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RISUN

# China Risun Group Limited
# 中國旭陽集團有限公司

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

**(Stock Code: 1907)**

# ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2025

## HIGHLIGHTS

- Coke and refined chemicals' production/processing volume for the Reporting Period were 10.9 million tons and 2.9 million tons respectively, representing an increase of 25.3% and 11.5% year-on-year.
- High-purified hydrogen's production volume for the Reporting Period was 11.1 million $Nm^3$, representing an increase of 16.8% year-on-year.
- Revenue for the Reporting Period was RMB20,548.6 million, representing a decrease of 18.5% year-on-year.
- Profits for the Reporting Period was RMB86.9 million, representing a decrease of approximately 34.9% year-on-year.
- Basic earnings per share for the Reporting Period was RMB0.66 cents, representing a decrease of approximately 74.0% year-on-year.
- The Board declares an interim dividend for the Reporting Period amounting to RMB0.20 cents per share (equivalent to HK0.22 cents per share) (for the Last Period: RMB0.78 cents per share or HK0.85 cents per share), with total dividend amount of RMB8,561,000 (equivalent to HK$9,417,000) (for the Last Period: RMB33,948,000 or HK$37,430,000). The record date for eligible Shareholders qualifying to receive the interim dividend is Friday, September 12, 2025, and the expected interim dividend payment date will be on or before Tuesday, September 30, 2025.

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, 2025 (the "**Reporting Period**" or "**Current Interim Period**" or "**Current Period**"), together with the comparative unaudited figures for the six months ended June 30, 2024 (the "**Last Period**").

The World's Leading Energy Chemical Company
—— Innovation Leads to the Future

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED JUNE 30, 2025*

| | | Six months ended June 30, | |
|---|---|---|---|
| | | **2025** | 2024 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Revenue** | *4* | **20,548,610** | 25,208,750 |
| Cost of sales and services | | **(18,862,702)** | (23,354,108) |
| **Gross profit** | | **1,685,908** | 1,854,642 |
| Other income | *5* | **341,376** | 283,395 |
| Other gains and losses | *6* | **48,042** | (94,084) |
| Impairment (recognized)/reversed under expected credit losses ("**ECL**") model, net | | **(11,336)** | 9,817 |
| Selling and distribution expenses | | **(703,073)** | (728,686) |
| Administrative expenses | | **(544,606)** | (554,463) |
| **Profit from operations** | | **816,311** | 770,621 |
| Finance costs | *7* | **(693,308)** | (692,790) |
| Share of results of associates | | **9,651** | (17,428) |
| Share of results of joint ventures | | **6,260** | 106,899 |
| **Profit before taxation** | *8* | **138,914** | 167,302 |
| Income tax expense | *9* | **(52,006)** | (33,827) |
| **Profit for the period** | | **86,908** | 133,475 |
| **Other comprehensive income for the period** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translating foreign operations | | **(4,091)** | 23,900 |
| **Total comprehensive income for the period** | | **82,817** | 157,375 |

| | Notes | Six months ended June 30, **2025** ***RMB'000*** **(Unaudited)** | 2024 *RMB'000* (Unaudited) |
|---|---|---|---|
| **Profit for the period attributable to:** | | | |
| Owners of the Company | | **28,639** | 111,851 |
| Non-controlling interests | | **58,269** | 21,624 |
| | | **86,908** | 133,475 |
| **Total comprehensive income for the period attributable to:** | | | |
| Owners of the Company | | **24,548** | 135,751 |
| Non-controlling interests | | **58,269** | 21,624 |
| | | **82,817** | 157,375 |
| **Earnings per share *(RMB cents)*** | | | |
| Basic | *11* | **0.66** | 2.54 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AT JUNE 30, 2025*

| | *Notes* | **June 30, 2025** ***RMB'000*** **(Unaudited)** | December 31, 2024 *RMB'000* (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *12* | **27,675,401** | 27,831,672 |
| Right-of-use assets | | **1,660,963** | 1,681,495 |
| Investment properties | *12* | **1,893,073** | 1,896,640 |
| Goodwill | | **212,347** | 212,347 |
| Intangible assets | | **1,478,954** | 1,209,276 |
| Interests in associates | | **926,895** | 872,815 |
| Interests in joint ventures | | **2,979,570** | 2,989,657 |
| Other long term receivables and prepayments | *13* | **1,203,018** | 910,093 |
| Financial assets at fair value through profit or loss ("**FVTPL**") | *14* | **380,531** | 392,629 |
| Deferred tax assets | | **172,249** | 187,050 |
| Restricted bank balances | *16* | **230,000** | 238,000 |
| Amounts due from related parties | | **585,504** | 316,373 |
| | | **39,398,505** | 38,738,047 |
| **Current assets** | | | |
| Inventories | | **2,493,065** | 3,078,143 |
| Income tax prepayment | | **33,561** | 22,727 |
| Other receivables | *15* | **8,678,496** | 9,291,403 |
| Trade and bills receivables measured at fair value through other comprehensive income ("**FVTOCI**") | *15* | **1,133,652** | 1,510,050 |
| Amounts due from related parties | | **2,449,575** | 2,722,544 |
| Financial assets at FVTPL | *14* | **9,324** | 25,206 |
| Restricted bank balances | *16* | **6,316,477** | 2,213,671 |
| Bank deposits | *16* | **422,000** | 151,159 |
| Cash and cash equivalents | | **2,325,348** | 2,087,992 |
| | | **23,861,498** | 21,102,895 |

| | Notes | **June 30, 2025** *RMB'000* **(Unaudited)** | December 31, 2024 *RMB'000* (Audited) |
|---|---|---|---|
| **Current liabilities** | | | |
| Financial liabilities at FVTPL | *14* | **1,347** | 95 |
| Trade and other payables | *17* | **8,977,738** | 9,204,744 |
| Contract liabilities | | **1,380,167** | 2,093,425 |
| Income tax payable | | **350,975** | 350,334 |
| Bank and other loans | *18* | **26,888,758** | 20,883,819 |
| Lease liabilities | | **1,467** | 1,440 |
| Amounts due to related parties | | **1,141,378** | 1,262,161 |
| | | **38,741,830** | 33,796,018 |
| **Net current liabilities** | | **(14,880,332)** | (12,693,123) |
| **Total assets less current liabilities** | | **24,518,173** | 26,044,924 |
| **Non-current liabilities** | | | |
| Bank and other loans | *18* | **8,237,201** | 9,488,091 |
| Lease liabilities | | **1,393** | 2,134 |
| Deferred income | | **150,973** | 153,136 |
| Deferred tax liabilities | | **450,892** | 464,522 |
| Trade and other payables | | **24,291** | 49,376 |
| Amounts due to related parties | | **11,253** | 10,983 |
| | | **8,876,003** | 10,168,242 |
| **NET ASSETS** | | **15,642,170** | 15,876,682 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *19* | **385,172** | 385,172 |
| Reserves | | **12,186,240** | 12,374,602 |
| **Total equity attributable to owners of the Company** | | **12,571,412** | 12,759,774 |
| **Non-controlling interests** | | **3,070,758** | 3,116,908 |
| **TOTAL EQUITY** | | **15,642,170** | 15,876,682 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE SIX MONTHS ENDED JUNE 30, 2025*

