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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

SUMMARY/FINANCIAL HIGHLIGHTS

	2011	2010	Increase
Revenue (RMB million)	8,263.4	6,129.4	34.8%
Profit attributable to owners of the Company (RMB million)	1,274.5	396.8	221.2%
Basic earnings per share	RMB0.63	RMB0.2	
Diluted earnings per share	RMB0.63	RMB0.2	
Proposed final dividend per share	—	—	

	As at 31/12/2011	As at 31/12/2010	Increase/ (decrease)
Total assets (RMB million)	17,237.8	13,682.2	26.0%
Equity attributable to owners of the Company (RMB million)	5,516.0	3,536.1	56.0%
Net borrowing (RMB million) (note 1)	4,949.7	4,531.1	9.2%
Net gearing ratio (note 2)	89.7%	128.1%	(3,840 basis points)
Net assets per share - book (note 3)	RMB2.30	RMB1.77	29.8%

Notes:

1. Net borrowings equal to total indebtedness less cash and bank balances and restricted bank balances.

2. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

3. Net assets per share-book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the year.

The Board of Directors (the "**Board**") of China Tianrui Group Cement Company Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2011.

BUSINESS REVIEW

In 2011, the growth of global economy has slowed down, but the economy in China continued to show a steady growth, with a GDP growth of 9.2% in 2011. Although the real estate sector has recorded a negative growth, causing complications in the cement industry, the PRC government has implemented the development policies of comprehensively raising the entry barrier of the cement industry according to the principles of controlling total output, adjusting structure and energy saving with emission reduction. The market share that was released by eliminating outdated cement enterprises provided good development opportunities for large-scale environmental friendly cement corporations.

In 2011, since the Group has actively grasped the development trend of the industry, bringing into full play of the regional competition strength, consistently implemented the guideline of "by focusing in profits and management and performing three items of work well to realize a leapfrog development" and seized every opportunity in the market, there is a significant increase in the results of operation of the Group during the reporting period as compared with the same period in the preceding year. The revenue and net profit attributable to owners of the Company in 2011 are RMB8,263.4 million and 1,274.5 million, representing an year-on-year increase of 34.8% and 221.2%, respectively, compared to the year 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**For the year ended 31 December** **2011**	**2010**
		RMB'000	*RMB'000*
Revenue	4, 5	8,263,395	6,129,438
Cost of sales		(5,830,467)	(5,080,258)
Gross profit		2,432,928	1,049,180
Other income	6	293,817	188,454
Selling and distribution expenses		(260,783)	(225,473)
Administrative expenses		(296,832)	(174,604)
Other expenses		(7,308)	(7,587)
Finance costs		(475,269)	(303,266)
Profit before tax		1,686,553	526,704
Income tax expense	7	(413,365)	(128,917)
Profit and total comprehensive income for the year	8	1,273,188	397,787
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,274,538	396,833
Non-controlling interest		(1,350)	954
		1,273,188	397,787
Earnings per share			
Basic	9	0.63	0.20
Diluted	9	0.63	0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
	Notes	**2011**	**2010**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		10,034,915	8,666,714
Deposits paid		230,563	473,472
Prepaid lease payments		602,491	499,927
Mining rights		222,533	228,500
Goodwill		12,275	12,275
Interest in an associate		—	—
Available-for-sale investments		—	4,000
Amounts due from related parties		—	28,070
Deferred tax assets		15,285	8,528
		11,118,062	9,921,486
CURRENT ASSETS			
Inventories		1,203,151	800,861
Trade and other receivables	10	2,454,932	1,179,917
Available-for-sale investments		4,000	—
Amounts due from related parties		572	12,618
Investments held for trading		250,000	—
Restricted bank balances		1,974,648	1,423,888
Cash and bank balances		232,480	343,396
		6,119,783	3,760,680
CURRENT LIABILITIES			
Trade and other payables	11	4,201,433	3,577,309
Amounts due to related parties		639	10,325
Income tax payable		110,629	83,886
Short term debenture		500,000	500,000
Borrowings - due within one year		4,946,852	3,777,373
		9,759,553	7,948,893
NET CURRENT LIABILITIES		(3,639,770)	(4,188,213)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,478,292	5,733,273

