,047 per ton for the Reporting Period.

Revenue from the refined chemicals manufacturing business increased by RMB1,766.4 million or 20.5% from RMB8,636.7 million for the Last Period to RMB10,403.1 million for the Reporting Period, primarily due to an increase in the average selling price of styrene, an increase in sales volume of styrene and benzene by 50.8 thousand tons and 60.3 thousand tons respectively. Besides, an increase in sales revenue of RMB322.5 million was recorded since the 30 thousand tons per annum synthetic ammonia production line in the Huhhot Production Base commenced operation in June 2023 and an increase in sales revenue of RMB115.2 million since Risun China Gas was included in the scope of consolidation as mentioned before.

Revenue from the operation management services business increased by RMB1,931.6 million or 409.6% from RMB471.5 million for the Last Period to RMB2,403.1 million for the Reporting Period, primarily due to the revenue generated from the Shandong crude benzene hydrogenation project and the Jilin aniline project which started operation in the second half of 2023 and contributed the growth in revenue from the operation management services for the Reporting Period.

Revenue from the trading business decreased by RMB1,693.4 million or 41.0% from RMB4,126.4 million for the Last Period to RMB2,432.8 million for the Reporting Period, primarily due to the decrease in the selling prices of coke and coal, and the Group optimized the trading business and decreased the business volume.

Revenue from the others is due to the sales of residential properties and parking spaces by Dingzhou Zhongxu Industrial Limited*（定州中旭實業有限公司）. During the Last Period, it was still under construction and none of sale was derived.

(b) Cost of sales

Cost of sales for the Reporting Period increased to RMB23,354.1 million when compared with RMB19,337.0 million for the Last Period.

Cost of sales from the coke and coking chemicals manufacturing business increased by RMB2,098.0 million or 30.1% from RMB6,976.5 million for the Last Period to RMB9,074.5 million for the Reporting Period, primarily due to a cumulative increase in cost of sales of RMB3,061.0 million since Risun China Gas was included in the scope of consolidation on June 1, 2023, which was however, partially offset by the increase in the average selling price of coal.

Cost of sales from the refined chemicals manufacturing business increased by RMB1,556.4 million or 19.5% from RMB7,963.5 million for the Last Period to RMB9,519.9 million for the Reporting Period, primarily due to the increase in the purchase price of raw material for refined chemicals, and the 30 thousand tons per annum synthetic ammonia production line commenced operation in June 2023.

Cost of sales from the operation management services business increased by RMB1,822.0 million or 386.1% from RMB471.9 million for the Last Period to RMB2,293.9 million for the Reporting Period, primarily due to the addition of revenue generated from the Shandong crude benzene hydrogenation project and the Jilin aniline project which started operation in second half of 2023 and increased the cost of sales of operation management services for the Reporting Period.

Cost of sales from the trading business decreased by RMB1,610.0 million or 41.0% from RMB3,925.1 million for the Last Period to RMB2,315.1 million for the Reporting Period, primarily due to the decrease in purchase price of coke and coal, and the Group optimize the trading business and decrease the business volume.

Cost of sales from the others is due to the construction costs derived from the sales of residential properties and parking space by Dingzhou Zhongxu Industrial Limited* (定州中旭實業有限公司) mentioned before.

(c) Gross profit and gross profit margin

The Group's total gross profit increased by RMB361.6 million or 24.2% from RMB1,493.0 million for the Last Period to RMB1,854.6 million for the Reporting Period. Gross profit margin increased from 7.2% for the Last Period to 7.4% for the Reporting Period.

Gross profit from the coke and coking chemicals manufacturing business increased by RMB118.0 million or 19.1% from RMB618.7 million for the Last Period to RMB736.7 million for the Reporting Period. Gross profit margin for the coke and coking chemical manufacturing business decreased from 8.1% for the Last Period to 7.5% for the Reporting Period, primarily due to the decrease in the margin between coke selling and coal buying.

Gross profit from the refined chemicals manufacturing business increased by RMB210.0 million or 31.2% from RMB673.3 million for the Last Period to RMB883.3 million for the Reporting Period. Gross profit margin for the refined chemicals manufacturing business increased from 7.8% for Last Period to 8.5% for the Reporting Period, primarily due to the increase in the margin between the selling prices of refined chemicals and the cost of sales, particularly the margin of caprolactam, styrene and benzene. Also, the Group improved the production process flows and reduced the unit consumption, which increased the gross profit of refined chemicals during the Reporting Period.

