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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)

CONNECTED TRANSACTION

The Board is pleased to announce that, Tianrui Cement (a wholly-owned subsidiary of the Company) and the JV Partners (Tianrui Group Company and its two subsidiaries being Tianrui Travel and Tianrui Foundry) have, at the date of this announcement, entered into the Definitive JV Memorandum with respect to the contribution commitment to and the operation of JV Finance Company whose principal business activity is to integrate internal and external financial resources, strengthen risk control, aggregate idle funds, decrease financing cost, accelerate turnover of capital to increase capital usage efficiency, effectively bring into play the existing financial and capital economies of scale of the Company and Tianrui Group Company so as to cater for the financing needs of the Company and Tianrui Group Company. The contribution commitment of the JV Partners and Tianrui Cement to the JV Finance Company are RMB195,000,000 and RMB105,000,000 respectively, and the equity interest owned by the JV Partners and Tianrui Cement in the JV Finance Company amounted to 65% and 35% respectively.

As Tianrui Group Company indirectly holds approximately 39.57% issued shares of the Company, it is the Controlling Shareholder and connected person of the Company. Tianrui Travel and Tianrui Foundry, being subsidiary of Tianrui Group Company, are also connected person of the Company. The entering into the Definitive JV Memorandum constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. One or more of the applicable percentage ratios in respect of entering into the Definitive JV Memorandum is more than 0.1% but less than 5%, and as such, the entering into the Definitive JV Memorandum is subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIVE JV MEMORANDUM

On 21 August 2015 (after trading hours), the Company entered into the Definitive JV Memorandum with the JV Partners with respect to the contribution commitment to and the operation of the JV Finance Company. The major terms of the Definitive JV Memorandum are set out as follows:

Date: 21 August 2015

Contribution Commitment and Equity Interests ratio:

The contribution commitment of Tianrui Cement and the JV Partners are proportional to the respective equity interests ratio as follows:

Parties	Contribution commitment (in the form of cash)	Equity interests ratio in the JV Finance Company
Tianrui Cement (wholly-owned subsidiary of the Company)	RMB105,000,000	35%
Tianrui Group Company	RMB112,500,000	37.5%
Tianrui Foundry (subsidiary of Tianrui Group Company)	RMB52,500,000	17.5%
Tianrui Travel (subsidiary of Tianrui Group Company)	<u>RMB30,000,000</u>	<u>10%</u>
Total:	<u><u>RMB300,000,000</u></u>	<u><u>100%</u></u>

The contribution commitment of RMB105,000,000 by Tianrui Cement will be funded by the Group's internal resources.

Name of the joint venture: 天瑞集團財務有限責任公司 (Tianrui Group Finance Co., Ltd.)

Nature of the joint venture: Limited liability company

Place of incorporation: PRC

Method of contribution: Cash contribution

Composition of Board: The board of the JV Finance Company shall consist of 3 members, of which two shall be nominated by Tianrui Group Company and one shall be nominated by Tianrui Cement.

Legal Representative: The legal representative shall be nominated by Tianrui Group Company.

Business Scope:

The permitted scope of business of the JV Finance Company is: provision of finance and fund raising advisory, credit verification and related consultancy and agency services to member companies; provision of fund receiving and payment services for transactions conducted by member companies; provision of approved insurance agency services; provision of guarantees to member companies; provision of entrusted loans and entrusted investment services to member companies; acceptance and discounting of bills for member companies; settlement of transfers of fund between member companies and design of plans for related settlements and clearances; accepting deposits from member companies; dealing with loans and financing lease for member companies; inter-bank lending; and provision of other services approved by relevant authorities.

Zhengzhou Centre Branch of People's Bank of China has granted an approval dated 19 August 2015 for the JV Finance Company to be engaged in the finance management and service sector.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of establishing the JV Finance Company is to integrate internal and external financial resources, strengthen risk control, aggregate idle funds, decrease financing cost, accelerate turnover of capital to increase capital usage efficiency, effectively bring into play the existing financial and capital economies of scale of the Company and Tianrui Group Company so as to cater for the financing needs of the Company and Tianrui Group Company.