	Notes	At 31 December 2011 RMB'000	2010 RMB'000
CAPITAL AND RESERVES			
Issued capital/paid-in capital		19,505	1,397,135
Reserves		3,191,882	980,924
Retained earnings		2,304,573	1,158,053
Equity attributable to owners of the Company		5,515,960	3,536,112
Non-controlling interest		38,650	—
TOTAL EQUITY		5,554,610	3,536,112
NON-CURRENT LIABILITIES			
Borrowings - due after one year		1,410,010	2,021,000
Mid-term debenture		300,000	—
Other payables		30,237	34,237
Deferred tax liabilities		24,222	23,623
Deferred income		149,804	111,726
Provision for environmental restoration		9,409	6,575
		1,923,682	2,197,161
		7,478,292	5,733,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan 467500, the PRC.

The Company is an investment holding Company. The principal activity of its subsidiaries are manufacture and sale of cement and clinker.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIATED FINANCIAL STATMENTS

(1) **Corporate Reorganization**

Prior to the reorganization, Tianrui Group Company Limited (the "Tianrui Group") (天瑞集團有限公司) (ultimately controlled by Mr. Li Liufa (李留法) and Mr. Li Xuanyu (李玄煜)), Titan Cement Limited ("Titan Cement"), International Finance Corporation ("IFC"), JPMorgan PCA Holdings (Mauritius) I Limited ("JPMG PCA") and Wan Qi Company Limited ("Wan Qi") each owned equity interest of Tianrui Cement of 47.5%, 20%, 3.6%, 10.03% and 18.87%, respectively.

In preparing the listing of the Company's shares on the Main Board of the Stock Exchange, the following steps have been carried out:

(a) On 7 April 2010, Yu Kuo and Zhong Yuan Cement were incorporated in the BVI. Yu Kuo subscribed for one share in Zhong Yuan Cement at par. The ultimate shareholders of Yu Kuo are Mr. Li Liufa (李留法) and Mr. Li Xuanyu (李玄煜). On 16 April 2010, Tianrui (HK) was incorporated in Hong Kong. Tianrui (HK) alloted and issued one share to initial subscriber who then transferred the same to Zhong Yuan Cement at par value on the same date. Zhong Yuan Cement became the (i) wholly owned subsidiary of Yu Kuo and (ii) immediate holding company of Tianrui (HK).

On 7 February 2011, the Company was incorporated in the Cayman Islands with one registered share at par value of HK$0.01 and fully paid by Yu Kuo. Pursuant to the equity transfer agreement dated 21 February 2011, the Company issued 473 shares to Yu Kuo in exchange for the 100% equity interest of Zhong Yuan Cement. Yu Kuo became the immediate holding company of the Company and the Company became the immediate holding company of Zhong Yuan Cement.

(b) On 22 March 2011, Tianrui Group entered into an equity transfer agreement with Tianrui (HK), pursuant to which, Tianrui Group transferred 47.5% equity interest in Tianrui Cement to Tianrui (HK) at a consideration of approximately USD87,433,333.

(c) On 22 March and 2 April 2011, the Company, Yu Kuo, Titan Cement, IFC, JPMG PCA and Wan Qi entered into various equity transfer agreements and a subscription agreement, pursuant to which, the Company agreed to allot and issue (i) 474,526 shares to Yu Kuo at a consideration of USD87,433,333; (ii) 200,000 shares to Titan Cement, 36,000 shares to IFC, 100,300 shares to JPMG PCA and 188,700 shares to Wan Qi , credited as fully paid to exchange their respective equity interests in Tianrui Cement.

(d) On 8 April 2011, Titan Cement transferred 200,000 shares to its sole shareholder, Titan Investments S.à r.l. ("Titan Investments (Luxembourg"). On the same date, Titan Investments (Luxembourg) transferred the aforesaid 200,000 shares to its sole shareholder, Titan Investments Limited ("Titan Investments (Cayman)"). Upon completion of these transfers, all of the shares previously held by Titan Cement were directly held by Titan Investment (Cayman) and there is no change of ultimate beneficial interest of these shares.

