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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)

**TOP-UP PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**

Placing Agent

CNI Securities Group Limited



中国北方证券集团

CNI SECURITIES GROUP

THE AGREEMENT

On 24 December 2024 (after trading hours of the Stock Exchange), the Vendor and

the Company entered into the Agreement with the Placing Agent pursuant to which the Vendor has conditionally agreed to appoint the Placing Agent (to the exclusion of all others), and the Placing Agent has conditionally agreed to procure independent placees (or itself as principal) on a best effort basis to purchase up to 145,000,000 Placing Shares at the Placing Price of HK\$0.33 per Placing Share. Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Vendor, Subscription Shares equivalent to the number of Placing Shares at the Subscription Price (being the same as the Placing Price).

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares, the number of Placing Shares to be placed by the Placing Agent is up to 145,000,000 Shares, representing (i) approximately 4.94% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.70% of the issued share capital of the Company as enlarged by the Subscription.

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors to allot and issue Shares by resolution of the Shareholders passed at the annual general meeting of the Company held on 28 June 2024. Under such General Mandate, the Company is authorised to issue up to 587,656,329 Shares. As at the date of this announcement, the Company has not issued or proposed to issue any Shares pursuant to the General Mandate. The Subscription is not subject to Shareholders' approval.

The net proceeds from the Subscription are estimated to be approximately HK\$47.0 million, net of related costs, professional fees and out-of-pocket expenses. The net proceeds from the Subscription is intended to be applied as to (i) approximately HK\$42.2 million, equivalent to approximately 89.79% of the net proceeds from the Subscription, for repayment of a portion of the Group's debt; (ii) approximately HK\$4.8 million, equivalent to approximately 10.21% of the net proceeds from the Subscription, as general working capital of the Group.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the transactions contemplated under the Agreement is subject to such Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of the conditions precedent under the Agreement. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

THE AGREEMENT

Date: 24 December 2024 (after trading hours of the Stock Exchange)

Parties: (i) the Company;
(ii) the Vendor; and
(iii) the Placing Agent.

Pursuant to the Agreement and subject to its terms and conditions, (i) the Vendor has conditionally agreed to place, and the Placing Agent has conditionally agreed to procure independent placees (or itself as principal) on a best effort basis to purchase the Placing Shares; and (ii) the Vendor has also conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Vendor, Subscription Shares.

Details of the Placing and the Subscription are set out in further details below.

PLACING UNDER THE AGREEMENT

Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability. It is wholly owned by Carosse Limited which is in turn wholly owned by Tianrui (International) Holding Company Limited. Tianrui (International) Holding Company Limited is wholly owned by Tianrui Group Company Limited, which is in turn 70% owned by Mr. Li Liufa (a non-executive Director) and 30% owned by Ms. Li Fengluan (an executive Director and the spouse of Mr. Li Liufa), respectively.

As at the date of the Agreement, to the best of the Directors' knowledge and belief, the Vendor beneficially owns 1,708,333,822 Shares, representing approximately 58.14% of the existing issued share capital of the Company. Detail of the shareholding structure of the Company is included in the section "Effect of the Placing and the Subscription" below.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares, the number of Shares to be placed is up to 145,000,000 Shares, representing approximately 4.94% of the issued share capital of the Company as at the date of this announcement and approximately 4.70% of the Company's issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price of HK\$0.33 per Share represents:

- (i) a discount of approximately 4.35% to the closing price per Share of HK\$0.35 as quoted on the Stock Exchange on 24 December 2024, being the date of the Agreement;
- (ii) a discount of approximately 12.47% to the average closing price per Share of approximately HK\$0.38 as quoted on the Stock Exchange for the last five trading days immediately prior to and excluding the date of the Agreement.

The Placing Price of HK\$0.33 per Placing Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent with reference to the prevailing market price per Share and the market conditions. The Directors consider that the terms of Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares are fully paid up and rank pari passu in all respects with other issued Shares, and will be sold free from any all liens, charges and encumbrances or third party rights or claims, and together with all rights attaching to them as at the relevant transaction date.

