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)

RESIGNATION OF AUDITOR AND CONTINUED SUSPENSION OF TRADING

This announcement is made by China Tianrui Group Cement Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.51(4) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reference is made to the announcements of the Company dated 30 March 2026, 23 June 2026 and 10 August 2026 in relation to the delay in publication of annual results for the year ended 31 December 2025, resumption guidance, quarterly update on progress of resumption and suspension of trading in the shares of the Company on the Stock Exchange (the "**Announcements**"). Capitalized terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise stated.

RESIGNATION OF AUDITOR

The Board hereby announces that Zhonghui Anda CPA Limited ("**Zhonghui Anda**") has tendered its resignation as the auditor of the Company with effect from 18 August 2026 after careful consideration of the recommendation from the Audit Committee (the "**Resignation**").

In making the recommendation to Zhonghui Anda, the Audit Committee and the Board have considered the following:

(i) *Audit Completion Timeline* – Zhonghui Anda did not provide estimated timetable for audit field work, major stage of audit work, completion time of each major stage and target signoff date of audit report. The Audit Committee is therefore unable to assess whether the audit can be completed within the regulatory timeframe;

(ii) *On Site Audit Arrangements* – Zhonghui Anda did not provide its proposed team size, responsible personnel, estimated number of working days, principal subsidiaries involved, workplans under different scenarios of the Independent Investigation. The Audit Committee considers Zhonghui Anda does not demonstrate basis to immediately implement its audit work and may have risk of causing further delay to the audit schedule;

(iii) *Scope of Additional Audit Procedures* – Zhonghui Anda did not provide any preliminary framework for its potential additional audit work such as scope of work, key audit matters, estimated work procedures model, financial statements items involved and estimated time required. The Audit Committee considers that such uncertainty shall have direct impact on the overall audit time schedule, resources and fee level, and further reduce the foreseeability of the completion time of the audit work for the 2025 Annual Results; and

(iv) *Fee Arrangements for Additional Work* – Zhonghui Anda did not provide any fee quotation, estimates of fee range, basis of fee calculation, fee limit or fee proposal under different scenarios. The Audit Committee is unable to assess whether the fee is reasonable, whether it is commensurate with the service required, and is unable to approve engagement of additional audit work and budget.

In light of the above uncertainties, the Board and the Audit Committee are of the view that the appointment of another auditor with appropriate resources, experience who is able to provide concrete work schedule to carry out the audit work would be in the best interests of the Company and the Shareholders, and therefore recommended Zhonghui Anda to consider resigning as the auditor of the Company.

Zhonghui Anda concluded that it is in the mutual interests of both parties to accept the Audit Committee's recommendation and therefore has tendered its resignation as the auditor of the Company effective from 18 August 2026. The following is extracted from the resignation letter of Zhonghui Anda:

"*We were appointed as the Company's auditors for the year ended 31 December 2025 at the Company's last annual general meeting held on 3 September 2025 (the "**Appointment**"). During the course of our audit of the consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025, we have encountered certain outstanding matters which we have previously communicated to the management and the Audit Committee of the Company (the "**Audit Committee**"), and which have prevented us from completing our audit procedures.*

These matters are summarised as follows:

1. *Significant prepayments – As noted in our 2024 audit report, we issued a qualified opinion regarding the recoverability of significant prepayments. During 2025, the overall prepayment balance has not been reduced in line with the repayment schedule provided by management in the 2024 audit process. In particular, one trading company recorded substantial cash inflows and outflows during the year, with a net cash outflow, despite the Company's going concern uncertainties. Management's explanation has mainly focused on business development needs, but has not yet provided sufficient justification for why such significant fund outflows in the form of prepayments were made under the current circumstances.*

2. *Going concern assessment – Based on the management accounts, the Group's overdue loans (including bank and other borrowings) have increased to approximately RMB3.4 billion as at 31 December 2025, while bank balances stand at only about RMB0.7 billion and unused banking facilities at approximately RMB1.75 billion. We understand from the management that the Group is in the process of negotiating extensions with relevant lenders, but no definitive outcomes have been reached. No clear short-term financing arrangements or asset realisation plans have been provided to address liquidity concerns. The going concern assumption therefore remains subject to significant uncertainty.*

3. *Impairment, guarantees, litigation and related party transactions – We are still in the process of obtaining sufficient appropriate audit evidence regarding management's impairment assessment models (covering property, plant and equipment, right-of-use assets, mining rights, interests in and amounts due from associates, goodwill, trade and other receivables), provisions for guarantee obligations, litigation developments, and the completeness of the related party transaction listing. These matters remain pending and subject to further verification.*

As a result of the above Point 1, the Company initiated an independent investigation. Pending the completion and findings of that investigation, we have been unable to proceed with our audit procedures. While an indicative timeline of around July 2026 was previously provided by the investigator, the actual completion date remains uncertain and subject to various factors, including the complexity of the matters under review and the cooperation of relevant parties. Thereafter, we would require no less than 6 to 8 weeks to complete all remaining audit procedures and internal quality reviews, assuming the Company provides all requested supporting documents in full and on a timely basis.