The Directors (including independent non-executive Directors) considered that the terms of the Definitive JV Memorandum were determined after arm's length negotiations between the parties, and are entered into in the usual and ordinary course of business of the Group and are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Tianrui Group Company indirectly holds approximately 39.57% issued shares of the Company, it is the Controlling Shareholder and connected person of the Company. Tianrui Travel and Tianrui Foundry, being subsidiary of Tianrui Group Company, are also connected person of the Company. The entering into the Definitive JV Memorandum constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. One or more of the applicable percentage ratios in respect of entering into the Definitive JV Memorandum is more than 0.1% but less than 5%, and as such, the entering into the Definitive JV Memorandum is subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Chairman Li and Mr. Li Jiangming (李江銘) who is the younger brother of Mrs. Li, all of the Directors have confirmed that none of them has any material interest in the Definitive JV Memorandum; and therefore no Director (except Chairman Li and Mr. Li Jiangming (李江銘)) are required to abstain from voting at the meeting of the Board to approve the Definitive JV Memorandum.

GENERAL INFORMATION

Tianrui Group Company is a company established in PRC with limited liability and held as to 70% by Chairman Li and 30% by Mrs. Li, who are interested in different businesses such as foundry business, aluminum business, tourism and hotel business; and hold indirect equity interest in Ruiping Shilong which is involved in the production, sale and distribution of clinker.

Tianrui Travel, a subsidiary of Tianrui Group Company, is principally engaged in the development and operation of tourism resources and tourism projects. As at the date of the announcement, Tianrui Travel was owned as to 43.37% by Tianrui Group Company, as to 26.73% by Tianrui Foundry, as to 0.2% by Mrs. Li and as to 29.70% by an independent third party.

Tianrui Foundry, a subsidiary of Tianrui Group Company, is principally engaged in the design and manufacture of casting. As at the date of the announcement, Tianrui Foundry was owned as to 87.75% by Tianrui Group Company and as to 12.25% by Mrs. Li.

The Group is principally engaged in businesses ranging from excavation of limestone, to production, sale and distribution of clinker and cement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	means the board of Directors of the Company
“Chairman Li”	Li Liufa (李留法) the founder, chairman and a Controlling Shareholder of the Group
“Company”	China Tianrui Group Cement Company Limited (中國天瑞集團水泥有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Definitive JV Memorandum”	the Definitive JV Memorandum entered into between Tianrui Cement and the JV Partners on 21 August 2015, the principal terms of which are set out in the section headed “Definitive JV Memorandum” in this announcement
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries from time to time
“JV Finance Company”	Tianrui Group Finance Company Limited (天瑞集團財務有限責任公司), a company incorporated in the PRC with limited liability
“JV Partners”	Tianrui Group Company, Tianrui Travel and Tianrui Foundry
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mrs. Li”	Li Fengluan, the wife of Chairman Li
“PRC”	means People’s Republic of China, and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC

“Ruiping Shilong”	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司), a company incorporated in the PRC with limited liability
“Shareholder(s)”	means holder(s) of shares of the Company
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Tianrui Cement”	Tianrui Group Cement Company Limited (天瑞集團水泥有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of our Company
“Tianrui Foundry”	Tianrui Group Foundry Company Limited (天瑞集團鑄造有限公司), a company established in the PRC with limited liability and a subsidiary of Tianrui Group Company
“Tianrui Group Company ”	Tianrui Group Company Limited (天瑞集團股份有限公司), a company established in the PRC with limited liability
“Tianrui Travel”	Tianrui Group Travel Development Company Limited (天瑞集團旅遊發展有限公司), a company established in the PRC with limited liability and a subsidiary of Tianrui Group Company

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

Ruzhou City, Henan Province, PRC, 23 August 2015

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

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Mr. Yang Yongzheng, Mr. Xu Wuxue and Mr. Li Jiangming

Independent Non-executive Directors

Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang