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 2012

SUMMARY/FINANCIAL HIGHLIGHTS

	2012	**2011**	**Increase/ (decrease)**
Revenue (RMB million)	7,590.9	8,263.4	(8.1%)
Profit attributable to owners of the Company (RMB million)	783.4	1,274.5	(38.5%)
Basic earnings per share	RMB0.33	RMB0.63	
Diluted earnings per share	RMB0.33	RMB0.63	

	As at 31/12/2012	**As at 31/12/2011**	**Increase/ (decrease)**
Total assets (RMB million)	18,840.3	17,237.8	9.3%
Equity attributable to owners of the Company (RMB million)	6,323.6	5,516.0	14.6%
Net borrowings (RMB million) (note 1)	4,510.4	4,949.7	(8.9%)
Net gearing ratio (note 2)	71.3%	89.7%	(1,840 basis points)
Net assets per share − book (note 3)	RMB2.63	RMB2.30	14.6%

Notes:

1. Net borrowings equal to total indebtedness less cash and bank balances, pledged 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 (the Company and its subsidiaries, collectively, the "**Group**") for the year ended 31 December 2012. The Group's financial results have been audited by Deloitte Touche Tohmatsu.

BUSINESS REVIEW

According to National Bureau of Statistics, for 2012, the PRC recorded a GDP growth of 7.8%, which represented a decrease of 1.4% as compared to 9.2% in 2011 and is the lowest in the last three years. The PRC economy is also undergoing substantial structural adjustments. The cement industry is going through a dual adjustment in market structure and product structure. Growth drivers in the industry are gradually shifting from the urban real estate market to the rural urbanization and infrastructure-oriented market. Our Group leveraged on both the market and product structural adjustments and substantially mitigated the impacts of the negative factors.

In 2012, due to the adverse trends affecting our industry, we implemented a policy of cutting cost internally and expanding markets externally in order to enhance our efficiency and results of operations, improve our competitiveness and promote our sustainable development in the cement industry. In 2012, our cement sales volume was 26.1 million tones, which represented an increase of 2.5 million tones as compared to the prior year. Meanwhile, we have increased the sales volume of cement and reduced the sale of clinker (an intermediate product) so as to improve our profitability. In 2012, the Group recorded revenue of RMB7,590.9 million, representing a decrease of RMB672.5 million, or 8.1%, as compared to RMB8,263.4 million for the prior year. Profit attributable to owners of the Company was RMB783.4 million, representing a decrease of RMB491.1 million, or 38.5%, as compared to RMB1,274.5 million for the prior year, which is below the industry average decrease rate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2012** *RMB'000*	**2011** *RMB'000*
		(except earnings per share data)	
Revenue	4, 5	7,590,897	8,263,395
Cost of sales		(5,692,139)	(5,830,467)
Gross profit		1,898,758	2,432,928
Other income and other gains and losses	6	376,844	286,509
Distribution and selling expenses		(272,998)	(260,783)
Administrative expenses		(362,204)	(262,287)
Other expenses		(43,326)	(34,545)
Finance costs		(570,023)	(475,269)
Profit before tax		1,027,051	1,686,553
Income tax expense	7	(264,262)	(413,365)
Profit for the year and total comprehensive income for the year	8	762,789	1,273,188
Profit for the year and total comprehensive income for the year attributable to:			
Owners of the Company		783,393	1,274,538
Non-controlling interests		(20,604)	(1,350)
		762,789	1,273,188
Earnings per share (RMB)			
Basic	9	0.33	0.63
Diluted	9	0.33	0.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December **2012** *RMB'000*	**2011** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		11,062,558	10,034,915
Deposits paid		144,209	230,563
Prepaid lease payments		696,340	602,491
Mining rights		219,536	222,533
Goodwill		18,964	12,275
Other intangible assets		9,036	—
Interest in an associate		—	—
Deferred tax assets		37,360	15,285
		12,188,003	11,118,062
CURRENT ASSETS			
Inventories		1,140,232	1,203,151
Trade and other receivables	11	2,454,522	2,454,932
Available-for-sale investments		—	4,000
Amounts due from a related party		3,989	572
Investments held for trading		—	250,000
Restricted bank balances		—	659,315
Pledged bank balances		2,499,873	1,315,333
Cash and bank balances		553,677	232,480
		6,652,293	6,119,783
CURRENT LIABILITIES			
Trade and other payables	12	4,382,843	4,201,433
Amounts due to a related party		500	639
Tax liabilities		78,876	110,629
Short term debenture		1,000,000	500,000
Borrowings - due within one year		4,902,903	4,946,852
Obligations under finance leases		45,175	—
		10,410,297	9,759,553
NET CURRENT LIABILITIES		3,758,004	3,639,770
TOTAL ASSETS LESS CURRENT LIABILITIES		8,429,999	7,478,292