Upon completion of the above steps on 8 April 2011, the Company became the ultimate holding company of Tianrui Cement. Yu Kuo (ultimately controlled by Mr. Li Liufa (李留法) and Mr. Li Xuanyu (李玄煜), Titan Investment (Cayman) (holding company of Titan Cement), IFC, JPMG PCA and Wan Qi each owned 47.5%, 20%, 3.6%, 10.03% and 18.87% equity interests in the Company respectively which mirrors their respective percentage of equity interest in Tianrui Cement before the Corporate Reorganization. Accordingly, the Group resulting from the Corporate Reorganization is regarded as a continuation of Tianrui Cement.

According to the relevant significant accounting policies, the consolidated financial statements of the Group have been prepared as if the Company had always been the holding company of the Group. The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the reporting periods have been prepared as if the current group structure had been in existence throughout the reporting periods, or since the respective dates of incorporation of the relevant entities now comprising the Group where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2011 and 2010 have been prepared to present the assets and liabilities of the entities now comprising the Group which were in existence at those dates.

(2) **Going Concern Basis**

As at 31 December 2011, the Group's current liabilities exceeded its current assets by RMB3,639,770,000. The Group's current liabilities mainly included trade and other payables and borrowings.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming twelve months taking into consideration of various measures to improve its financial position which include, but are not limited to, the following:

(i) banking facilities of RMB2,570,000,000 in aggregate are available which are obtained before 31 December 2011, which comprised of:

  (a) a banking facility of RMB1,180,000,000 from the Bank of China which is available until 31 December 2012;

  (b) a banking facility of RMB1,390,000,000 from the Agricultural Bank of China which is available until 22 June 2013;

(ii) In October 2010, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue short term debentures in an aggregate amount of RMB1,000,000,000. The Group has repaid the first tranche debentures of RMB500,000,000 in November 2011 which has been re-issued in January 2012. The Group further issued the second tranche debentures of RMB500,000,000 in March 2011, which is repayable in March 2012 and will be re-issued in April 2012.

  The directors of the Company is of the view that the Group is able to identify investors and issue new debentures shortly after the settlement of the existing short term debentures on the respective maturity dates.

(iii) In November 2011, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue mid-term debentures in an aggregate amount of RMB500,000,000, of which RMB300,000,000 was issued on 6 December 2011 for a term of three years, carrying an interest rate of 8.4% per annum. The second tranche of mid-term debenture amount to RMB200,000,000 will be issued in April 2012.

Taking into account of the aforesaid presently available banking facilities, debentures and internally generated funds of the Group, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future and therefore the consolidated financial statements are prepared on a going concern basis.

3. **APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In the current year, the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board has been effective.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

At the date of this report, the following new and revised standards and amendments have been issued which are not yet effective:

IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[2]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

Under IFRS 9, all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The management anticipated that IFRS 9 will be adopted in the Group's consolidated financial statements for the year ending 31 December 2013 and that the application of the new standard is not expected to have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2011.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the other new or revised standards and amendments will have no material impact on the consolidated financial statements.

4. **REVENUE**

Revenue represents the amount received and receivable for goods sold to external customers, net of sales tax.

An analysis of the Group's revenue for the year is as below:

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Sales of cement	6,530,507	4,992,139
Sales of clinker	1,732,888	1,137,299
	8,263,395	6,129,438

5. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by the chief executive officer in order to allocate resources to the operating segments and to assess their performance.

The Group's chief executive officer reviews the operating results and financial information of each manufacturing plant for the purposes of resource allocation and performance assessment. Hence, each manufacturing plant is an operating segment. The nature of products, production process of each manufactory plant is the same and they are operated under similar regulatory environment and applied similar distribution methods. However, customers in different regions are of different economic characteristics. Therefore, the Group has aggregated the operating segments and presented the following two reportable segments based on the regions in which the Group operates: Central China and Northeast China.

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue Year ended 31 December		**Segment profit Year ended 31 December**	
	2011	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Central China	5,579,384	4,403,309	1,147,820	435,933
Northeastern China	2,684,011	1,726,129	571,344	114,211
Total	8,263,395	6,129,438	1,719,164	550,144
Unallocated corporate administrative expenses			(32,611)	(23,440)
Profit before taxation			1,686,553	526,704

The accounting policies of the reportable segments are the same as the Group's accounting polices. Segment profit represents the profit before taxation without allocation unallocated corporate administrative expense including directors' emoluments.