Independence of placees and the Placing Agent

CNI Securities Group Limited is acting as the Placing Agent for the Placing. The Placing Shares will be placed by the Placing Agent to not less than six independent placees which are professional, institutional or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Agreement, who and whose respective ultimate beneficial owners are (to the best of the Directors' knowledge, information and belief having made all reasonable enquiry) (i) third parties independent of, and not connected with, the Company and its connected persons; and (ii) will not become substantial shareholders of the Company immediately after the completion of the Placing.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is independent of, and not connected with, the Company and its connected persons.

Pursuant to the terms of the Agreement, the Placing Agent will receive a placing commission of 1% of the amount which is equal to the Placing Price multiplied by the total number of the Placing Shares which are successfully placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

Completion of the Placing

Completion of the Placing shall take place on or before the fifth Business Day after the date of the Agreement, or such other date as the Vendor and the Placing Agent may agree in writing.

Conditions of the Placing

The Placing shall be subject to the following conditions:

- (a) before the completion of the Placing, there shall not have occurred:
- (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (ii) any suspension or limitation of trading (A) in any of the Company's securities by the Stock Exchange (save and except for any trading halt in relation to the Placing and the Subscription), or (B) generally on the Stock Exchange; or
 - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong

Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole and reasonable judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

(b) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate in all material respects and not misleading in any material respect as of the date of the Agreement and the date of completion of the Placing; and

(c) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the date of completion of the Placing.

The Company and the Vendor shall use their respective reasonable endeavours to procure the fulfilment of the foregoing conditions on or before the date of completion of the Placing. The Placing Agent in its sole and reasonable discretion may waive any conditions of the Placing, in whole or in part and with or without conditions, by notice to the Company and the Vendor.

SUBSCRIPTION UNDER THE AGREEMENT

Subscriber

The Vendor

Issuer

The Company

Number of Subscription Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares, the number of Shares to be subscribed by the Vendor is up to 145,000,000 Shares, representing approximately 4.94% of the issued share capital of the Company as at the date of this announcement and approximately 4.70% of the Company's issued share capital as enlarged by the Subscription. The number of Subscription Shares is equivalent to the number of the Placing Shares.

Subscription Price

The Subscription Price is equivalent to the Placing Price, which is HK\$0.33 per Subscription Share.

The aggregate par value of the Subscription Shares is HK\$1,450,000.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors to allot and issue Shares by resolution of the Shareholders passed at the annual general meeting of the Company held on 28 June 2024. Under such General Mandate, the Company is authorised to issue up to 587,656,329 Shares. As at the date of this announcement, the Company has not issued or proposed to issue any Shares pursuant to the General Mandate. The Subscription is not subject to Shareholders' approval.

Rights and Ranking of the Subscription Shares

The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the rights to all dividends and other distributions declared, made or paid at any time after the date of the allotment and issue.

Conditions of the Subscription

The Subscription by the Vendor of the Subscription Shares is conditional upon:

- (i) completion of the Placing having occurred pursuant to the terms of the Agreement; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on or before the fifth Business Day or such other date as the Vendor and the Placing Agent may agree in writing after the date upon which the last of the conditions of the Subscription to be satisfied shall have been so satisfied provided that it shall take place on a date no later than 14 days after the date of the Agreement (or such other date as may be agreed between the Vendor, the Company and the Placing Agent in writing and in compliance with the Listing Rules), failing which the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

If the Subscription is not completed within 14 days after the date of the Agreement, pursuant to Chapter 14A of the Listing Rules, it will constitute a non-exempt connected transaction of the Company and the Company has to comply with the requirements of the Listing Rules, including obtaining approval from the independent Shareholders. An appropriate announcement will be made by the Company in compliance with the Listing Rules, if required and necessary.