	Notes	As at 31 December 2012 RMB'000	2011 RMB'000
CAPITAL AND RESERVES			
Issued capital/paid-in capital		19,505	19,505
Reserves		3,290,080	3,191,882
Retained earnings		3,013,979	2,304,573
Equity attributable to owners of the Company		6,323,564	5,515,960
Non-controlling interests		19,896	38,650
TOTAL EQUITY		6,343,460	5,554,610
NON-CURRENT LIABILITIES			
Borrowings - due after one year		661,000	1,410,010
Mid-term debenture		1,000,000	300,000
Other payables		20,250	30,237
Deferred tax liabilities		18,298	24,222
Deferred income		191,221	149,804
Obligations under finance leases		184,286	—
Provision for environmental restoration		11,484	9,409
		2,086,539	1,923,682
		8,429,999	7,478,292

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 activities 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 STATEMENTS

As at 31 December 2012, the Group's current liabilities exceeded its current assets by RMB3,758,004,000. The Group's current liabilities mainly included trade and other payables and borrowings and short term debenture.

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 RMB3,360,000,000 in aggregate are available which are obtained before 31 December 2012, which comprised of:

  (a) a banking facility of RMB1,180,000,000 from the Bank of China which is available until 31 December 2013;

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

  (c) a banking facility of RMB790,000,000 from the Industry Commercial Bank of China which is available until 13 December 2013.

(ii) On 24 January 2013, 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 RMB600,000,000 with two years effective period.

On 4 February 2013, the Group issued the first tranche of short term debentures of RMB600,000,000 through the lead underwriter, China Guangfa Bank Company Limited, with maturity of one year. The first tranche of short term debentures carries fixed interest at 4.77% per annum.

During the effective period of approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會), the directors of the Company are 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) On 6 Februray 2013, the Group completed an issuance of corporate bonds in an aggregate principal amount of RMB 2 billion with a term of eight years and a rate of 7.10% per annum.

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 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the following amendments to standards issued by the International Accounting Standards Board has been effective.

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Asset;
Amendments to IFRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets; and

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The Group has applied for the first time the amendments to IFRS 7 Disclosures — Transfers of Financial Assets in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to the banks its contractual rights to receive cash flows from certain bills receivables. The arrangements are made through discounting those bills receivables to banks on a full recourse basis. Specifically, if the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to IFRS 7. In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

The application of the other amendments to standard 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.