Segment revenues are derived from sales to external customers. There are no inter-segment sales.

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

	At 31 December 2011 *RMB'000*	2010 *RMB'000*
SEGMENT ASSETS		
Central China	9,868,981	8,321,595
Northeast China	4,839,078	3,580,759
Total segment assets	14,708,059	11,902,354
Available-for-sale investments	4,000	4,000
Investments held for trading	250,000	—
Deferred tax assets	15,285	8,528
Trade and other receivables	53,373	—
Restricted bank balances	1,974,648	1,423,888
Cash and bank balances	232,480	343,396
Total assets	17,237,845	13,682,166
SEGMENT LIABILITIES		
Central China	7,114,457	6,710,804
Northeast China	4,415,695	3,327,741
Total segment liabilities	11,530,152	10,038,545
Deferred tax liabilities	24,222	23,623
Income tax payable	110,629	83,886
Trade and other payables	18,232	—
Total liabilities	11,683,235	10,146,054

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale investments, investments held for trading, deferred tax assets, cash and bank balances, restricted bank balances; and

- all liabilities are allocated to reportable segments other than deferred tax liabilities and income tax payable.

Other segment information

Amounts included in the measure of segment profit and segment assets:

For the year ended 31 December 2011

	Central China	Northeast China	Total
	RMB'000	*RMB'000*	*RMB'000*
Additions to property, plant & equipment	739,216	1,143,685	1,882,901
Additions to prepaid lease payments	46,753	70,117	116,870
Additions to mining rights	4,747	—	4,747
Finance costs	281,898	193,371	475,269
Provision for environmental restoration	2,062	772	2,834
Impairment of property, plant and equipment	2,561	—	2,561
Depreciation and amortisation	374,174	146,099	520,273
Allowances for bad and doubtful debts	3,090	(1,020)	2,070
Gain (loss) on disposal of property, plant and equipment	683	(1,814)	(1,131)
Value Added Tax refund	(125,248)	(39,176)	(164,424)
Foreign exchange gain, net	(10,790)	(312)	(11,102)
Incentive subsidies	(29,983)	(14,978)	(44,961)
Interest on bank deposits	(14,127)	(7,450)	(21,577)

For the year ended 31 December 2010

	Central China	Northeast China	Total
	RMB'000	*RMB'000*	*RMB'000*
Additions to property, plant & equipment	1,146,812	604,838	1,751,650
Additions to prepaid lease payments	24,564	—	24,564
Additions to mining rights	18,445	—	18,445
Finance costs	208,176	95,090	303,266
Provision for environmental restoration	1,666	544	2,210
Depreciation and amortisation	313,049	109,540	422,589
(Reversal) allowances for bad and doubtful debts	(379)	4,827	4,448
Gain (loss) on disposal of property, plant and equipment	1,148	286	1,434
Value Added Tax refund	(96,279)	(18,184)	(114,463)
Foreign exchange gain, net	(7,417)	(1,426)	(8,843)
Incentive subsidies	(16,298)	(17,479)	(33,777)
Interest on bank deposits	(6,335)	(2,756)	(9,091)

Revenue from major products has been disclosed in Note 4. All of the Group's operations, as well as all external customers and its non-current assets, are located in the PRC.

No revenue from a single customer or a group of customers under common control contributing over 10% of the total revenue of the Group for the year ended 31 December 2011.

6. OTHER INCOME

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Value Added Tax refund	164,424	114,463
Incentive subsidies (Note)	44,961	33,777
Foreign exchange gain, net	11,102	8,843
Interest on bank deposits	21,577	9,091
Rental income	2,486	2,404
Release of deferred income	5,161	2,917
Gain on sales of scrap	35,936	9,789
Gain on disposal of property, plant and equipment	—	1,434
Others	8,170	5,736
	293,817	188,454

Note: Amounts mainly represent subsidies granted by certain local governments for encouraging domestic business development.