| | 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, 2025 (Audited) | 385,172 | (297,416) | 3,085,483 | 19,869 | 1,822,875 | 34,010 | 68,855 | 155,834 | 243,868 | 7,241,224 | 12,759,774 | 3,116,908 | 15,876,682 |
| Profit for the period | – | – | – | – | – | – | – | – | – | 28,639 | 28,639 | 58,269 | 86,908 |
| Other comprehensive income | – | – | – | – | – | – | (4,091) | – | – | – | (4,091) | – | (4,091) |
| Net transfer to safety fund | – | – | – | – | – | 15,985 | – | – | – | (15,985) | – | – | – |
| Repurchase of shares as treasury stocks | – | (116,910) | – | – | – | – | – | – | – | – | (116,910) | – | (116,910) |
| Partial disposal of a subsidiary | – | – | – | – | – | – | – | – | (1,093) | – | (1,093) | 1,181 | 88 |
| Capital contributions from a non-controlling shareholder | – | – | – | – | – | – | – | – | – | – | – | 1,500 | 1,500 |
| Dividend declared by a subsidiary | – | – | – | – | – | – | – | – | – | – | – | (107,100) | (107,100) |
| Dividends recognized as distribution *(note 10)* | – | – | – | – | – | – | – | – | – | (94,907) | (94,907) | – | (94,907) |
| Balance at June 30, 2025 (Unaudited) | 385,172 | (414,326) | 3,085,483 | 19,869 | 1,822,875 | 49,995 | 64,764 | 155,834 | 242,775 | 7,158,971 | 12,571,412 | 3,070,758 | 15,642,170 |
| 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) | – | – | – |
| Repurchase of shares as treasury stocks | – | (37,855) | – | – | – | – | – | – | – | – | (37,855) | – | (37,855) |
| Cancellation of shares *(note 19)* | (1,577) | 53,185 | (51,608) | – | – | – | – | – | – | – | – | – | – |
| 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 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED JUNE 30, 2025*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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, 2025, the Group had net current liabilities of RMB14,880 million. 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 RMB8,055 million at the report date, of which RMB7,585 million is unconditional and RMB470 million 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 report 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. 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 additional/change in accounting policies resulting from the application of the amendments to IFRS Accounting Standards and change in accounting estimates as set out below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2024.

### Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2025 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to IAS 21 | Lack of Exchangeability |

The application of the amendments to an IFRS Accounting Standards 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.

### Change in accounting estimates

During the current interim period, in consideration of changes in government policy regarding Guidance Catalogue for Industrial Structure Adjustment and Opinions (產業結構調整指導目錄) issued by National Development and Reform Commission, People's Republic of China ("PRC") on promoting the implementation of ultra-low emissions in the coking industry as well as a detailed assessment of the operating conditions of the assets at its coke production plants and the designed useful lives of these assets, the management proposed, and the Directors of the Company approved to increase the estimated useful lives of certain property, plant, and equipment of the Group, primarily coke ovens and related supporting facilities and equipment, up to an extend of not more than 30 years after considering the new government policy and the current conditions of relevant assets, effective January 1, 2025.

This change in accounting estimate has been applied prospectively and therefore has no impact on the Group's financial condition or results of operations for prior periods. As a result of this change:

1. the Group's depreciation expense decreased by approximately RMB98 million during the current interim period, with a corresponding increase in the carrying amount of property, plant, and equipment as of June 30, 2025;

2. the Group's income tax expenses increased by approximately RMB18 million during the current interim period;

3. the Group's segment results of coke and coking chemicals manufacturing increased by approximately 80 million during the current interim period;

## 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 and rental income. 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.

During the current interim period, the executive directors, being the chief operating decision maker, evaluates the performance of rental business arose from the acquisition of Risun Chemicals Technology Research Co., Ltd. in December 2024 together with other segment. As a result, the Group reclassified assets and liabilities of related rental business from unallocated corporate assets and liabilities to other segment. The comparative figures for the prior period have been re-presented in order to align them with the current year's presentation. The reclassification did not have any material impact on the Group's segment revenue and results for the prior period presented.

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

| | Six months ended June 30, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | **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 | **6,357,591** | **–** | **–** | **–** | **–** | **6,357,591** |
| Sale of refined chemicals | **–** | **9,096,043** | **1,215,633** | **–** | **–** | **10,311,676** |
| Trading | **–** | **–** | **–** | **3,730,359** | **–** | **3,730,359** |
| Management services | **–** | **–** | **58,906** | **–** | **–** | **58,906** |
| Property development and investment | **–** | **–** | **–** | **–** | **90,078** | **90,078** |
| | **6,357,591** | **9,096,043** | **1,274,539** | **3,730,359** | **90,078** | **20,548,610** |
| Inter-segment revenue | **1,099,027** | **296,420** | **–** | **–** | **–** | **1,395,447** |
| **Reportable segment revenue** | **7,456,618** | **9,392,463** | **1,274,539** | **3,730,359** | **90,078** | **21,944,057** |
| **Reportable segment results** | **287,484** | **189,133** | **33,768** | **(183,891)** | **(1,528)** | **324,966** |
| Unallocated head office and corporate expenses | | | | | | **(186,052)** |
| **Profit before taxation** | | | | | | **138,914** |
| **Other information:** | | | | | | |
| Share of results of associates | **(21,515)** | **31,166** | **–** | **–** | **–** | **9,651** |
| Share of results of joint ventures | **6,260** | **–** | **–** | **–** | **–** | **6,260** |

| | 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 |
| Property development and investment | – | – | – | – | 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 |

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

**Segment assets**

| | **June 30, 2025** ***RMB'000*** | December 31, 2024 *RMB'000* (restated) |
|---|---|---|
| Coke and coking chemicals manufacturing | **22,156,801** | 20,691,175 |
| Refined chemicals manufacturing | **23,744,407** | 22,583,766 |
| Operation management | **288,341** | 503,557 |
| Trading | **12,317,507** | 11,937,500 |
| Others | **2,396,108** | 2,226,612 |
| Reportable segment assets | **60,903,164** | 57,942,610 |
| Unallocated head office and corporate assets | **2,356,839** | 1,898,332 |
| Total assets | **63,260,003** | 59,840,942 |

**Segment liabilities**

| | **June 30, 2025** ***RMB'000*** | December 31, 2024 *RMB'000* (restated) |
|---|---|---|
| Coke and coking chemicals manufacturing | **16,164,553** | 15,054,904 |
| Refined chemicals manufacturing | **19,007,613** | 15,863,939 |
| Operation management | **205,283** | 314,370 |
| Trading | **10,165,712** | 10,628,364 |
| Others | **1,346,888** | 1,434,790 |
| Reportable segment liabilities | **46,890,049** | 43,296,367 |
| Unallocated head office and corporate liabilities | **727,784** | 667,893 |
| Total liabilities | **47,617,833** | 43,964,260 |

## 5. OTHER INCOME

| | Six months ended June 30 | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Interest income | **70,787** | 132,715 |
| Value-added Tax ("**VAT**") concession *(Note)* | **86,093** | 111,688 |
| Production waste sales | **30,527** | 10,044 |
| Government grants | **139,812** | 23,189 |
| Others | **14,157** | 5,759 |
| | **341,376** | 283,395 |

*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 | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Change in fair value of financial assets/liabilities at FVTPL: | | |
| – Listed equity securities | **5,806** | (14,343) |
| – Unlisted equity securities | **(4,943)** | (10,825) |
| – Private equity investment funds | **7,302** | (41,785) |
| – Futures contracts | **8,007** | 4,867 |
| – Derivative financial instruments | **–** | 5,536 |
| – Other non-derivative financial assets | **(1,026)** | (2,225) |
| Fair value change of investment properties | **(3,567)** | – |
| Loss on foreign exchange, net | **(3,367)** | (22,446) |
| Gain/(loss) on disposal of property, plant and equipment | **3,288** | (3,529) |
| Gain on disposal of a subsidiary | **–** | 10,413 |
| Insurance proceeds received | **13,000** | – |
| Gain on modification of a payable to a third party | **14,585** | – |
| Others | **8,957** | (19,747) |
| | **48,042** | (94,084) |

## 7. FINANCE COSTS

| | Six months ended June 30 | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **453,496** | 435,483 |
| Interest on other loans from licensed financial institutions | **178,794** | 187,624 |
| Finance charges on bills receivable discounted | **85,803** | 67,891 |
| Finance charges on lease liabilities | **–** | 18,141 |
| | **718,093** | 709,139 |
| Less: Amount capitalized under construction in progress *(Note)* | **(24,785)** | (16,349) |
| | **693,308** | 692,790 |

*Note:* The finance costs were capitalized at annual rates of 3.55% to 7.60% per annum during the current interim period (during the six months ended June 30, 2024: 5.83% to 7.05% per annum).