The Group has not early applied the following new and revised standards, amendments and interpretation ("new and revised IFRSs") that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 1	Government Loans[1]
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2015
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2014

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in June 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include the amendments to IAS 16 Property, Plant and Equipment and the amendments to IAS 32 Financial Instruments: Presentation.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The directors anticipate that the amendments to IAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at 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 reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. Based on an analysis of the Group's financial instrument as at 31 December 2012, the directors anticipate that the adoption of IFRS 9 may not have significant impact.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised 2011) and IAS 28 (Revised 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC- 12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time. The directors anticipate that the application of these five standards will not have a significant impact on amounts reported in the consolidated financial statements but will lead to more extensive disclosure.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 (Revised 2011) are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

IFRS 13 Fair Value Measurement

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 anticipate that the application of the new standard will not have a significant impact on amounts reported in 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:

	2012	**2011**
	RMB'000	*RMB'000*
Sales of cement	6,729,918	6,530,507
Sales of clinker	860,979	1,732,888
	7,590,897	8,263,395

5. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by the chief executive officer (being the chief operating decision maker) 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		**Segment profit**	
	2012	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Central China	5,533,443	5,579,384	790,831	1,147,820
Northeastern China	2,057,454	2,684,011	284,988	571,344
Total	7,590,897	8,263,395	1,075,819	1,719,164
Unallocated corporate administrative expenses			(48,768)	(32,611)
Profit before taxation			1,027,051	1,686,553

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:

	2012	2011
	RMB'000	*RMB'000*
SEGMENT ASSETS		
Central China	12,148,863	10,686,592
Northeast China	6,345,406	5,569,280
Total segment assets	18,494,269	16,255,872
Available-for-sale investments	—	4,000
Investments held for trading	—	250,000
Deferred tax assets	37,360	15,285
Other receivables	275	53,373
Deposits paid	20,270	—
Restricted bank balances	—	659,315
Cash and bank balances	288,122	—
Total assets	18,840,296	17,237,845
SEGMENT LIABILITIES		
Central China	7,882,509	7,114,457
Northeast China	4,503,966	4,415,695
Total segment liabilities	12,386,475	11,530,152
Deferred tax liabilities	18,298	24,222
Tax liabilities	78,876	110,629
Other payables	13,187	18,232
Total liabilities	12,496,836	11,683,235

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, certain other receivables, cash and bank balances, restricted bank balances; and

- all liabilities are allocated to reportable segments other than deferred tax liabilities, tax liabilities tax payable and certain other payables.

Other segment information

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

For the year ended 31 December 2012

	Central China *RMB'000*	**Northeast China** *RMB'000*	**Total** *RMB'000*
Additions to property, plant & equipment	1,106,057	375,215	1,481,272
Additions to prepaid lease payments	109,037	—	109,037
Additions to mining rights	9,825	—	9,825
Finance costs	336,892	233,131	570,023
Provision for environmental restoration	1,544	531	2,075
Depreciation and amortisation	406,326	198,837	605,163
Reversal for bad and doubtful debts	(3,306)	(2,685)	(5,991)
Gain on disposal of property, plant and equipment	(1,619)	(184)	(1,803)
Value Added Tax refund	(152,879)	(40,728)	(193,607)
Incentive subsidies	(62,439)	(26,501)	(88,940)
Interest on bank deposits	(15,634)	(13,563)	(29,197)

For the year ended 31 December 2011

	Central China *RMB'000*	**Northeast China** *RMB'000*	**Total** *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
Loss (gain) 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)

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 2012 and 2011.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2012	**2011**
	RMB'000	*RMB'000*
Value Added Tax refund	193,607	164,424
Incentive subsidies (Note)	88,940	44,961
Foreign exchange gain (loss), net	(803)	11,102
Interest on bank deposits	29,197	21,577
Rental income	664	2,486
Release of deferred income	5,501	5,161
Gain on sales of scrap	30,167	35,936
Gain (loss) on disposal of property, plant and equipment	1,803	(1,131)
Gain on disposal of available-for-sale investments	5	—
Reversal (allowance) for bad and doubtful debts	5,991	(2,070)
Impairment of property, plant and equipment	—	(2,561)
Others	21,772	6,624
	376,844	286,509

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

7. INCOME TAX EXPENSES

	2012	**2011**
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
- current year	291,010	418,002
- under-provision in prior year	1,251	1,521
	292,261	419,523
Deferred tax	(27,999)	(6,158)
	264,262	413,365

No provision for Hong Kong taxation has been made during the both years 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%.