7. INCOME TAX EXPENSES

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
- current year	418,002	127,757
- under-provision in prior years	1,521	1,834
	419,523	129,591
Deferred tax	(6,158)	(674)
	413,365	128,917

No provision for Hong Kong taxation has been made during the year as the Group's income neither arisen nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "PRC EIT Law") and Implementation Regulation of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to Ping Guo Shui Han 2007 No. 59 issued by the State Administration of Taxation at Pingdingshan, Henan province, the PRC, Tianrui Cement was entitled to an exemption from EIT in year 2007 and 2008, followed by a 50% relief for year 2009 to 2011.

The income tax expenses for the year can be reconciled to profit before taxation per consolidated statements of comprehensive income as follows:

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Profit before taxation	1,686,553	526,704
Tax at the applicable rate of 25%	421,638	131,676
Tax effect of expenses that are not deductible	7,083	4,150
Tax effect of concessionary rate	(5,076)	478
Effect of tax incentives (Note)	(9,782)	(6,871)
Tax effect of tax losses not recognized	2,795	1,623
Utilisation of tax losses previously not recognized	(3,865)	(3,219)
Under-provision in prior years	1,521	1,834
Others	(949)	(754)
Tax charge for the year	413,365	128,917

Note: According to Caishui (2008) No.48 and Caishui (2008) No.115 issued by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, the Group obtained incentives of additional deduction of RMB39,128,000 from local tax authorities for the year ended 31 December 2011(2010: RMB27,484,000) for purchase of environmental protection equipments.

8. **PROFIT FOR THE YEAR**

Profit for the year has been arrived at after charging (crediting):

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	498,387	400,523
Amortisation of prepaid lease payments	11,172	9,948
Cost of inventories recognized as an expense	10,714	12,118
Total depreciation and amortisation	520,273	422,589
Cost of inventories recognized as an expense	5,830,467	5,080,258
Staff costs excluding directors' emoluments	220,006	147,567
Allowances for bad and doubtful debts, included in other expenses	2,070	4,448
Impairment of property, plant and equipment	2,561	—
Auditor's remuneration	2,530	2,250
Loss (gain) on disposal of property, plant and equipment	1,131	(1,434)
Listing expense	34,545	—

9. **EARNINGS PER SHARE**

The calculation of the basic earnings per share attributable to owners of the Company for the each of reporting period is based on the following data:

	For the year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company (in thousands)	1,274,538	396,833
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share (in thousands)	2,009,885	2,000,000
Effect of dilutive potential ordinary shares:		
Over-allotment options	296	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,010,181	2,000,000

The calculation of the basic earnings per share is based on the consolidated profit of the Group attributable to owners of the Company for the years ended 31 December 2010 and 2011 and assuming 2,000,000,000 shares and 2,009,885,000 shares of the Company were in issue during the year ended 3J December 2010 and 2011 respectively after taking into account the reorganization and capitalization issue.

10. **TRADE AND OTHER RECEIVABLES**

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Trade receivables	236,859	223,396
Less: allowances for bad and doubtful debts	33,301	31,231
	203,558	192,165
Bills receivables	1,159,789	498,686
Advance to suppliers	866,217	255,974
Value Added Tax refund receivables	18,849	37,014
Prepayment for various tax	74,063	129,024
Prepaid lease payments	12,801	10,837
Other receivables	119,655	56,217
	2,454,932	1,179,917

Bills receivables amounted to RMB430,649,000 as at 31 December 2011(31 December 2010: RMB218,500,000) were discounted to banks to obtain borrowings.

Generally, the Group did not make credit sales to customers, except for sales made to major construction contractors and strategic customers with an average credit period of 180 days.

The aged analysis of the Group's trade receivables and bills receivables (net of allowances) from the goods delivery date at the end of each reporting period is as follows:

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Within 90 days	625,983	376,856
91-180 days	687,188	293,089
181-360 days	19,915	17,463
Over 1 year	30,261	3,443
Total	1,363,347	690,851

Before accepting any new credit customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit period attributed to customers are reviewed on a customer by customer basis. Over 90% of trade receivable and bills receivable that are neither past due nor impaired are regarded as customers with good credit quality under the internal assessment process used by the Group.