Gross profit from the operation management services business increased by RMB109.5 million from a loss of RMB0.3 million for the Last Period to a profit of RMB109.2 million for the Reporting Period. Gross profit margin for the operation management services business increased from -0.1% for the Last Period to 4.5% for the Reporting Period, primarily due to the addition of the Jilin aniline project.

Gross profit from the trading business decreased by RMB83.6 million or 41.5% from RMB201.3 million for the Last Period to RMB117.7 million for the Reporting Period primarily due to the decrease of trading volume. Gross profit margin for the trading business maintained at approximately 4.9%.

Gross profit from the others is due to the sales of residential properties and parking spaces by Dingzhou Zhongxu Industrial Limited*（定州中旭實業有限公司）mentioned before.

(d) Other income

The Group's other income consists primarily of interest income, Value-added Tax ("**VAT**") concession, production waste sales, and government grants received from several government authorities as subsidies for the Group's contribution to the research and development, the environment protection, energy conservation recycling resources, relocation, purchase of land use rights, and infrastructure construction. Other income increased by RMB160.8 million or 131.2% from RMB122.6 million for the Last Period to RMB283.4 million for the Reporting Period mainly because certain subsidiaries of the Company are qualified as "Advanced Manufacturing Enterprises", which are eligible since September 2023 for an extra 5% VAT deduction based on their deductible input VAT during the Reporting Period.

(e) Other gains and losses

The Group had other losses of RMB94.1 million for the Reporting Period primarily due to the fair value losses on certain financial assets at FVTPL and the losses on foreign exchange.

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

The Group had recorded a net reversal of RMB9.8 million on impairment under ECL model for the Reporting Period, primarily due to the reversal of impairment under ECL upon the receipt of certain trade receivables and other long-term receivables during the Reporting Period.

(g) Selling and distribution expenses

Selling and distribution expenses increased by RMB170.1 million or 30.5% from RMB558.6 million for the Last Period to RMB728.7 million for the Reporting Period. The main reason was that transportation costs increased by RMB134.5 million. As the Group acquired additional share capital of Risun China Gas and Risun China Gas was located in Huhhot, where higher transportation costs were incurred when delivering products to the customers of the Group, the business and trade volume increased compared with Last Period.

(h) Administrative expenses

Administrative expenses increased by RMB104.2 million or 23.1% from RMB450.3 million for the Last Period to RMB554.5 million for the Reporting Period. The administrative expenses increased during the Reporting Period when compared to that in Last Period due to the consolidation of Risun China Gas upon completion of capital injection, leading to the increase of approximately RMB37.3 million in administrative expenses since then. Besides, the commission fee of opening letter of credit increased RMB33.7 million and the labor costs, research and development together with consulting costs increased RMB22.8 million.

(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 RMB91.6 million or 15.2% from RMB601.2 million for the Last Period to RMB692.8 million for the Reporting Period. The increase was mainly due to an increase in bank loans and other loans during the Reporting Period which was however, partially offset by the decrease in effective interest rate. This was due to the Group's efforts in replacing existing loans with high interest rate by new loans with lower interest rate.

(j) Share of results of associates

Share of results of associates changed from a profit of RMB49.2 million for the Last Period to a loss of RMB17.4 million for the Reporting Period, primarily due to the loss shared from Yangmei Group Shouyang Jingfu Coal Co., Ltd.* (陽煤集團壽陽景福煤業有限公司) of RMB35.9 million during the Reporting Period while it was profit of RMB28.1 million shared during the Last Period.

(k) Share of results of joint ventures

Share of results of joint ventures slightly decreased by 0.4 million from RMB107.3 million for the Last Period to RMB106.9 million for the Reporting Period, primarily due to the decrease in profit shared from Hebei China Coal Risun Energy Limited * (河北中煤旭陽能源有限公司) ("**Hebei Risun Energy**"), which was however, partially offset by the increase in profit shared from PT. Risun Wei Shan Indonesia (旭陽偉山新能源(印尼)有限公司) ("**Risun Wei Shan**").

(l) Profit before taxation

As a result of the foregoing factors, the profit before taxation decreased by RMB206.1 million or 55.2% from RMB373.4 million for the Last Period to RMB167.3 million for the Reporting Period.

(m) Income tax (expense) credit

The Group incurred an income tax credit of RMB337.5 million for the Last Period and income tax expense of RMB33.8 million at effective tax rates of 43.5% for the Reporting Period. The change in income tax expense is mainly because during the Last Period, three of the Group's wholly-owned subsidiaries which were acquired through 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)) 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 was deregistered in July 2023. The Group recognized a reversal of income tax payable amounting to RMB365,824,000 in profit or loss based on the outcome of the corporate tax closing procedures.