## 8. PROFIT BEFORE TAXATION

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

| | Six months ended June 30 | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Depreciation of property, plant and equipment | **910,764** | 1,035,500 |
| Depreciation of right-of-use assets | **25,648** | 78,258 |
| Amortization of intangible assets | **88,847** | 69,274 |
| Total depreciation and amortization | **1,025,259** | 1,183,032 |
| Capitalized in construction in progress | **–** | (48) |
| | **1,025,259** | 1,182,984 |

## 9. INCOME TAX EXPENSE

| | Six months ended June 30 | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax expense** | | |
| PRC income tax for the period | **50,835** | 81,839 |
| **Deferred tax credit** | **1,171** | (48,012) |
| | **52,006** | 33,827 |

## 10. DIVIDENDS

During the current interim period, a special dividend of RMB2.22 cents (2024: RMB1.2 cents) per ordinary share amounting to RMB94,907,000 (2024: RMB52,868,000) in respect of the year ended December 31, 2024 was paid to the owners of the Company in June 2025.

Subsequent to the end of the reporting period, the Directors have determined that an interim dividend of RMB0.20 cents per share amounting to RMB8,561,000 (the six months ended June 30, 2024: RMB33,948,000) will be distributable in September 2025.

## 11. EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2025 and June 30, 2024 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 | |
|---|---|---|
| | **2025** | 2024 |
| **Earnings** | | |
| Profit attributable to the owners of the Company *(RMB'000)* | **28,639** | 111,851 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **4,339,058,425** | 4,406,393,599 |

No diluted earnings per share for six months period ended June 30, 2025 and June 30, 2024 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 RMB829 million (six months ended June 30, 2024: RMB698 million).

The Group's investment properties at the end of the current interim period were valued by an external valuer or the Directors. The resulting decrease in fair value of investment properties of RMB4 million (six months ended June 30, 2024: RMB Nil) has been recognised directly in profit or loss for the six months ended June 30, 2025.

Details of the pledged property, plant and equipment and investment properties are set out in note 20.

## 13. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

| | **June 30, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Prepayments for property, plant and equipment | **275,061** | 61,474 |
| Loan receivable *(Note a)* | **400,000** | 400,000 |
| Prepayments for right-of-use assets | **27,671** | 27,671 |
| Deposits for other loans | **302,117** | 334,382 |
| Government grants *(Note b)* | **87,807** | – |
| Others | **135,533** | 109,661 |
| Less: Allowance for credit losses | **(25,171)** | (23,095) |
| | **1,203,018** | 910,093 |

*Notes:*

a. Included in loan receivables were unsecured entrusted loans to third parties through licensed financial institutions which carries interests ranging from 5.75% and 5.20% per annum as at June 30, 2025 (December 31, 2024: 5.75% and 5.20%) and are payable over period of 1 to 2 years.

b. During the current interim period, the Group obtained a governmental correspondence regarding the payment of compensation from special funds issued by a local authority. All eligible conditions have been fulfilled and the Group was granted a government assistance amounting to RMB119 million, of which RMB31 million was received during the current interim period. The remaining RMB88 million is payable in instalment over period of 1 to 5 years and represented as non-current assets.

## 14. FINANCIAL ASSETS/LIABILITIES AT FVTPL

| | **June 30, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| **Non-current assets** | | |
| Listed equity securities | **70,060** | 89,714 |
| Unlisted equity investment | **83,117** | 88,060 |
| Private equity investment funds | **106,977** | 92,618 |
| Wealth management products | **120,377** | 122,237 |
| | **380,531** | 392,629 |
| **Current assets** | | |
| Futures contracts | **1,027** | 2,059 |
| Held-for-trading non-derivative financial assets | **8,297** | 23,147 |
| | **9,324** | 25,206 |
| **Current liabilities** | | |
| Futures contracts | **(1,347)** | (95) |
| | **388,508** | 417,740 |

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

| | **June 30, 2025** | December 31, 2024 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables measured at FVTOCI | **597,747** | 982,432 |
| Bills receivables measured at FVTOCI | **535,905** | 527,618 |
| Trade and bills receivables measured at FVTOCI | **1,133,652** | 1,510,050 |
| Prepayments for raw materials | **4,973,800** | 5,447,122 |
| Other deposits, prepayments and other receivables | **912,285** | 735,944 |
| Loan receivables | **200,000** | 450,000 |
| Receivables for relocation compensation | **–** | 109,091 |
| Prepayments on behalf of third parties as a trading agency | **2,152,922** | 2,206,630 |
| Deductible input VAT and prepaid other taxes and charges | **469,831** | 394,188 |
| Less: Impairment | **(30,342)** | (51,572) |
| Other receivables | **8,678,496** | 9,291,403 |

Except for the financial assets subject to the impairment assessment under ECL model, the Group has prepayments for raw materials and prepayments on behalf of third parties as a trading agency with aggregate amount of RMB7,127 million (December 31, 2024: RMB7,654 million). As at June 30, 2025, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the prepayments as there is advance received from customer amount of RMB448 million as set out in note 17, and the counter parties are raw materials suppliers with good quality and long-term relationship, therefore no impairment was recognized.

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, 2025** | December 31, 2024 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one month | **386,658** | 794,258 |
| 2 to 3 months | **45,407** | 167,484 |
| 4 to 6 months | **61,526** | 6,447 |
| 7 to 12 months | **104,156** | 14,243 |
| | **597,747** | 982,432 |

## 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, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Restricted bank balances to secure: | | |
| Bills payable and letters of credit *(Note)* | **6,057,098** | 2,013,174 |
| Bank loans | **298,598** | 303,436 |
| Futures contracts | **190,781** | 135,061 |
| | **6,546,477** | 2,451,671 |
| Analyzed for reporting purpose as: | | |
| Current assets | **6,316,477** | 2,213,671 |
| Non-current assets | **230,000** | 238,000 |

*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 RMB8,397,380,000 (December 31, 2024: RMB4,702,122,000) as at June 30, 2025.

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 0.05% to 2.30% per annum as at June 30, 2025 (December 31, 2024: 0.01% to 2.30% 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 0.8% to 2.3% (December 31, 2024: 0.001% to 2.3%).

## 17. TRADE AND OTHER PAYABLES

| | **June 30, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Trade payables | **1,919,494** | 3,126,633 |
| Payables to be settled by the endorsed bills receivable | **72,250** | 87,846 |
| Bills payable | **4,007,847** | 2,400,392 |
| Payables for construction in progress | **1,785,907** | 2,075,882 |
| Payables on behalf of third parties as a trading agency | **51,198** | 380,293 |
| Advances from customers on behalf of third parties as a trading agency | **448,466** | 357,233 |
| Other tax payables | **78,626** | 75,514 |
| Payroll payables | **70,967** | 143,673 |
| Other payables and accruals *(Note)* | **567,274** | 606,654 |
| | **9,002,029** | 9,254,120 |
| Analyzed for reporting purposes as: | | |
| Current liabilities | **8,977,738** | 9,204,744 |
| Non-current liabilities | **24,291** | 49,376 |

*Note:* Included in other payables and accruals were payables in relation to an arbitration with a contractor. Pursuant to the settlement agreement, the balance will be repaid by instalments till December 31, 2026, of which RMB24 million will be repaid after June 2026 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, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Within 3 months | **1,625,100** | 2,750,565 |
| 3 to 6 months | **57,422** | 133,224 |
| 6 to 12 months | **73,981** | 149,369 |
| 1 to 2 years | **120,488** | 60,089 |
| 2 to 3 years | **14,236** | 13,141 |
| More than 3 years | **28,267** | 20,245 |
| | **1,919,494** | 3,126,633 |

## 18. BANK AND OTHER LOANS

During the current interim period, the Group received the proceeds amounting to approximately RMB16,448,927,000 (six months ended June 30, 2024: RMB14,594,426,000) related to its renewed and newly obtained bank loans and made repayments amounting to approximately RMB11,604,995,000 (six months ended June 30, 2024: RMB10,295,258,000), with a net exchange loss of RMB1,334,000 (six months ended June 30, 2024: net exchange loss of RMB46,347,000). The loans carry interest at the rate ranging from 1.70% to 8.50% (December 31, 2024: 1.70% to 8.50%) per annum and are repayable in instalments over a period of 1 to 16 years.

During the current interim period, the Group breached certain of the terms of the bank loans amounting to RMB766 million as at June 2025, which are primarily related to the asset-liability ratio of certain subsidiaries. The Group was in the progress of obtaining waivers from banks. Non-compliance with the financial covenants and the corresponding cross defaults give the banks the unconditional right to demand repayment at any time. Accordingly, the non-current portion of the aforementioned borrowings, which have not been given waivers before June 30, 2025, amounting to RMB484 million have been reclassified to current liabilities as at June 30, 2025. As at the reporting date, the Group has not received any loan repayment notice from banks to repay the aforementioned bank loans.

Details of the assets pledged for securing the bank and other loans of the Group are set out in note 20.

## 19. SHARE CAPITAL

| | As at | | As at | |
|---|---|---|---|---|
| | **June 30, 2025** | December 31, 2024 | **June 30, 2025** | December 31, 2024 |
| | ***Number of shares*** | *Number of shares* | ***HKD ’000*** | *HKD ’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 | **4,454,186,000** | 4,424,126,000 | **445,419** | 442,413 |
| Shares repurchased and cancelled | **–** | (21,940,000) | **–** | (2,194) |
| Issue of shares | **–** | 52,000,000 | **–** | 5,200 |
| At the end of the period/year | **4,454,186,000** | 4,454,186,000 | **445,419** | 445,419 |

| | June 30, 2025 RMB'000 | December 31, 2024 RMB'000 |
|---|---|---|
| Presented in the condensed consolidated statement of financial position: | | |
| At the beginning of the period/year | **385,172** | 382,246 |
| Shares repurchased and cancelled | **–** | (1,876) |
| Issue of shares | **–** | 4,802 |
| At the end of the period/year | **385,172** | 385,172 |

*Note:* During the current interim period, the Company repurchased 50,928,000 (six months ended June 30, 2024: 13,868,000) ordinary shares with an aggregate consideration of HK$127,593,000, equivalent to RMB116,910,000 (six months ended June 30, 2024: RMB37,855,000) paid. As of June 30 2025, the treasury stocks repurchased but not cancelled by the company is of 160,664,000 (six months ended June 30, 2024: 8,019,000) ordinary shares.

## 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, 2025 RMB'000 | December 31, 2024 RMB'000 |
|---|---|---|
| Property, plant and equipment | **9,675,442** | 9,396,855 |
| Right-of-use assets | **962,175** | 783,599 |
| Investment properties | **1,804,806** | 1,810,470 |
| Inventories | **290,010** | 290,010 |
| Trade receivables | **935,802** | 789,463 |
| Restricted bank balances | **6,355,696** | 2,316,610 |
| | **20,023,931** | 15,387,007 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier together with relevant operation management services provider in China. The Group is the world's largest independent producer and supplier of coke by production/processing volume in 2024# and this remarkable leading position in the independent coke industry has been maintained for three decades since 1995.

During the Reporting Period, the Group held several leading positions in coke, refined chemicals and hydrogen products sectors in China or globally as followings:

| | *Name of products* | *Industry position* |
|---|---|---|
| 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 | World's second largest producer |
| 5) | Amino alcohol^ | World's second largest producer (by production capacity) |
| 6) | Coke-oven-gas-based methanol | China's largest producer |
| 7) | Industrial-naphthalene-based phthalic anhydride | China's largest producer |
| 8) | High purified hydrogen | Beijing-Tianjin-Hebei area's largest producer |

The Group is also an operation management service provider to third-party independent coke producers and/or refined chemicals producers in order to enhance the Group's influence, market share and discourse in these industries. At the end of the Reporting Period, the Group was providing operation management service to six coke producers and two refined chemicals producers.

During the Current Period, the net profit decreased by approximately RMB46.6 million or 34.9% as compared to the Last Period, The average price of the Group's coke products dropped to approximately RMB1,400/ton (tax-exclusive), down approximately 30% from the Last Period; and as of the end of July 2025, the Group's coke selling price rose to approximately RMB1,500/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining a coal-coke's price spread of approximately RMB300/ton or above, representing a decrease of approximately 6.25% from the Last Period.

^ *New industry's leading position during the Reporting Period.*

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

The Group was still focusing on integration and expansion of the existing businesses including production/processing capacity of coke, refined chemicals and operation management in order to empower the Group's consolidated competitive advantage and performance under the operation and management reform (the "**Reform**"). Other than that, the Group was exploring more capital market actions such as merger and acquisition of new businesses together with restructuring of existing businesses (the "**Development**"). The purpose of the Reform and Development was to improve business prospects, 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 successfully transferring to the Group's next "Five-Year Plan 2026 to 2030". The Group was also concluding and summarizing the experience resulted from the Sixth "Five-Year Plan 2021 to 2025" during the Current Period in order to better cope with the rapid changes in the business and economic world.

Considering the operating results in the first half of 2025 and up to the date of this announcement, the recent development of China and the world's economy, the Group's future development needs as well as the Reform and Development, the Board determined an interim dividend of RMB0.20 cents per share (equivalent to HK0.22 cents per share) with a total dividend amount of RMB8,561,000 or HK$9,417,000 for the Reporting Period (for the Last Period: RMB0.78 cents per share or HK0.85 cents per share and a total dividend amount of RMB33,948,000 or HK$37,430,000) representing no less than 30% of the Group's net profit attributable to owners of the Company for the Current Period.

## BUSINESS REVIEW

The Group's vertically integrated business model and its experience of 30 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. As such, the Group upheld the main principle of integration of existing businesses and production bases, expansion and downstream of the production and processing capacity of coke and refined chemicals together with identification of new operation management projects over third-parties coke and refined chemicals producers in China and the world. In addition, the Group closely controlled the operating costs and expenditures of production bases and monitored the operating efficiency of production facilities through the Reform in order to continuously create value to the shareholders of the Company ("**Shareholders**").

Furthermore, the Group continued its business under the Development to enhance the Group's annual production and processing capacity of coke and refined chemicals together with potential capital market actions, which were the cooperation with Beijing SinoHytec Co., Ltd. ("**Beijing SinoHytec**") in March 2025 and Tianjin Binhai Energy & Development Co., Ltd.* ("**Tianjin Binhai**") (天津濱海能源發展股份有限公司) in May 2025. These two cooperations will be further elaborated in key corporate activities below.

The Group's vertically integrated business model and its experience of more than 30 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. By doing so, the Group developed a longer and wider production chain of more than 60 types of refined chemicals. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading.

During the Reporting Period and up to the date of this announcement, the Group was continuously constructing a new production base in Pingxiang, Jiangxi Province with annual coke production capacity of 1.8 million tons, making the total annual coke production/processing capacity up to 25.2 million tons upon commencement of operation. Also, the Group entered into two new operation management agreement to further expand the Group's business presence in coke and coking chemicals in Shanxi and Jilin Province, the PRC. Since 2014, the Group has been engaged in its first operation management service and has actively developed its operation management business over the past decade.