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:

	2012	**2011**
	RMB'000	*RMB'000*
Profit before taxation	1,027,051	1,686,553
Tax at the applicable rate of 25%	256,763	421,638
Tax effect of expenses that are not deductible	5,383	7,083
Tax effect of concessionary rate	—	(5,076)
Effect of tax incentives (Note)	—	(9,782)
Tax effect of tax losses not recognized	—	2,795
Utilisation of tax losses previously not recognized	(206)	(3,865)
Under-provision in prior years	1,251	1,521
Others	1,071	(949)
Tax charge for the year	264,262	413,365

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, for the year ended 31 December 2011, the Group obtained incentives of additional deduction from local tax authorities for purchase of environmental protection equipments of RMB39,128,000.

8. PROFIT FOR THE YEAR

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

	2012	2011
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	579,124	498,387
Amortisation of prepaid lease payments	12,900	11,172
Amortisation of mining rights, included in cost of sales	12,822	10,714
Amortisation of other intangible assets, included in cost of sales	317	—
Total depreciation and amortisation	605,163	520,273
Cost of inventories recognized as an expense	5,692,139	5,830,467
Staff costs including retirement benefit	284,362	220,006
Auditor's remuneration	3,000	2,530
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:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	783,393	1,274,538
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share (in thousands)	2,400,900	2,009,885
Effect of dilutive potential ordinary shares:		
Over-allotment options (in thousands)	526	296
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	2,401,426	2,010,181

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 2011 and assuming 2,009,885,000 shares of the Company were in issue during the year ended 31 December 2011 respectively after taking into account the reorganization and capitalization issue.

10. DIVIDEND

No dividend has been paid or declared by any group entities during year.

11. TRADE AND OTHER RECEIVABLES

	2012	**2011**
	RMB'000	*RMB'000*
Trade receivables	281,935	236,859
Less: allowances for bad and doubtful debts	25,952	33,301
	255,983	203,558
Bills receivables	491,327	1,159,789
Advance to suppliers	1,403,769	866,217
Value Added Tax refund receivables	58,816	18,849
Prepayment for various tax	94,202	74,063
Prepaid lease payments	15,015	12,801
Other receivables	135,410	119,655
	2,454,522	2,454,932

Bills receivables amounted to RMB422,949,000 as at 31 December 2012(31 December 2011: RMB476,327,000) 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:

	2012	**2011**
	RMB'000	*RMB'000*
Within 90 days	510,523	625,983
91-180 days	175,261	687,188
181-360 days	51,282	19,915
Over 1 year	10,244	30,261
Total	747,310	1,363,347

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 RMB61,526,000 which are past due as at 31 December 2012 (31 December 2011: RMB50,176,000) 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:

	2012	**2011**
	RMB'000	*RMB'000*
181-360 days	51,282	19,915
Over 1 year	10,244	30,261
Total	61,526	50,176

Movement in the allowance for bad and doubtful debts

	2012	**2011**
	RMB'000	*RMB'000*
Balance at beginning of the year	33,301	31,231
(Reversed) provided for the year	(5,991)	2,070
Write-off for the year	(1,358)	—
Balance at the end of the year	25,952	33,301

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of RMB25,952,000 (31 December 2011: RMB33,301,000) which was considered as uncollectable. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	1,752,503	2,319,152
Bills payables	1,757,000	1,014,943
Construction cost and retention payable	388,229	360,842
Advances from customers	181,083	228,716
Other tax payables	62,617	65,986
Other payables - current	18,514	8,600
Payables for mining rights	8,300	15,538
Other payables and accrued expenses	214,597	187,656
	4,382,843	4,201,433

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:

	2012	2011
	RMB'000	*RMB'000*
Within 1-90 days	1,889,559	3,094,337
91-180 days	1,566,530	198,251
181-365 days	39,897	15,964
Over 1 year	13,517	25,543
Total	3,509,503	3,334,095

FINANCIAL REVIEW

Revenue

Our revenue was approximately RMB7,590.9 million in 2012, representing a decrease of RMB672.5 million, or 8.1%, from approximately RMB8,263.4 million in 2011.