(n) Profit for the period

For the Reporting Period, the Group recorded a net profit of RMB133.5 million, which represented a decrease of RMB577.4 million or 81.2% as compared to the net profit of RMB710.9 million for the Last Period.

(o) Earnings per share – Basic

The basic earnings per share for the June 30, 2024 and 2023 were RMB2.54 cents and RMB16.18 cents respectively. It was due to the decrease in net profit for the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has funded the investments and operations principally with cash from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at June 30, 2024, cash and cash equivalents of RMB3,636.7 million held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from operating activities	**961,847**	1,803,676
Net cash used in investing activities	**(2,192,754)**	(581,592)
Net cash generated from financing activities	**3,627,400**	172,745
Net increase in cash and cash equivalents	**2,396,493**	1,394,829
Cash and cash equivalents at the beginning of the period	**1,239,270**	1,200,669
Effect of foreign exchange rate changes	**965**	375
Cash and cash equivalents at the end of the period	**3,636,728**	2,595,873

(a) Net cash generated from operating activities

For the Reporting Period, our net cash generated from operating activities was approximately RMB961.8 million, which was lower than our net cash generated from operating activities for the Last Period by approximately RMB842 million, primarily because net cash outflow of (1) RMB206.1 million incurred from the decrease in profit before taxation during the Reporting Period, (2) RMB312.4 million to acquire more raw materials with lower price for production and to maintain a stable price spread and (3) RMB326.9 million incurred from the increase in amounts due to related parties for the purpose of purchases of goods.

(b) Net cash used in investing activities

For the Reporting Period, our net cash used in investing activities was increased from approximately RMB581.6 million for the Last Period to approximately RMB2,192.8 million primarily because the Group (1) purchased additions of property, plant and equipment of RMB1,216.2 million in the Huhhot and Cangzhou production bases, (2) placed additional restricted bank deposits of RMB1,297.9 million to secure different banking facilities of the Group and (3) received RMB1,231.1 million from related parties such as Risun Wei Shan and PT. De Tian Coking Co., Ltd. for the purpose of shareholder's loans and related interests.

(c) Net cash generated from financing activities

For the Reporting Period, our net cash generated from financing activities was RMB3,627.4 million and for the Last Period, our net cash from financing activities was RMB172.7 million. The increased net cash flow generated from financing activities was mainly because the Group increased cash inflows of RMB3,828.7 million from new bank and other loans, which was partially offset by the interest payment of loans amounting to RMB623.1 million during the Reporting Period.

INDEBTEDNESS

(a) Borrowings

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

	June 30, 2024	December 31, 2023
	RMB'000	*RMB'000*
Bank loans, secured	**9,167,127**	8,193,983
Bank loans, unsecured	**10,041,106**	8,163,912
	19,208,233	16,357,895
Other loans, secured	**5,649,700**	4,990,986
Other loans, unsecured	**442,696**	417,728
	6,092,396	5,408,714
Discounted bills financing	**4,790,222**	3,939,034
Total	**30,090,851**	25,705,643

The total borrowings increased by approximately RMB4,385.2 million, or 17.1%, to approximately RMB30,090.8 million as of June 30, 2024 from RMB25,705.6 million as of December 31, 2023, primarily due to an increase in bank loan.

(b) Lease liabilities

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

	June 30, 2024	December 31, 2023
	RMB'000	*RMB'000*
Lease liabilities	**558,738**	599,895

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2024, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of the business operations, the Group does not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purpose.

PLEDGES OF ASSETS

During the Reporting Period, the Group's certain assets were pledged to secure bank and other loans, bills payable and other facilities granted to the Group and details of pledge of the Group's assets are disclosed in note 20 to the Condensed Consolidated Financial Statements in this Announcement.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group maintained some of the capital denominated in foreign currency, mainly U.S. dollar, Japanese Yen and Hong Kong dollar. Fluctuations in exchange rate would influence the reserve in foreign currencies to a certain extent and the Company is exploring and taking measures to address to foreign exchange risk. In view of the exchange differences arising on translating foreign operations credited to the foreign currency transaction reserve during the Reporting Period, the exposure to fluctuations in exchange rates of the Company is limited.