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

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

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

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

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

Below is the table summarizing the key corporate activities of the Group for the Reporting Period and up to the date of this announcement:

| Time | Corporate Activities |
|---|---|
| March 2025 – Cooperation intention between Risun Group Limited* (旭陽集團有限公司) ("**Risun Group**") and Beijing SinoHytec | Risun Group intended to dispose of its entire equity interest in Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) to Beijing SinoHytec in exchange for A Shares to be issued by Beijing SinoHytec at a price of RMB18.53 per share; and Risun Group intends to subscribe for A Shares to be issued by Beijing SinoHytec at a price of RMB18.53 per share to provide supplementary funds to Beijing SinoHytec. |
| April 2025 – China Coking Coal & Coking Brand Cluster's (the "**Brand Cluster**") co-chairmen and vice-chairmen meeting | Brand Cluster's co-chairmen and vice-chairmen meeting was held in Beijing to discuss the future market strategy of the Brand Cluster and to widely build consensus on promoting the high-quality development of the coking industry. |
| May 2025 – Cooperation intention between Risun Group and Tianjin Binhai on new materials business and new energy materials business | Risun Group, Xingtai Risun Coal Chemicals Limited* (邢台旭陽煤化工有限公司), Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) and Agricultural Bank Financial Assets Investment Co., Ltd. conditionally agreed to dispose of their respective equity interests of 80.4765%, 0.0080%, 14.1931% and 5.3224% in Cangzhou Risun Chemicals Limited* (滄州旭陽化工有限公司) to Binhai Energy in exchange for A shares to be issued by Tianjin Binhai at a price of RMB7.55 per share. |
| May 2025 – Adoption of new share award plan (the "Share Award Plan") | An ordinary resolution was passed at the annual general meeting (the "**AGM**") of the Company on May 30, 2025 for adoption of a Share Award Plan to recognize, reward and attract suitable personnel for the further development of the Group. |
| June 2025 – An operation management agreement with Jilin Dingyun New Energy Co., Ltd.* (吉林鼎運新能源股份有限公司) ("**Jilin Dingyun**") | Entering into an operation management agreement with Jilin Dingyun for the purpose of providing comprehensive services for the overall production operation management of coke with annual capacity of 1.2 million tons. |
| June 2025 – Share repurchase continued according to new general and unconditional mandate | Share repurchase continued according to new general and unconditional mandate obtained at the AGM with a maximum of 432,231,600 shares that can be repurchased until next AGM in 2026. |

| Time | Corporate Activities |
|---|---|
| July 2025 – Establishment of Alashan League Risun Mining Limited* (阿拉善旭陽礦業有限公司) ("**Risun Mining**") | The Group established Risun Mining to seize the opportunities of mines in the area of Alashan League, the PRC and to strength the management of supply and demand chain of existing materials within the Group and promote trading and/or manufacturing of new materials mined as new business growth for the Shareholders. |
| August 2025 – Successful launch of the Development Conference of Risun Group | The Group launched the Development Conference of Risun Group in August, right after the end of the Current Period and the conference aimed to summarize the progress made and challenges faced by the Group over the past 30 years, analyze the international and domestic economic situations and establish the Group's future direction and industry position. Another main goal of the conference was to formulate the Group's Seventh "Five-Year Plan 2026 to 2030". |

Furthermore, the business developments in terms of the coke, refined chemicals, hydrogen-energy products, operation management (including trading), geographical layout, capital market, environmental protection, digitalization and research & development ("**R&D**") during the Reporting Period are described as follows:

**Coke**

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

In the Current Period, the Group did not acquire any new coke enterprise but was still focusing on the way of expansion by further integration of coke production facilities in Huhhot Production Base and Sulawesi Production Base together with construction of a new Pingxiang Production Base in Pingxiang, Jiangxi Province with annual coke production capacity of 1.8 million tons as discussed above.

Moreover, the Group was providing operation management service for third-party coke enterprises with plants producing and processing annual coke capacity of 9.4 million tons in different provinces in China.

**Refined chemicals**

The Group maintained three production chains of refined chemicals and produces one type hydrogen-energy products. The classification of these four products is as follows:

***1) Carbon material chemicals:***

Coal tar pitch, industrial-naphthalene-based phthalic anhydride, carbon black oil

***2) Alcohol-ammonia chemicals:***

Methanol, synthetic ammonia, amino alcohol (or named as 2-Amino-2-Methyl-1-Propanol)

***3) Aromatic chemicals:***

Benzene hydrogenation, cyclohexane, cyclohexanone, styrene, caprolactam, polyamide 6

***4) Hydrogen-energy products:***

High purified hydrogen, liquid hydrogen

In the Current Period, the Group made use of the initiative of leading position, advanced production technology and R&D experience over the decade, Dingzhou Production Base of the Group developed amino alcohol of 5,000 tons per annum by its production facility for the first time in the PRC. The Group became the world's second largest producer and supplier of amino alcohol, which drove the Group's value in the refined chemicals industry through economic of scale, industry chain integration and innovation. Amino alcohol is widely used in high-end paint additives, cosmetics, pharmaceuticals, pesticide, metal processing, carbon dioxide absorption etc. This initiative further consolidated the Group's market position in high-end refined chemicals and supported the Group's sustainable development through technological advancements and global resource allocation. Amino alcohol was also successfully passed the REACH registration in European Union ("**EU**") and could be sold to customers in the EU market. This was another achievement of the Group's strategic breakthrough in development of first domestic amino alcohol of 5,000 tons per annum in the Group's Dingzhou Production Base.

Based on the first amino alcohol production facility, the Group will optimize its refined chemicals industry production chain, continuously create profit growth opportunities and support the transformation of fundamental chemicals towards innovation-driven high-end refined chemicals. Other than amino alcohol, the Group continued further development of new type of refined chemicals caprolactam, polyamide 6 and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance.

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

In the Current Period, Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) ("**Risun Hydrogen Energy**") successfully completed the addition of hazardous chemicals business license, expanding the scope of hazardous chemicals business from 5 categories to 18 categories, taking an important step in the field of hazardous chemicals trade and operation, further enriching the product line and enhancing competitiveness.

Also, the Group's 5-ton daily liquid hydrogen demonstration project successfully passed the preliminary review and public announcement by the Hebei Provincial Development and Reform Commission and was selected for the fifth batch of national recommendations for the first major technological equipment in the energy sector in the PRC. Liquid hydrogen is a key means of achieving efficient storage and transportation of hydrogen energy, promoting strategic energy transformation, and promoting green, low-carbon development.

As a key national industrial province in the PRC, Hebei Province possessed unique conditions for the development of the hydrogen-energy industry, with significant policy advantages, a well-developed industrial supporting system, and significant hydrogen energy demonstration results.

**Operation Management (including trading)**

The Group carried out operating management (including trading) of 6.2 million tons of coal, coke and refined chemicals during the Current 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 | 1,361.2 |
| Benzene | 5,118.9 |
| Coal tar pitch | 3,567.1 |
| Caprolactam | 8,563.1 |
| Amino alcohol (per thousand gram) | 108.1 |
| Methanol | 2,051.5 |
| Phthalic anhydride | 5,782.2 |
| Synthetic amine | 1,964.8 |
| Styrene | 6,977.9 |
| Hydrogen-energy products (per cube meter) | 2.20 |

**Geographical Layout**

Apart from setting up subsidiary/office 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 more than 340 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. Apart from investors in China, Hong Kong and Asian Pacific, the Group also strengthened the teams of equity market department to target the areas in India, United Arab Emirates and Saudi Arabia within Middle East and Gulf Region. We continuously promote the Company through monthly investors' presentations, roadshows, production bases' visits, press releases, constant announcements on business and operational update in order to enhance the transparency of, and present to the public, the operation of the Group.

The Group communicated with domestic and foreign investment institutions and securities analysts, organized reverse roadshows, enhanced the capital market's understanding and knowledge of the Company. The Group gained high recognition and praise from the capital market with its stable operational performance and strategic planning. The Company was not only the trading target of Hong Kong Stock Connect, but was also included in several classified index constituent stocks under the Hang Seng Index Series, FTSE Russell Index Series and MSCI Index Series.

**Environmental Protection**

Safety, environmental protection and quality were the lifeline of the Group. In the Current Period, the Group actively promoted the establishment of advanced environmental policies, committed to building green production bases and green factories, and actively carried out innovation of environmental protection technology.

Water resource recycling has become a crucial issue for sustainable development, the Group's Dingzhou Production Base adhered to a "green, low-carbon and circulation" development model, innovating water-saving technologies, improving water-saving systems and deepening water conservation initiatives. The Group promoted comprehensive water resource management with scientific water allocation, conservation and recycling and achieved a win-win situation for environmental protection and green development. The Group's Hohhot Production Base was also recognized as one of the first municipal-level water-saving enterprises.

Since the establishment in 1995, the Group continuously invested a total of RMB9.5 billion in environmental protection with the goal to achieve the carbon peak and carbon neutrality in 2030 and 2060. The Group focused on promoting environmental protection projects to reach ultra-low emission standards of pollutants such as nitrogen-oxides, sulfur-oxides, VOCs, etc.