Included in the Group's trade receivable are debtors with aggregate carrying amount of RMB50,176,000 which are past due as at 31 December 2011 (31 December 2010: RMB20,906,000) for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. No allowance has been provided for those balances as the Group considers that there is no significant change in the credit quality of those customers from the date credit was initially granted up to the end of the reporting period.

The aged analysis of the Group's trade receivables which are past due but not impaired as at the end of each reporting period is as follows:

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
181-360 days	19,915	17,463
Over 1 year	30,261	3,443
Total	50,176	20,906

Movement in the allowance for bad and doubtful debts

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Balance at beginning of the year	31,231	26,783
Provided for the year	2,070	4,448
Balance at the end of the year	33,301	31,231

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of RMB33,301,000 (31 December 2010: RMB31,231,000) which was considered as uncollectable. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Trade payables	2,319,152	1,247,388
Bills payables	1,014,943	1,653,368
Construction cost and retention payable	360,842	335,822
Advances from customers	228,716	97,162
Other tax payables	65,986	76,516
Other payables - current	8,600	10,999
Payables for mining rights	15,538	22,042
Other payables and accrued expenses	187,656	134,012
	4,201,433	3,577,309

The average credit period on purchases of goods is 90 days.

The aged analysis of the Group's trade and bills payable from the goods receipt date as at the end of each reporting period is as follows:

	As at 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Within 1-90 days	3,094,337	1,826,991
91-180 days	198,251	983,696
181-365 days	15,964	69,052
Over 1 year	25,543	21,017
Total	3,334,095	2,900,756

FINANCIAL REVIEW

Detailed discussion and analysis of our Group's performance during the financial year and the material factors underlying its results and financial position are set out as follows.

Revenue

Our revenue was approximately RMB8,263.4 million in 2011, representing an increase of RMB2,134.0 million, or 34.8%, from approximately RMB6,129.4 million in 2010.

The increase of our revenue was primarily attributable to (i) a significant increase in the average selling price of our cement products by RMB51.5 per tonne, or 22.8%, from RMB225.6 per tonne in 2010 to RMB277.1 per tonne in 2011; and (ii) an increase in the cement sales volume by 1.5 million tonnes, or 6.8%, from 22.1 million tonnes in 2010 to 23.6 million tonnes in 2011. The significant increase in the average cement selling price was primarily because the PRC governmental authorities continued to strictly enforce its policy to phase out cement production capacity with obsolete production technology, which drove up the cement selling prices in the market. The increase in our cement sales volume was primarily due to (i) the general increase in the market demand for our cement products, particularly the increase in sales to construction engineering customers; and (ii) the phasing out of production facilities with obsolete technology from the market.

Our revenue from sales of clinker was RMB1,732.9 million in 2011, representing an increase of RMB595.6 million, or 52.4%, from approximately RMB1,137.3 million in 2010. The increase was primarily due to a significant increase in the average clinker selling price by RMB83.1 per tonne, or 44.6%, from RMB186.2 per tonne in 2010 to RMB269.3 per tonne in 2011, as the PRC governmental authorities continued to strictly enforce its policy to phase out clinker production capacity with obsolete production technology, which drove up the clinker selling prices in the market. Our clinker sales volume also increased from 6.1 million tonnes in 2010 to 6.4 million tonnes in 2011.

Cost of sales

Our cost of sales was approximately RMB5,830.5 million in 2011, representing an increase of RMB750.2 million, or 14.8%, from approximately RMB 5,080.3 million in 2010. The increase was in line with the increase in our sales volume and primarily attributable to the growth of our business. Our cost of sales as a percentage of revenue decreased to approximately 70.6% in 2011 from 82.9% in 2010 primarily due to the significant increases in the average selling prices of our cement and clinker products in 2011. Our cost of electricity as a percentage of the cost of sales decreased from 17.0% in 2010 to 15.5% in 2011, primarily due to the fact that in 2011, we installed more residual heat recovery systems and purchased less electricity from external sources than otherwise we would have. Costs of other components of cost of sales as percentages of the cost of sales remained relatively stable during the same periods.

