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China Risun Group Limited

中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1907)

**VOLUNTARY ANNOUNCEMENT
EXPANSION OF COKE OPERATION MANAGEMENT SERVICES
INTO SHANXI PROVINCE, THE PRC**

This announcement is made by China Risun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Since 2019, the Group has been vigorously expanding its business through operation management services, merger and acquisition, establishment of joint ventures, and other means, leveraging its development experience from the production bases in Xingtai and Dingzhou of Hebei Province. As at the date of this announcement, the Group has production bases in eight different locations in the PRC, including Xingtai, Dingzhou, Cangzhou and Tangshan of Hebei Province, Hohhot of Inner Mongolia Province, Yuncheng and Dongming of Shandong Province, and Chaoyang of Liaoning Province.

The board of directors of the Company (the “**Board**”) is pleased to announce that on March 17, 2021, Risun Marketing Limited (“**Risun Marketing**”), a subsidiary of the Company, entered into a 5-year integrated sales and marketing agreement (the “**Agreement**”) with an independent third party (the “**Counterparty**”) engaging in the production of coke and chemical products in Shanxi Province, the PRC. Pursuant to the Agreement, the Counterparty shall be responsible for production of coke products, and Risun Marketing shall be responsible for purchasing relevant products from the Counterparty at an agreed price and selling the products to downstream customers. Risun Marketing receives sales service fees at a rate of RMB40/tonne from the Counterparty based on the sales volume. More importantly, the Agreement allows the Group to expand its coke operation management services into Shanxi Province, the PRC, currently the largest province in the PRC in terms of coke output.

As mentioned in the announcement of the Company dated August 6, 2019, the integrated sales and marketing cooperative project under the operation management services enabled the Group to generate stable cash flow from operating activities with low capital expenditures. The Group formulates a sales plan with different cooperating parties on a monthly basis. The cooperating parties carry out raw materials procurement and production in their production lines and facilities in accordance with the quantity and quality requirements in the sales plan, while the Group dispatches professional personnel of production, technology, examination and sales to station in and to assist the cooperating parties with production, and be responsible for sales.

The Board expects that the Group will continue to strengthen the capability of supply of coke, coking chemical and refined chemical products, maintain robust development, and constantly improve the standard of services for the iron and steel and chemical enterprises in the PRC and across the globe through business expansion strategies and models such as operation management services (including integrated sales and marketing), and merger and acquisition.

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

Hong Kong, March 18, 2021

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