**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. By doing so, the Group continued to get along with "completely automation and thoroughly automation; completely informatization and thoroughly informatization" as well as industrial Internet, intelligent manufacturing together with the use of automatic equipment and automatic control system.

In the Current Period, the Department of Industry and Information Technology of Hebei Province released the first batch of advanced intelligent factories in 2025. Hebei Risun Energy Co., Ltd.*(河北旭陽能源有限公司) became, for the first time, the "Coal Coking Full-Process Lean Management Intelligent Factory".

## R&D

Innovation-driven leads Risun's continuous growth in business. Since the Listing, the Group has accumulated R&D expenditure of RMB5.0 billion, achieved a total of 46 national, provincial and municipal technological innovation results and obtained a total of 300 provincial and municipal honors.

As one of the technological pioneers in the domestic chemicals field, the Group has established a three-level R&D system, including the R&D Committee, Chief Engineer and Production Technology Department to build a gradient product system from industrial grade to electronic grade, satisfy the customized needs of cutting-edge fields such as coatings, metals processing, new energies, new materials and electronics. The Group's R&D has been verified and recognized by customers in many countries including the United States, Japan and South Korea, and has fully passed the EU REACH registration. This demonstrated that the Group occupied a very strong R&D capability in coke and chemicals fields over the decades.

## DEVELOPMENT STRATEGIES

Founded in 1995 and up to 2025, the Group has a more than 30-years history of development, where we take advantage of our leading position, experience, technology and digitalization in coke and refined chemicals industries to drastically expand our four existing business segments together with hydrogen-energy products business through the following development strategies:

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

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

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

(iv) expansion of domestic and international trading business;

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

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

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

## COMPETITIVE ADVANTAGES

Apart from the above development strategies, there are nine competitive advantages that the Group believed and enabled to deploy and execute the development strategies effectively to enhance the leadership in coke and refined chemicals industries and hydrogen-energy products business:

### 1. Economies of Scale Advantage

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

### 2. Vertically Integrated Advantage

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

### 3. Production Base Advantage

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

### 4. Cost Control Advantage

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

### 5. Centralized Sale and Marketing Advantage

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

### 6. Innovation Advantage

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

### 7. Automation and Information Technologies Advantage

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

### 8. Environmental Safety Advantage

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

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

### 9. Risk Mitigation Advantage

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

## BUSINESS PROSPECTS

Looking forward to the Group's Seventh "Five-Year Plan 2026 to 2030", the Group will make use of different ways of operation management, merger and acquisition together with the setup of joint ventures with well-known geographical large enterprises to increase the market share by production/processing of coke and refined chemicals together with hydrogen-energy products.

**Coke**

Looking forwards, the Group, just like the leading corporations in other manufacturing industries, can usually benefit from the uncertainty environment and competitions by its own competitive advantages as discussed above. Although there is still overcapacity in the coke industry, the Group still maintains a strong entrepreneurial passion and fighting spirit, which is primary driving force towards the future.

The Group will continue monitoring the coke market very closely and capture any market opportunities, especially when the involution in the PRC being curbed for unusual price cut, the increasing demand from customers and the elimination of obsolete production capacity, by increasing the Group's sales volume of coke after the end of the Current Period with 5 to 7 times of increments of coke selling price at RMB50 per ton in each time. The Group is turning the involution into a more sustainable growth.

The Group is also developing Pingxiang Production Base in Xiangdong Industrial Park by constructing coke facilities with an annual coke production capacity of 1.8 million tons, and it is estimated to complete by the end of 2025 or early 2026. Moreover, the Group will continue exploring different potential projects of mergers and acquisitions in China and overseas. The Group will explore by using more coals from different countries in the world and digitization of new technologies to maximize the price spread of the Group's products.

**Refined chemicals**

Following the strategy in the Current Period, the Group will continue the R&D and production of refined chemicals in high-value with sustainable demand, such as amino alcohol, which is widely used in high-end coatings, metal processing, pharmaceutical pesticides and cosmetics, which can greatly improve their comprehensive performance in terms of the color uniformity and reduction of volatile organic compounds.

**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 Hohhot in Inner Mongolia, etc. The Group will also invest in new hydrogen-energy products project in Pingxiang Production Base. The Group aims to become supplier of clean and low-carbon hydrogen-energy products by establishing one to two hydrogen-fuel gas stations in Hohhot in Inner Mongolia and Pingxiang in Jiangxi Province.

Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to develop from production, storage, transportation, hydrogenation to usage together with radiation of intelligent supply of hydrogen to the whole country with advanced technology and more customer-oriented services. In the future, the Group will explore the opportunities to construct hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area together with merger and acquisition with other leading companies specializing in hydrogen industry.

## 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, | |
|---|---|---|
| | **2025** | 2024 |
| **Financial indicators** | | |
| Gross profit margin[(1)] | **8.2%** | 7.4% |
| Net profit margin[(2)] | **0.4%** | 0.5% |
| EBITDA margin[(3)] | **9.0%** | 8.1% |
| Return on equity[(4)] | **0.5%** | 1.7% |

| | **As at June 30, 2025** | As at December 31, 2024 |
|---|---|---|
| Gearing ratio[(5)] | **2.3** | 1.9 |
| Debt to asset ratio[(6)] | **75.3%** | 73.5% |

*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, 2025** | | | | | |
|---|---|---|---|---|---|---|
| | **Coke and coking chemicals manufacturing** *RMB'000* | **Refined chemicals manufacturing** *RMB'000* | **Operation management services** *RMB'000* | **Trading** *RMB'000* | **Others** *RMB'000* | **Total** *RMB'000* |
| Total revenue | **6,357,591** | **9,096,043** | **1,274,539** | **3,730,359** | **90,078** | **20,548,610** |
| Gross profit | **755,557** | **756,063** | **61,412** | **88,927** | **23,949** | **1,685,908** |

| | For the six months ended June 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Coke and coking chemicals manufacturing *RMB'000* | Refined chemicals manufacturing *RMB'000* | Operation management services *RMB'000* | Trading *RMB'000* | Others *RMB'000* | Total *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 |

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

### 1. Revenue

Revenue for the Reporting Period decreased to RMB20,548.6 million as compared to RMB25,208.8 million for the same period of the previous year.

The revenue of the coke and coking chemicals manufacturing business decreased by RMB3,453.5 million, or 35.2%, from RMB9,811.1 million for the same period of the previous year to RMB6,357.6 million for the Reporting Period, mainly because the coke price per ton decreased by RMB685.4, or 33.5%, as compared with the same period of last year. The main reasons are as follows: 1. the imbalance between supply and demand, the expansion of domestic production capacity and the weak steel demand led to higher level of inventory; 2. the coking coal price has fallen, lack of support for coke price; 3. year-on-year decrease in coke exports as a result of export barriers, leading to intensified domestic competition.

Revenue from refined chemicals manufacturing business decreased by RMB1,307.1 million, or 12.6%, from RMB10,403.1 million for the same period of the previous year to RMB9,096.0 million for the Reporting Period, mainly due to the decrease in average unit price of caprolactam, styrene and benzene by 25.4%, 13.2% and 30.0%, respectively, as compared with the corresponding period of last year. The main reasons are as follows: 1. the Brent crude oil costs decreased by 11%, mainly due to the impact from the geographical conflict of reciprocal tariffs and the increased production of OPEC+, which in turn resulting in decreases in the prices of the caprolactam, benzene, styrene, aniline and aromatic hydrocarbon production chain of the Group to varying degrees. 2. Although the production capacities of caprolactam in PRC has not increased in the first half of the year, clothing exports have been hit hard with low domestic sales. Caprolactam in PRC was segmented downstream with higher volume of the textile inventories and loosen supply and demand, which resulted in the downturn in the prices of the caprolactam in PRC and the caprolactam of the Group. 3. Affected by the decrease in the price of crude oil and benzene, the sale price of styrene in PRC declined, but since domestic facilities underwent concentrated maintenance in the first half of the year, the downstream 3S export increased year-on-year and the supply and demand dynamics have been improved, which resulted in the alleviation in overall losses of the Group's styrene. 4. the downstream rubber additives and MDI of aniline experienced major blow from reciprocal tariffs, and aniline in PRC has high production volume and lower downstream demand, resulting in over-supply of aniline and downturn in the prices of the aniline in PRC and the aniline of the Group. 5. the supply and demand of synthetic ammonia were loosened mainly due to the increase in the production capacity of the industry, which resulted in the decrease in price.