Gross profit and gross profit margin

Our gross profit increased significantly from approximately RMB 1,049.2 million in 2010 to approximately RMB2,432.9 million in 2011, representing an increase of RMB1,383.7 million, or 131.9%. Our gross profit margin increased to approximately 29.4% in 2011 from 17.1% in 2010, primarily due to the significant increases in the average selling prices of our cement and clinker products.

Administrative expenses

Our administrative expenses were approximately RMB296.8 million in 2011, representing an increase of RMB122.2 million, or 70.0%, from RMB174.6 million in 2010. The increase was in line with the increase of our sales volume and was primarily due to the growth of our business and the expenses related to our IPO in December 2011.

Finance costs

Finance costs were approximately RMB475.3 million in 2011, representing an increase of RMB172.0 million, or 56.7%, from approximately RMB303.3 million in 2010. The increase was primarily attributable to the PBOC's increase of benchmark loan interest rates during the year. The increase in finance costs was also because we had fewer projects under construction in 2011, as a result of which we were not able to capitalize as much finance costs as in prior years.

Income tax expenses

Our income tax expenses were approximately RMB413.4 million in 2011, representing a significant increase of RMB284.4 million, or approximately 2.2 times, from approximately RMB128.9 million in 2010 mainly due to the increase in profit.

Profit attributable to owners of the Company and net profit margin

Our profit attributable to owners of the Company for the year was approximately RMB1,274.5 million in 2011, an increase of RMB877.7 million, or approximately 2.2 times, from approximately RMB396.8 million in 2010. The net profit margin increased from 6.5% in 2010 to 15.4% in 2011, mainly attributable to the increase in the average selling prices of our cement and clinker products in central China as a result of certain PRC government authorities' strict implementation of its policy to phase out obsolete production technology, which reduced the supply of cement and consequently drove up their selling prices.

Financial and liquidity position

Our principal sources of liquidity have historically been cash generated from operations and bank borrowings. We have historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt service requirements. We anticipate these uses will continue to be our principal uses of cash in the future.

As of 31 December 2011, we had unutilized bank facilities of approximately RMB3,554.5 million. We also seek to improve our loan and other maturity profile by increasing the proportion of long-term borrowings. In 2010 and 2011, the Company successfully issued the short-term in an aggregate principal of RMB500.0 million and the first tranche mid-term Debentures in an aggregate principal amount of RMB300.0 million (collectively, the "**Debentures**"). A portion of the proceeds of the Debentures has been used for debt restructuring and the remainder has been used for our production expansion projects and to enhance our Group's working capital and liquidity position. Our Group's working capital and other capital requirements were principally funded by cash generated from operations, cash in hand and bank and other borrowings.

FINAL DIVIDEND

The Board of Directors did not recommend a final dividend for the year ended 31 December 2011.

Capital expenditure and capital commitment

Capital expenditure for the year ended 31 December 2011 amounted to approximately RMB 1,609.7 million (2010: RMB 1,746.2 million) and capital commitments as at 31 December 2011 amounted to approximately RMB 1,479.4 million (2010: RMB 2,339.4 million). Both the capital expenditure and capital commitments were mainly related to the construction of production facilities and the acquisition of buildings, plant and machinery, motor vehicles, office equipment, construction in progress and mining rights. Our Group funded its capital expenditure through cash generated from operation and bank and other borrowings. For its capital commitments and future capital expenditure, our Group expects to fund these capital requirements through its internal operating cash flow, banking borrowings and other sources of finance as appropriate.

MARKET RISKS

Interest Rate Risk

We are exposed to interest rate risks resulting from our long-term and short-term borrowings. We review the mix of our borrowings regularly to monitor our interest rate exposure, and will consider hedging significant interest rate exposure should the need arise. As our exposure to interest rate risk relates primarily to our interest-bearing bank loans, our policy is to keep our borrowings at variable rates of interest so as to minimize fair value interest rate risk, and to manage our interest rate exposure from all of our interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity Risk

We have established an appropriate liquidity risk management of our short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in (both actual and forecast) cash flows. Our management also monitors the utilization of bank borrowings and ensures compliance with loan covenants.

EMPLOYEES AND WELFARE CONTRIBUTION

As of 31 December 2011, our Group had 6,100 employees. The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions.

