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**CHINA TIANRUI GROUP CEMENT COMPANY LIMITED**

**中國天瑞集團水泥有限公司**

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

**(Stock Code: 1252)**

## **HIGH CONCENTRATION OF SHAREHOLDING**

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 24 January 2018.

This announcement is made by China Tianrui Group Cement Company Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company as at 24 January 2018.

## **HIGH CONCENTRATION OF SHAREHOLDING**

The Company noted that an announcement has been published by the Securities and Futures Commission (the “**SFC**”) on 8 February 2018 (the “**SFC Announcement**”)

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that as at 24 January 2018, a group of 17 shareholders held an aggregate of 641,566,580 Shares, representing 21.835% of the issued Shares. Such shareholding, together with an aggregate of 2,224,584,822 Shares (representing 75.710% of the issued Shares) held by 2 substantial shareholders of the Company, represented 97.545% of the issued Shares as at 24 January 2018. Therefore, only 72,130,245 Shares (representing 2.455% of the issued Shares) were held by other shareholders.

As set out in the SFC Announcement, the shareholding structure of the Company as at 24 January 2018 was as follows:

	<b>Number of Shares held</b> <i>(Shares)</i>	<b>% of total number of issued Shares</b> <i>(%)</i>
Yu Kuo Company Limited ( <i>Note 1 and Note 2</i> )	1,986,984,822	67.624
PA Investment Funds SPC — PA Greater China Industrial Opportunities Fund Segregated Portfolio	237,600,000	8.086
A group of 17 shareholders	641,566,580	21.835
Other shareholders	<u>72,130,245</u>	<u>2.455</u>
Total	<u><u>2,938,281,647</u></u>	<u><u>100.00</u></u>

*Note 1:* Yu Kuo Company Limited (“Yu Kuo”) is ultimately owned as to 70% by Mr. Li Liufa (“Li”; the Chairman and Non-Executive Director of the Company) and 30% by Ms. Li Fengluan (the Executive Director of the Company and the spouse of Li).

*Note 2:* As disclosed in the announcement of the Company dated 22 January 2018, Yu Kuo had pledged 47,247,000 Shares (1.61% of issued Shares) in favour of a lender as security for a term loan facility in an aggregate amount of US\$30,000,000 provided by the lender to the Company. As per the information from the Disclosure of Interests, as at 22 January 2018, Yu Kuo had a short position of 487,247,000 Shares (16.58% of issued Shares). On 30 January 2018, Yu Kuo increased its short position to 654,247,000 Shares (22.27% of issued Shares).

As stated in the SFC Announcement:

- (a) Share price of the Company has increased substantially by 110% from the closing price of HK\$2.43 on 25 August 2017 to close at HK\$5.10 on 3 January 2018. Since then, the closing price of the Shares closed in a narrow range between HK\$5.00 and HK\$5.20 during the period from 4 January 2018 to 7 February 2018.
- (b) The Company had made, *inter alia*, the following announcements between August 2017 and January 2018:
  - On 28 August 2017, the Company announced the interim results for the six months ended 30 June 2017, which reported an interim profit attributable to the owners of the Company of RMB489 million, representing an increase of 175% from RMB178 million in the previous financial year. The Company had issued a positive profit alert on 28 July 2017 before the announcement of the interim results.

- On 21 September 2017, the Company announced that Asia Cement Corporation and its associated companies had brought a derivative action in the Grand Court of the Cayman Islands on behalf of China Shanshui Cement Group Limited against fourteen defendants, including Li and Mr. Li Heping (Non-Executive Director of the Company), and Mr. Yu Chunliang, (joint company secretary of the Company). The allegations made under the derivative action were substantially similar to the High Court action previously announced on 8 June 2017. The Board considered that the derivative action does not affect the normal operation of the Company and its financial position.
- On 22 January 2018, the Company announced that Yu Kuo, the controlling shareholder of the Company, had pledged 47,247,000 Shares (representing 1.61% of issued Shares) in favour of a lender as security for a term loan facility in an aggregate amount of US\$30,000,000.
- On 23 January 2018, the Company issued a positive profit alert, reporting that the Group's profit attributable to the owners of the Company for the year ended 31 December 2017 is expected to increase significantly as compared with that for the year ended 31 December 2016, primarily attributable to the increase in the average selling prices of cement products.

(c) As at 7 February 2018, the Shares closed at HK\$5.04, representing an increase of 107% from the close of HK\$2.43 on 25 August 2017.

The information above is extracted from the SFC Announcement and the Company has not independently verified such information other than (i) the shareholding held by Yu Kuo Company Limited; and (ii) the information set out in paragraphs (a) to (c) above. Please refer to the SFC Announcement for more information.

As of the date of this announcement, the Company has not been informed of the identity of the group of 17 shareholders as mentioned in the SFC Announcement.

To the best knowledge of the board of the directors of the Company and the information above, the Company cannot ascertain if the Company's securities may or may not have a genuine market.

## **PUBLIC FLOAT**

Based on the information available and to the best knowledge of the Board after making all reasonable enquiries of its connected persons, the Company confirms that not less than 25% of the Company's issued Shares were/are in the hands of the public as at 24 January 2018 and as at the date of this announcement and the Company is able to comply with the public float requirement under the Rules Governing the Listing of Securities on the Stock Exchange. As at 24 January 2018 and as at the date of this announcement, Mr. Li Liufa and Ms. Li Fengluan indirectly held/hold 1,986,984,822 Shares, representing

approximately 67.624% of the issued Share capital of the Company while the other 32.376% of the issued Share capital of the Company were/are held by other public shareholders.

**Shareholders and the public are advised to exercise extreme caution when dealing in the Shares.**

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.**

By order of the Board  
**China Tianrui Group Cement Company Limited**  
**Li Liufa**  
*Chairman*

Ruzhou City, Henan Province, PRC, 8 February 2018

*As at the date of this announcement, the Board consists of Chairman and Non-executive Director, Mr. Li Liufa; Executive Directors, Mr. Xu Wuxue, Mr. Li Jiangming, Mr. Ding Jifeng and Ms. Li Fengluan; Non-executive Directors, Mr. Yang Yongzheng (Mr. Lv Xing as his alternate); and Independent Non-executive Directors, Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang.*