Our revenue from sales of cement was approximately RMB6,729.9 million in 2012, representing an increase of RMB199.4 million, or 3.1%, from approximately RMB6,530.5 million in 2011. This increase was primarily attributable to the increase in sales volume. The cement sales volume was 26.1 million tones in 2012, representing an increase of 2.5 million tones, or 10.7%, from 23.6 million tones in 2011, due to our significant efforts in improving our marketing strategy, further strengthening market development efforts and adjusting the product structure. The average selling price of our cement products decreased slightly by RMB19.2 per tonne, or 6.9%, from RMB277.1 per tonne in 2011 to RMB257.9 per tonne in 2012. The decrease in the average cement selling price was primarily because the macroeconomic policies continued to tighten in the PRC and also because growth of the PRC economy slowed down as compared with 2011.

Our revenue from sales of clinker was approximately RMB861.0 million in 2012, representing a decrease of RMB871.9 million, or 50.3%, from approximately RMB1,732.9 million in 2011. This decrease was primarily attributable to (i) a decrease in the average clinker selling price by RMB32.8 per tonne, or 12.2%, from RMB269.3 per tonne for 2011 to RMB236.5 per tonne for 2012, as the market demand deceased due to the slowdown of the PRC economy; and (ii) a decrease in our clinker sales volume by 2.8 million tonnes, or 43.4%, from 6.4 million tonnes in 2011 to 3.6 million tones in 2012, which was mainly due to the fact that we used a greater portion of our clinker to produce our own cement, and also because of decreased demand from our clinker customers who themselves experienced decreased demand for their cement products due to the slowdown in the PRC economy.

Our revenue from sales of cement as a percentage of revenue was approximately 88.7% in 2012 and 79.0% in 2011, respectively. Our revenue from sales of clinker as a percentage of revenue was approximately 11.3% in 2012 and 21.0% in 2011, respectively.

Cost of sales

Our cost of sales was approximately RMB5,692.1 million in 2012, representing a decrease of RMB138.4 million, or 2.4%, from approximately RMB5,830.5 million in 2011. The decrease was mainly due to the decrease in our clinker sales volume. Our clinker sales volume decreased by 2.8 million tonnes, or 43.4%, from 6.4 million tonnes in 2011 to 3.6 million tones in 2012. Our cost of sales as a percentage of revenue increased to approximately 75.0% in 2012 from 70.6% in 2011 primarily due to the decrease of revenue as described above.

Gross profit and gross profit margin

Our gross profit was approximately RMB1,898.8 million in 2012, representing a decrease of RMB534.1 million, or 22.0%, from approximately RMB2,432.9 million in 2011. Our gross profit margin decreased to approximately 25.0% in 2012 from 29.4% in 2011. The decreases in both gross profit and gross profit margin were primarily due to the decreases in the average selling prices of our cement and clinker products.

Other income and other gains and losses

Other income was approximately RMB376.8 million in 2012, representing an increase of RMB90.3 million, or 31.5%, from approximately RMB286.5 million in 2011. The increase was primarily due to (i) the increase in value-added tax refunds from the PRC government, (ii) the increase in incentive subsidies, and (iii) the fact that a number of long overdue trade payables were recognized as other income in 2012.

Distribution and selling expenses

Our distribution and selling expenses were approximately RMB273.0 million in 2012, representing an increase of RMB12.2 million, or 4.7%, from approximately RMB260.8 million in 2011. The increase was primarily due to the growth of our business and the increase in the use of better-quality cement packing bags.