On 31 July 2026, the Audit Committee formally communicated its views and suggested that we consider resigning as auditor. The decision from the Audit Committee made us not able to, though we had fully intended to, fulfil our obligation to report to the shareholders of the Company, pursuant to the Appointment. The Audit Committee's perspective, which we respectfully acknowledge, is based on the following considerations:

1. Audit completion timeline – The Audit Committee has noted that, while we have indicated our best efforts to complete the audit following the conclusion of the independent investigation, we have not been in a position to provide a definitive completion date or a detailed phased timetable. The Audit Committee is concerned that this lack of certainty may affect the Company's ability to meet its regulatory and listing obligations in a timely manner.

2. Onsite audit arrangements – Although we have expressed our intention to commence onsite fieldwork promptly upon receipt of the investigation report, the Audit Committee has observed that certain operational details, such as team composition, resource allocation and specific subsidiary coverage, remain to be finalised and will depend on the investigation findings and the completeness of available documentation.

3. Scope of additional audit procedures – The Audit Committee appreciates that the nature and extent of any additional audit work will necessarily depend on the investigation outcomes. However, the Audit Committee has indicated that a clearer preliminary framework would have been helpful for its planning and assessment purposes.

4. Fee arrangements for additional work – We have advised that a detailed fee quotation will be provided after reviewing the investigation report and the internal control assessment. The Audit Committee has expressed that, in the meantime, the absence of a fee estimate or range makes it difficult for the Company to budget and plan for the additional audit costs.

<u>Our Position</u>

We have carefully considered the Audit Committee's views and respect its assessment of the Company's regulatory and reporting obligations, and we acknowledge the practical concerns it has raised regarding audit timing, scope and fee planning. While we remain prepared to dedicate the necessary resources to complete the 2025 audit, we recognise that the resolution of the outstanding matters lies substantially with the Company, including the provision of a satisfactory explanation for the prepayment movements, progress on loan extensions and liquidity planning, and the timely availability of complete supporting documentation. These uncertainties may not align with the Company's expectations for a clearly defined audit timeline.

Having weighed these factors, we have concluded that it is in the mutual interests of both parties to accept the Audit Committee's recommendation. We therefore tender our resignation as auditor, effective from the date of this letter."

Zhonghui Anda has confirmed in writing that, save for the matters and reasons disclosed above, there are no circumstances connected with the Resignation that should be brought to the attention of the Shareholders or creditors of the Company. The Board and the Audit Committee have also confirmed that, save as disclosed above, there are no disagreements between the Company and Zhonghui Anda and there are no other matters in relation to the Resignation that need to be brought to the attention of the Shareholders.

According to Rule 13.88 of the Listing Rules, relevant guidance and requirement of the Stock Exchange and Articles of Association of the Company, the Resignation may constitute removal of auditor by the Company subject to approval of the Shareholders. Accordingly, the Company shall propose an ordinary resolution to consider and, if thought fit, approve the Resignation at extraordinary general meeting to be held as soon as practicable (the "**EGM**").

The Company is in the process of identifying suitable candidate for the proposed appointment of auditor. Further announcement(s) will be made as and when appropriate in this regard.

A circular containing, among others, further information on the Resignation and proposed appointment of auditor together with the notice of EGM shall be despatched as soon as practicable.

The Board would like to take this opportunity to express its sincere gratitude and appreciation to Zhonghui Anda for its professional services rendered to the Group.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:07 a.m. on 23 March 2026 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 18 August 2026

As at the date of this announcement, the Board consists of executive Directors, Ms. Li Fengluan, Mr. Ding Jifeng, Mr. Li Jiangming and Mr. Li Tao; Chairman and non-executive Director, Mr. Li Liufa; and Independent non-executive Directors, Mr. Kong Xiangzhong, Mr. Mak Tin Sang and Mr. Zhang Yu.