SHARE OPTION SCHEME

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

Up to June 30, 2024, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

COMPETING INTERESTS

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

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

During the Reporting Period, the Company repurchased, by way of on-exchange trading, 13,868,000 shares of the Company at the total consideration of approximately HK$41,680,620, among which 4,519,000 repurchased shares had been held as treasury shares. The Company also cancelled 18,440,000 repurchased but uncancelled shares during the same period.

Other than these, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2024, we had 7,581 full-time employees (as at June 30, 2023: 6,614). Most of our senior management members and employees are based in Beijing and Hebei province.

We enter into a standard employment contract with each of our full-time employees. Remuneration for our employees includes basic wages, variable wages, bonuses and other benefits. For the six months ended June 30, 2024 and 2023, our staff costs were RMB609.3 million and RMB521.1 million, respectively.

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

CORPORATE GOVERNANCE PRACTICES

Pursuant to the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules which sets out the principles of good corporate governance and the code provisions (the "**Code Provisions**"), the Company has adopted all code provisions as set out in the CG Code and has complied with the applicable code provisions throughout the Reporting Period, except for the provision paragraph C.2.1 under Part 2 of the CG Code.

In accordance with paragraph C.2.1 under Part 2 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. Mr. Yang Xuegang is the chairman and chief executive officer of the Company. With extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of the subsidiaries of the Company and their corresponding production facilities and human resources of the Group, and has been instrumental to the Group's growth and business expansion since its establishment in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. According to the Company's corporate governance structure, the Board must include at least three independent non-executive Directors, representing at least one-third of the Board. The Board believes that the joint decision-making process, with the participation of all executive Directors and independent non-executive Directors, ensures that the independence of the Board and the interests of the Company and its shareholders as a whole are not impaired.

In addition, Mr. Kang Woon resigned as the independent non-executive Director on July 15, 2024. Since his resignation, the Board's composition has changed to six executive Directors and two independent non-executive Directors, with only two members remaining in the audit committee. As a result, the number of independent non-executive Directors and members of the audit committee are below the minimum requirements under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules. The Company is in the process of identifying suitable candidate(s) and verifying his/her qualification to fill the vacancies of independent non-executive Directors and a member of the audit committee in order to meet the requirements under Listing Rules as soon as practicable, in any event no later than October 14, 2024.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its model code for securities transactions by the Directors and relevant employees.

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

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

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

On July 31, 2024, the Company's subsidiary, Dingzhou Tianlu New Energy Co., Ltd.* (定州天鷺新能源有限公司) ("**Dingzhou Tianlu**"), introduced ABC Financial Assets Investment Co., Ltd. * (農銀金融資產投資有限公司) ("**ABC Investment**") to capital injection of RMB450 million (the "**Capital Increase**"). After the completion of the Capital Increase, Hebei Risun Energy, BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司) and ABC Investment hold 50.0002%, 26.8050% and 23.1948% of the equity in Dingzhou Tianlu respectively. Dingzhou Tianlu will continue to be a subsidiary of the Company and the Company still remains beneficiary control over Dingzhou Tianlu.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Reporting Period and up to the date of this announcement. As at June 30, 2024, the Board has not authorized any plan for other material investments or additions of capital assets.

CONTINGENT LIABILITIES

As at June 30, 2024, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and an associate were RMB5,090.1 million (as at December 31, 2023: RMB1,722.8 million).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Company or any of its subsidiaries that took place subsequent to June 30, 2024.

CLOSURE OF REGISTER OF MEMBERS

The record date for eligible Shareholders to receive the interim dividend is Friday, September 13, 2024. In order to determine the right of Shareholders entitled to receive the interim dividend, the register of members of the Company will be closed from Wednesday, September 11, 2024 to Friday, September 13, 2024, both days inclusive, during which period the registration of transfer of shares will be suspended. In order to qualify for the interim dividend, a Shareholder must lodge all properly completed share transfer forms accompanied by the relevant share certificates for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, September 10, 2024. The expected interim dividend payment date will be on or before Monday, September 30, 2024.

REVIEW OF THE INTERIM RESULTS BY THE AUDIT COMMITTEE

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

In addition, the interim results for the six months ended June 30, 2024 has not been audited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standard Board.

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

This announcement is published on the respective websites of the Company at www.risun.com and the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended June 30, 2024 will be despatched to the Shareholders and will also be made available on the above websites in due course and in accordance with the Listing Rules.

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

Hong Kong, August 27, 2024

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 Mr. Yu Kwok Kuen Harry and Mr. Wang Yinping.

* *For identification purposes only*