We recognize the importance of a good relationship with our employees. The remuneration payable to our employees includes salaries and allowances. We endeavor to provide training to our staff to enhance technical knowledge as well as knowledge of industry quality standards and work safety standards.

We offer our staff competitive remuneration packages. Our Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to our Group's profitability, our Group may also pay a discretionary bonus to our employees as an incentive for their contribution to our Group. We have also adopted a share option scheme on 12 December 2011 for the purpose of providing our employees with an incentive to work better for the interests of our Group. No option was granted or outstanding during the reporting period.

As required by applicable PRC laws and regulations, we participate in various employee benefit plans, such as pension funds, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident funds for our employees.

For the year ended 31 December 2011, relevant employee costs (excluding Directors' remuneration) were approximately RMB220.0 million as compared to approximately RMB147.6 million for the year ended 31 December 2010, representing an increase of 49.1%. Employee costs of our Group increased mainly because the number of employees increased. Our Group endeavors to ensure the attractiveness of its employee remuneration packages and has granted performance-based bonuses in accordance with general standards set out in our Group's remuneration policy.

Our Group has been focusing on the core capacity-building of the enterprise by providing systematical and stratified trainings to our employees in different levels to improve their capacity and quality in order to meet the requirement of their positions and the development of the Company. During the year ended 31 December 2011, we have organized 203 training classes for 12,200 employees.

PROSPECTS

In 2012, the PRC government confirmed the overall direction of "making progress in a stable situation" for the work for domestic economy. During the time of "12th Five Year Plan", according to the principles of controlling total output, adjusting structure, eliminating outdated cement enterprises and energy saving with emission reduction, the State comprehensively eliminates all outdated cement enterprises and raises the market access threshold for the cement industry, manage such access to the industry in a strict manner, support major enterprise groups to conduct merger and acquisition to centralize the industry and promote the healthy development of the work in an orderly manner for the restructuring of the whole industry.

In 2012, the Group will insist on the operation policies of "focusing on management for cost reduction internally; expanding market for improving efficiency externally, performing capital management for expansion purpose", proactively seize every opportunity to reduce the cost of procurement through centralized procurement of substantial amount of supplies; motivate management and staff to be active in potential tapping by formulating a scientific assessment system with different levels; increase the utilization efficiency of equipment by strengthening equipment management; maintain the industrial product prices by promoting concerted market cooperation; expand the market share and increase the profitability of products; complete the strategic distribution of Henan and Liaoning provinces by speeding up the restructurings and mergers, and continue to consolidate and increase the market shares in Henan and Liaoning provinces. Meanwhile, the Group will enhance the progress of comprehensive budget management and further improve the construction of the internal control system.

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period from 23 December 2011, the date on which the ordinary shares of the Company commenced listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Date**"), to 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules during the period from the Listing Date to 31 December 2011

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Board of Directors of the Company has discussed with the management of the Company on and reviewed the consolidated financial statements of the Group for the year ended 31 December 2011. The financial information included in this announcement has been audited by the Company's auditor, Deloitte Touche Tohmatsu.

AUDIT COMMITTEE

Our Company established an audit committee pursuant to a resolution of our Directors passed on 9 December 2011 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of our external auditor, review the financial statements and material advice in respect of financial reporting, and oversight of internal control procedures of our Company. At present, the audit committee of our Company consists of three members, namely Mr. Ma Chun Fung Horace, Mr. Poon Chiu Kwok and Mr. Wang Yanmou. Mr. Ma Chun Fung Horace is the chairman of the audit committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date to 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 May 2012 to Friday, 18 May 2012 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 May 2012.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 18 May 2012. Notice of the annual general meeting will be issued and disseminated to shareholders in due course.

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

Ruzhou City, Henan Province, PRC, 23 March 2012

As at the date of this announcement, the Board consists of:

Chairman and Non-executive Director
Mr. Li Liufa

Executive Directors
Mr. Li Heping, Mr. Liu Wenying and Mr. Yu Yagang

Non-Executive Director
Mr. Tang Ming Chien

Independent Non-executive Directors
Mr. Wang Yanmou, Mr. Poon Chiu Kwok, Mr. Song Quanqi and Mr. Ma Chun Fung Horace.

* *For identification purpose only*