Administrative expenses

Administrative expenses were approximately RMB362.2 million in 2012, representing an increase of RMB99.9 million, or 38.1%, from RMB262.3 million in 2011. The increase was mainly due to the growth of our business as we hired more administrative personnel and more staffs with higher educational background in 2012.

Finance costs

Finance costs were approximately RMB570.0 million in 2012, representing an increase of RMB94.7 million, or 19.9%, from RMB475.3 million in 2011. 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 due to fewer projects which we had under construction in the year 2012, as a result of which we were not able to capitalize finance costs to the same extent as in prior years.

Profit before taxation

As a result of the foregoing, our profit before taxation was approximately RMB1,027.1 million in 2012, representing a decrease of RMB659.5 million, or 39.1%, from approximately RMB1,686.6 million in 2011.

Income tax expenses

Our income tax expenses were approximately RMB264.3 million in 2012, representing a decrease of RMB149.1 million, or approximately 36.1%, from approximately RMB413.4 million in 2011, which was mainly due to the decrease in profit before taxation as described above.

Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, our profit attributable to owners of the Company for the year 2012 was approximately RMB783.4 million, representing a decrease of RMB491.1 million, or approximately 38.5%, from approximately RMB1,274.5 million for the year 2011. The net profit margin decreased from 15.4% in 2011 to 10.0% in 2012, primarily attributable to the decreases of revenue and gross profit margin and the increase of our finance cost and other operational expenses as a percentage of our revenue.

FINANCIAL AND LIQUIDITY POSITION

Trade and other receivables

Trade and other receivables decreased from RMB2,454.9 million as of 31 December 2011 to RMB2,454.5 million as of 31 December 2012, mainly due to the increase in prepayment for the purchase of coals, the increase of deposits for transportations and decrease of bills receivables.

Inventories

Inventories decreased from RMB1,203.2 million as of 31 December 2011 to RMB1,140.2 million as of 31 December 2012, primarily due to the decrease of the unit cost of raw materials, clinker and cements in 2012.

Cash and cash equivalents

Cash and bank balance increased from RMB232.5 million as of 31 December 2011 to RMB553.7 million as of 31 December 2012, primarily due to accumulated cash inflows that generated from operations in 2012.

Borrowings

As of 31 December 2012, our total borrowings and bonds increased to RMB7,563.9 million from RMB7,156.9 million as of 31 December 2011. As of 31 December 2012, we had unutilized bank facilities of approximately RMB3,360.0 million. Our principal sources of liquidity have historically been cash generated from operations and bank and other borrowings. We used cash from such sources for working capital, production facility expansions, other capital expenditures and debt service requirements.

NET GEARING RATIOS

As of 31 December 2012, our net gearing ratio was 71.3%, representing a decrease of 18.4% from 89.7% as of 31 December 2011. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

FINAL DIVIDEND

The Board of Directors did not recommend a final dividend for the year ended 31 December 2012.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure for the year ended 31 December 2012 amounted to approximately RMB1,283.8 million (2011: RMB1,609.7 million) and capital commitments as at 31 December 2012 amounted to approximately RMB594.0 million (2011: RMB1,479.4 million). Both the capital expenditure and capital commitments were mainly related to the acquisition of business, 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 operations and bank and other borrowings.

SIGNIFICANT INVESTMENTS

During the year 2012, the Group neither held any material investment nor planned to make any material investment and acquire any capital assets.

MARKET RISKS

Interest Rate Risk

We are exposed to interest rate risks resulting from our 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.

CONTINGENT LIABILITIES

As of 31 December 2012, other than contingent liabilities of RMB40 million for the Group's provision of guarantees to third parties, the Group does not have other contingent liabilities (2011: RMB50 million).

PLEDGE OF ASSETS

As of 31 December 2012, carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group amounted to approximately RMB3,281.3 million (2011: RMB3,172.3 million).