Revenue from the operation and management business decreased by RMB1,128.6 million, or 47.0%, to RMB1,274.5 million for the Reporting Period from RMB2,403.1 million for the same period of last year, mainly due to the end of agreements for three projects with Wanshan Chemical (萬山化工), Baoshun Chemical (寶舜化工) and Chenyao Chemical (晨耀化工) which led to the year-on-year decrease of RMB1,016.5 million in the revenue from the operation and management.

Revenue from the trading business increased by RMB1,297.6 million, or 53.3%, from RMB2,432.8 million for the same period of last year to RMB3,730.4 million for the Reporting Period, mainly due to the increase of 866,000 tons in the trading volume of coke.

Revenue from other businesses decreased by RMB68.5 million, or 43.2%, from RMB158.6 million for the same period of last year to RMB90.1 million for the Reporting Period, mainly due to the completion and sales of real estate business, resulting in a decrease of RMB91.9 million in the revenue from sales of commodity properties and an increase of RMB28.8 million in rental income from Risun Building as compared with the same period of last year.

**2. Cost of sales**

Cost of sales for the Reporting Period decreased to RMB18,862.7 million, as compared to RMB23,354.1 million for the corresponding period of last year.

Cost of sales for the coke and coking chemicals manufacturing business decreased by RMB3,472.5 million, or 38.3%, from RMB9,074.5 million for the corresponding period of last year to RMB5,602.0 million for the Reporting Period, which was mainly due to the continuous decline in the market price of upstream coking coal, resulting in a corresponding reduction in coal blending costs.

The cost of sales of the refined chemicals manufacturing business decreased by RMB1,179.9 million, or 12.4%, from RMB9,519.9 million for the corresponding period of last year to RMB8,340.0 million for the Reporting Period, mainly due to the decrease in prices of raw materials at different rates as compared with that of last year as affected by the market prices.

The cost of sales of the operating and management business decreased by RMB1,080.8 million, or 47.1%, from RMB2,293.9 million for the corresponding period of last year to RMB1,213.1 million for the Reporting Period, mainly due to the end of agreements for three projects with Wanshan Chemical (萬山化工), Baoshun Chemical (寶舜化工) and Chenyao Chemical (晨耀化工) resulting in a year-on-year decrease of RMB1,019.6 million in operating and management costs.

The cost of sales of the trading business increased by RMB1,326.3 million, or 57.3%, from RMB2,315.1 million for the corresponding period of last year to RMB3,641.4 million for the Reporting Period, mainly due to the increase in respective costs in line with the increase in trading business volume.

The cost of sales of other businesses decreased by RMB84.7 million, or 56.2%, from RMB150.8 million for the corresponding period of last year to RMB66.1 million for the Reporting Period. This was mainly due to the decrease in respective costs of RMB84.6 million in line with the decrease in sales of properties.

**3. Gross profit and gross profit margin**

The Group's total gross profit decreased by approximately RMB168.7 million, or 9.1%, from approximately RMB1,854.6 million for the corresponding period last year to approximately RMB1,685.9 million for the Reporting Period. Gross profit margin increased from 7.4% for the same period last year to 8.2% for the Reporting Period.

The gross profit of the coke and coking chemicals manufacturing business increased by RMB18.9 million, or 2.6%, from RMB736.7 million for the corresponding period of the previous year to RMB755.6 million for the Reporting Period. The gross profit margin of the coke and coking chemicals manufacturing business increased from 7.5% for the corresponding period of the previous year to 11.9% for the Reporting Period, which was mainly due to the significant effect of revenue enhancement and expense reduction measures, and at the same time, as a result of the relaxation of national environmental protection policies, the accounting estimates for the depreciation lives of certain assets were changed, leading to a decrease in depreciation expenses and an increase in gross profit margin.

The gross profit of the refined chemicals manufacturing business decreased by RMB127.2 million, or 14.4%, from RMB883.3 million in the corresponding period to RMB756.1 million for the Reporting Period. The gross profit margin of the refined chemicals manufacturing business generally remained stable at 8.5% and 8.3% for the same period of the previous year and the Reporting Period, respectively, which was mainly due to the downturn in the market for caprolactam production line and synthetic ammonia production line and the decrease in gross profit and gross profit margin as a result of tightened price spread, which was partially offset by the increase in gross profit and gross profit margin as a result of the increment of methanol.

The gross profit of the operation management business decreased by RMB47.8 million, or 43.8%, from RMB109.2 million in the corresponding period to RMB61.4 million for the Reporting Period. The gross profit margin of the operation management business increased from 4.5% for the corresponding period last year to 4.8% for the Reporting Period, mainly due to the end of agreements for certain projects , and the higher gross profit margin of the outsourced processing business in Jilin as compared with that of the corresponding period of last year, resulting in an increase in the gross profit margin.

Gross profit from the trading business decreased by RMB28.8 million or 24.5% from RMB117.7 million for the Last Period to RMB88.9 million for the Reporting Period, primarily due to the decrease in trading spread. Gross profit margin for the trading business maintained at approximately 2.4%.

The gross profit from other businesses increased by RMB16.0 million, or 202.5%, from RMB7.9 million in the corresponding period of the previous year to RMB23.9 million for the Reporting Period. The gross profit margin of other businesses increased from 5.0% for the corresponding period last year to 26.6% for the Reporting Period, mainly due to the addition of rental income from the Risun Building during the period, resulting in relatively higher gross profit.

**4. Other income**

The Group's other income mainly includes interest income, income from production waste sales, VAT concessions and government grants received from various government agencies. Other income increased by RMB58.0 million, or 20.5%, from RMB283.4 million for the corresponding period of last year to RMB341.4 million for the Reporting Period. It was mainly because, during the Reporting Period, Yuncheng Production Base (鄆城園區) recognized the payment of RMB119 million as special fund compensation (financial support provided by the Yuncheng County government for projects such as environmental protection treatment, automation and intelligence enhancement invested since our presence in Yuncheng). VAT deductions for advanced manufacturing industry (under national policy, enterprises qualified as "Advanced Manufacturing Enterprises" 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) decreased by RMB25.6 million as compared with the corresponding period of last year. The decrease in interest income of RMB61.9 million was due to the decrease in the average interest rate of bill deposit from 1.6% for the same period of last year to 1% for the Current Period.

**5. Other gains and losses**

During the Reporting Period, the Group's other gains were RMB48.0 million, which was mainly due to the following three reasons:

1. Gains arising from changes in fair value of financial assets held for trading amounted to RMB15.1 million;

2. Revenue from the settlement of payable of a third party of RMB14.6 million;

3. Dongming received income from claim settlement of second installment of hydrogen peroxide insurance of RMB13.0 million.

**6. Impairment (recognized) reversed under ECL model, net**

The amount for the Current Period mainly includes the impairment losses on accounts receivable recognized. The amount changed from the reversed of impairment loss of RMB9.8 million in the corresponding period of the previous year to the impairment loss recognized in the Reporting Period of RMB11.3 million.

7. **Selling and distribution expenses**

Selling and distribution expenses decreased by RMB25.6 million, or 3.5%, from RMB728.7 million for the corresponding period of the previous year to RMB703.1 million for the Reporting Period. This was mainly due to the adjustment of transportation methods and certain business transportation models, which led to the decrease in transportation costs.

8. **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB9.9 million or 1.8% from approximately RMB554.5 million for the corresponding period of last year to approximately RMB544.6 million for the Reporting Period, primarily due to a decrease of RMB10.12 million in management fee resulting from a RMB23.34 million decrease in rental expenses for the Risun Building at the consolidated level after Risun Building was included in the consolidated scope in December 2024, which was partially offset by the increase of RMB13.22 million in the corresponding depreciation expense.