As the Placing and the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

To the best of the Directors' knowledge and belief, assuming that (i) all Placing Shares are fully placed and the Subscription Shares subscribed; (ii) there are no other changes in the share capital of the Company from the date of this announcement and up to completion of the Placing and Subscription and (iii) the placees do not and will not hold any Shares other than the Placing Shares, set out below is the shareholding structure of the Company (a) as at the date of this announcement; (b) immediately after completion of the Placing but before completion of the Subscription; and (c) immediately after completion of the Placing and the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>Approx.%</i>	<i>Shares</i>	<i>Approx.%</i>	<i>Shares</i>	<i>Approx.%</i>
The Vendor ⁽¹⁾	1,708,333,822	58.14	1,563,333,822	53.21	1,708,333,822	55.41
The placees	-	-	145,000,000	4.94	145,000,000	4.70
Other Shareholders	1,229,947,825	41.86	1,229,947,825	41.86	1,229,947,825	39.89
Total	2,938,281,647	100	2,938,281,647	100	3,083,281,647	100

Notes:

- (1) The Vendor is wholly owned by Carosse Limited which is in turn wholly owned by Tianrui (International) Holding Company Limited, whereas Tianrui (International) Holding Company Limited is wholly owned by Tianrui Group Company Limited. Tianrui Group Company Limited is 70% and 30% owned by Mr. Li Liufa and Ms. Li Fengluan, the spouse of Mr. Li Liufa respectively. Mr. Li Liufa, Ms. Li Fengluan, Tianrui Group Company Limited, Tianrui (International) Holding Company Limited, and Carosse Limited are respectively deemed to be interested in the shares held by the Vendor.
- (2) Any differences between totals and sums of components in figures contained in the above table are due to rounding.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares, the Directors confirm that, immediately after completion of the Placing and the Subscription, the public float of the Company will be no less than 25% of the Company's issued share capital as enlarged by the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in manufacture and sale of cement, clinker and limestone aggregate. The Group's operations are substantially conducted through its subsidiaries in the PRC.

Taking into account the current financial position of the Group, the Directors consider that the Subscription represents an opportunity to raise additional funds to strengthen the Group's financial position.

The Company estimates that the net proceeds of the Subscription will amount to approximately HK\$47.0 million, net of related costs, professional fees and out-of-pocket expenses. The net proceeds from the Subscription is intended to be applied as to (i) approximately HK\$42.2 million, equivalent to approximately 89.79% of the net proceeds from the Subscription, for repayment of a portion of the Group's debt; (ii) approximately HK\$4.8 million, equivalent to approximately 10.21% of the net proceeds from the Subscription, as general working capital of the Group which shall be applied on, among other things, staff cost, professional fees, and other operation expenses of the Group.

In view of the above, the Directors consider that the terms of the Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the date of this announcement.

Completion of the transactions contemplated under the Agreement is subject to such Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of the conditions precedent under the Agreement. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the placing and subscription agreement dated 24 December 2024 and entered into between the Company, the Vendor and the Placing Agent
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Tianrui Group Cement Company Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1252)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EEA”	the European Economic Area, which includes EU countries and also Iceland, Liechtenstein and Norway
“EU”	European Union
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 July 2024, pursuant to which, the Board has been authorised to allot, issue and deal up to 587,656,329 new Shares, being 20% of the then issued share capital of the Company as at the date of passing such resolution
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Agreement
“Placing Agent”	CNI Securities Group Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO.
“Placing Price”	HK\$0.33 per Placing Share
“Placing Share(s)”	Up to 145,000,000 Shares to be placed by the Vendor pursuant to the Agreement
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	an amount equal to the Placing Price

“Subscription Shares”	Up to 145,000,000 new Shares to be issued by the Company and subscribed by the Vendor under the Agreement
“substantial shareholder	has the meaning ascribed to it under the Listing Rules
“Vendor”	Yu Kuo Company Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially interested in 1,708,333,822 Shares representing approximately 58.14% of the issued share capital of the Company as at the date of the Agreement
“%”	per cent.

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

Hong Kong, 24 December 2024

As at the date of this announcement, the Board consists of Chairman and Executive Director, Mr. Li Xuanyu; Executive Directors, Ms. Li Fengluan, Mr. Ding Jifeng, Mr. Xu Wuxue and Mr. Li Jiangming; Non-executive Director, Mr. Li Liufa; and Independent Non-executive Directors, Mr. Kong Xiangzhong, Mr. Mak Tin Sang, Mr. Du Xiaotang and Mr. Li Wenfeng.