EMPLOYEES AND WELFARE CONTRIBUTION

As of 31 December 2012, our Group had 6,996 (2011: 6,100) employees. The employees' cost including remuneration is RMB284.4 million (2011: RMB220.0 million) during the reporting period. The remuneration policies, bonus and training programs for employees of the Group were implemented continuously according to policies disclosed in the 2011 annual report of the Company and no change has been made during the period ended 31 December 2012.

PROSPECTS

After the meeting of the 18th National Congress of the Communist Party of China, the PRC government has set the general tone of China's economic development, which is to seek progress while maintaining stability. The focus of the PRC government work for the future will be to further deepen reform and promote economic development, further implement the positive financial policies and prudent monetary policies, and progressively promote the urbanization.

On 17 November 2012, the State Council of the PRC has formally approved the Economic Plan for the Central China Region. The Central China Region will take advantages of its status as China's transportation backbones to promote the integral and harmonized development in the "Greater Central China Area" by focusing on industrialization, urbanization and agricultural modernization. Cement demand in Henan province, one of our primary markets, is expected to increase because of the major railway projects that are already under construction or will soon start construction, including Zhengzhou-Xuzhou express railway, Zhengzhou-airport intercity railway, Ningxia-Xining double-track railway, Zhengzhou metro line 1 and line 2, and railways from Sanmenxia to Xizhou and from Zhoukou to Nanyang, as well as the South-to-North Water Diversion Project and their ancillary projects. The Bohai Economic Circle, including the petrochemical zones in Changxing island and Xizhong island of Dalian city, and the Beijing-Shenyang express railway, will enter a new phase of rapid development. The strong economic development in various regions, coupled with the demand created by key infrastructure projects, will greatly promote sustainable development in the PRC cement industry.

In terms of the policies for the cement industry, in January 2013, 12 national ministries of the PRC jointly promulgated the Guiding Opinions for Accelerating the Mergers and Acquisitions among Enterprises in Key Industries (MIIT Lian Chan Ye [2013] No.16), which provided that the obsolete production capacities should be eliminated, and large enterprises are encouraged to acquire small enterprises to accelerate industry consolidation. Our Group, designated by the Ministry of Industry and Information Technology of the PRC as one of the seven leading cement companies that the PRC government supports for undertaking cement industry-specific mergers and consolidation in the central China region, will certainly benefit from the polices.

In view of the conditions of the PRC cement industry in 2013, our Group will continue to expand the market share externally and strengthen management internally, and actively carry out merger and restructuring activities so as to bring greater economic benefit for our Company and create higher value for the shareholders.

CORPORATE GOVERNANCE PRACTICES

For the period from 1 January 2012 to 31 March 2012, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "**Old Code**") formerly set out in the then Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and for the period from 1 April 2012 to 31 December 2012, the Company has adopted the code provisions set out in the Corporate Governance Code (the "**New Code**", together with the Old Code, the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices. The Company complied with all the code provisions set forth on the Corporate Governance Code throughout the year ended 31 December 2012.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Following specific enquiry with the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Board 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 2012. The financial information included in this announcement has been agreed with the Company's auditor, Deloitte Touche Tohmatsu.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 26 April 2013. Notice of the annual general meeting will be dispatched to the Company's shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 April 2013 to Friday, 26 April 2013 (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, 23 April 2013.

PUBLICATION OF ANNUAL REPORT

The Company's annual report for the year ended 31 December 2012 will be published on the website of the Stock Exchange and the Company's website at http://www.trcement.com and will be dispatched to the Company's shareholders in due course.

APPRECIATION

On behalf of the Directors, I wish to express my sincere gratitude to our shareholders, customers and business partners for their continued support, and all our employees for their dedication and hard work.

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

Ruzhou City, Henan Province, PRC, 1 March 2013

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. Kong Xiangzhong, Mr. Wang Ping and Mr. Ma Chun Fung Horace