9. **Finance costs**

Financing costs mainly include interest expenses on bank loans, interest expenses on other loans and financial expenses for discounted bills receivable. The Group's finance costs increased from RMB692.8 million for the corresponding period last year to RMB693.3 million for the Reporting Period, representing an increase of RMB0.5 million, or 0.1%. It was generally the same as that in the same period of last year.

10. **Share of results of associates**

The share of results of associates increased from a loss of RMB17.4 million for the same period of last year to a profit of RMB9.7 million for the Reporting Period, mainly attributable to the decrease in loss of Yangmei Group Shouyang Jingfu Coal Co., Ltd. as compared with the corresponding period of last year.

11. **Share of results of joint ventures**

The share of results of joint ventures decreased from a profit of RMB106.9 million for the corresponding period of last year to a profit of RMB6.3 million for the Reporting Period, mainly due to a decrease in revenue of coke companies such as Hebei China Coal Risun Coking, Risun Wei Shan (Indonesia) and De Tian Coking Indonesia as a result of the downward coke price.

12. **Profit before taxation**

As a result of the foregoing, profit before tax decreased by approximately RMB28.4 million, or 17.0%, from RMB167.3 million for the corresponding period of the previous year to approximately RMB138.9 million for the Reporting Period.

13. **Income tax credit**

For the corresponding period last year and the Reporting Period, the Group incurred income tax expense of RMB33.8 million and RMB52.0 million, respectively, with effective tax rates of 43.5% and 42.3%, respectively. The increase in income tax expense was mainly due to the significant increase in tax payable as compared with last year, mainly due to the decrease in non-taxable income such as investment income between resident enterprises as compared to the corresponding period of last year.

## 14. Profit for the period

As a result of the foregoing, net profit decreased by approximately RMB46.6 million, or 34.9%, from RMB133.5 million for the same period of the previous year to approximately RMB86.9 million for the Reporting Period.

## 15. Earnings per share – Basic

The basic earnings per share for the Reporting Period and the Last Period was RMB0.66 cents and RMB2.54 cents, respectively. The decrease in basic earnings per share was due to the decrease in net profit.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are operating costs, capital expenditures and repayment of debts in the PRC. As at June 30, 2025, the Group has funded the investments and operations principally with cash from operations, debt financing from banks and other financial institutions and the net proceed from the placing of shares taken place in December 2024. 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, 2025, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

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

| | For the six months ended June 30, | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Net cash generated from operating activities | **1,946,279** | 961,847 |
| Net cash used in investing activities | **(5,602,104)** | (2,192,754) |
| Net cash generated from financing activities | **3,893,599** | 3,627,400 |
| Net increase in cash and cash equivalents | **237,774** | 2,396,493 |
| Cash and cash equivalents at the beginning of the period | **2,087,992** | 1,239,270 |
| Effect of foreign exchange rate changes | **(418)** | 965 |
| Cash and cash equivalents at the end of the period | **2,325,348** | 3,636,728 |

**(a) Net cash generated from operating activities**

For the Reporting Period, the net cash generated from operating activities was approximately RMB1,946.28 million and was higher than our net cash generated from operating activities for the Last Period by approximately RMB984.43 million, primarily due to 1. a decrease of RMB585.08 million in inventories; and 2. a decrease of RMB538.11 million in operating receivables due to the enhanced effort in receivable collection.

**(b) Net cash used in investing activities**

For the Reporting Period, the net cash used in investing activities increased from approximately RMB2,192.75 million for the Last Period to approximately RMB5,602.10 million primarily due to 1. an addition of RMB1,181.06 million in property, plant and equipment; and 2. the placement of additional restricted bank deposits amounting to RMB4,094.81 million to secure various banking facilities.

**(c) Net cash generated from financing activities**

For the Reporting Period, the net cash generated from financing activities increased from approximately RMB3,627.40 million for the Last Period to approximately RMB3,893.60 million, primarily due to increased cash inflows of RMB4,843.93 million from new bank and other loans, which was partially offset by the interest payment of loans amounting to RMB632.29 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, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Bank loans, secured | **9,899,545** | 10,290,136 |
| Bank loans, unsecured | **10,814,081** | 9,846,666 |
| | **20,713,626** | 20,136,802 |
| Other loans, secured | **5,189,144** | 4,828,736 |
| Other loans, unsecured | **825,809** | 704,250 |
| | **6,014,953** | 5,532,986 |
| Discounted bills financing | **8,397,380** | 4,702,122 |
| Total | **35,125,959** | 30,371,910 |

The total borrowings increased by approximately RMB4.754 billion, or 15.65%, to approximately RMB35.126 billion as of June 30, 2025 from RMB30.372 billion as of December 31, 2024, primarily due to an increase in discounted bills financing.

### (b) Lease liabilities

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

| | **June 30, 2025** *RMB'000* | December 31, 2024 *RMB'000* |
|---|---|---|
| Lease liabilities | **2,860** | 3,574 |

## OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2025, 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 purposes.

## 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, 2025, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

## SHARE AWARD PLAN

The Company's share award plan was adopted pursuant to an ordinary resolution passed by the Shareholders on May 30, 2025 for the primary purposes of recognizing and rewarding the contribution of certain eligible participants to the growth and development of the Group and to give incentives to retain them for the continual operation and development of the Group, and attracting suitable personnel for further development of the Group.

Up to June 30, 2025, no shares were awarded to Directors, employees and eligible participants under the Share Award Plan.

## 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.

## FUTURE PLANS AND USE OF PROCEEDS

The Company placed 52,000,000 new shares at the placing price of HK$3.00 per share through a top-up share placement (the "**Top-up Placing**") in December 2024.

The net proceeds from the Top-up Placing were approximately HK$153.6 million. During the Current Period, the net proceeds had been applied according to the intended uses previously disclosed by the Company as follows:

| | **Proposed use of net proceeds** *(HK$ million)* | **Actual use of net proceeds during the Current Period** *(HK$ million)* | **Unused net proceeds as at June 30, 2025** *(HK$ million)* | **Estimated timetable** |
|---|---|---|---|---|
| Optimization of financial structure | 76.8 | – | – | – |
| General working capital | 76.8 | 12.8 | – | – |
| | 153.6 | 12.8 | – | |

The Top-up Placing can help the Company continue to seize the market opportunity to achieve a constant and stable improvement in the Group's results. In addition, the Top-up Placing will further enlarge the Shareholders' equity base, optimize the capital structure of the Company, strengthen the financial position and liquidity of the Group and provide support and flexibility for the development 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 on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), 50,928,000 shares of the Company at the total consideration of approximately HK$127,592,860. As at June 30, 2025, the Company held 160,664,000 treasury shares in total and intended to resell these treasury shares for cash on the Stock Exchange or use them for the Share Award Plan in the future.

Other than the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the Reporting Period.

## EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2025, we had 7,195 full-time employees (as at June 30, 2024: 7,581). Most of our senior management members and employees are based in Beijing and Hebei province.

The Group enters into a standard employment contract with each of the full-time employees. Remuneration for our employees includes basic wages, variable wages, bonuses and other benefits. For the six months ended June 30, 2025 and 2024, the staff costs were RMB615.55 million and RMB609.3 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 provision paragraph C.2.1 under Part 2 of the CG Code.

In accordance with provision 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. The Board currently comprises of six executive Directors (including Mr. Yang) and three independent non-executive Directors and therefore has a strong independence element in its composition.

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

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

Save as disclosed in the section of "Business Review" in this report, 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 report. As at June 30, 2025, the Board has not authorized any plan for other material investments or additions of capital assets.

## CONTINGENT LIABILITIES

As at June 30, 2025, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and associated companies were RMB5,896.4 million (as at December 31, 2024: RMB5,727.6 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, 2025.

## CLOSURE OF REGISTER OF MEMBERS

The record date for eligible Shareholders to receive the interim dividend is Friday, September 12, 2025. 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 10, 2025 to Friday, September 12, 2025, 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 9, 2025. The expected interim dividend payment date will be on or before Tuesday, September 30, 2025.

## 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, 2025 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, 2025 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 29, 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 purposes only*