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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)**

**CONTINUING CONNECTED TRANSACTION  
AND  
MAJOR TRANSACTION  
IN RELATION TO THE 2015 FRAMEWORK AGREEMENT  
PROVISION OF MUTUAL GUARANTEES**

**2015 FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 October 2013 and the circular dated 8 November 2013 in relation to the 2013 Framework Agreement which has been approved in the extraordinary general meeting of the Company on 27 November 2013. Pursuant to the 2013 Framework Agreement, Tianrui Cement agreed to provide guarantee (“**Tianrui Cement Guarantee**”) to Tianrui Group Company (including its subsidiaries but excluding its subsidiaries engaged in aluminum-related business) and Tianrui Group Company agreed to provide guarantee (“**Tianrui Group Guarantee**”) to Tianrui Cement (including its subsidiaries), directly by themselves or through their subsidiaries, with respect to each other (inclusive of their subsidiaries) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by them. As the 2013 Framework Agreement will expire on 26 November 2015, Tianrui Cement and Tianrui Group Company entered into the 2015 Framework Agreement on 24 September 2015 for a term from 27 November 2015 to 31 December 2017, pursuant to which Tianrui Cement and Tianrui Group Company have conditionally agreed to continue to provide mutual guarantees, subject to the Revised Annual Caps for the Tianrui Cement Guarantee and the Tianrui Group Guarantee, as set out in the 2015 Framework Agreement. For avoidance of doubt, any member of the Group will not be considered as subsidiary of Tianrui Group Company for the purpose of the 2015 Framework Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tianrui Group Company is owned as to 70% by Chairman Li, and Tianrui Group Company also indirectly holds approximately 39.57% shareholding in the Company and is hence the controlling shareholder of the Company. Tianrui Group Company is therefore a connected person of the Company. Therefore, the transactions contemplated under the 2015 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

### **Tianrui Cement Guarantee**

As one or more of the applicable percentage ratios with respect to Tianrui Cement Guarantee exceed 5% but all applicable percentage ratios are less than 75%, the Tianrui Cement Guarantee is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Further, the provision of the Tianrui Cement Guarantee constitutes a major transaction under Chapter 14 of the Listing Rules.

As the amount of the proposed annual cap of Tianrui Cement Guarantee (daily maximum balance not exceeding RMB2,500 million for each of the three years ending 31 December 2017) exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of Tianrui Cement Guarantee is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

### **Tianrui Group Guarantee**

The Board considers that the Tianrui Group Guarantee (daily maximum balance not exceeding RMB6,000 million for each of the three years ending 31 December 2017) is provided to the Group on normal commercial terms or better for the Group and no security shall be provided over the assets of any member of the Group in relation to such guarantee; therefore, the Tianrui Group Guarantee is exempted from reporting, announcement and independent shareholders' approval requirements according to rule 14A.90 of the Listing Rules.

### **Counter Guarantee**

On 24 September 2015, Chairman Li, the ultimate controlling shareholder of Tianrui Cement, entered into the Counter Guarantee Agreement with Tianrui Cement, pursuant to which Chairman Li has agreed to indemnify Tianrui Cement by means of the Counter Guarantee for any amount payable by Tianrui Cement or its subsidiaries in connection with the Tianrui Cement Guarantee, including the principal amount of the relevant loan, debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the relevant loan, debenture or corporate bonds.

The Board considers the Counter Guarantee is provided to the Group on normal commercial terms or better for the Group and no security shall be provided over the assets of any member of the Group in relation to such guarantee; therefore, the Counter Guarantee is exempted from reporting, announcement and independent shareholders' approval requirements according to Rule 14A.90 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the 2015 Framework Agreement and the transactions contemplated thereunder, including the Revised Annual Caps, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

## **DESPATCH OF CIRCULAR AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISOR**

TC Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2015 Framework Agreement.

As additional time is required by the Company in preparing the circular containing details of the 2015 Framework Agreement, a letter from the Independent Board Committee of the Company and a letter from the Independent Financial Adviser, the circular is expected to be dispatched to the Shareholders on or before 20 October 2015.

## **MAJOR TERMS OF THE 2015 FRAMEWORK AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER**

### **I. Major Terms of the 2015 Framework Agreement**

#### **1. *Date***

24 September 2015

#### **2. *Effective Period***

The 2015 Framework Agreement shall be effective for a term (“**Term**”) from 27 November 2015 to 31 December 2017, subject to all the conditions precedent (including Independent Shareholders’ approval) thereto being fulfilled.

#### **3. *Parties***

Tianrui Cement; and

Tianrui Group Company

#### **4. *Mutual Guarantee***

##### *(a) Tianrui Group Guarantee*

Pursuant to the 2015 Framework Agreement, Tianrui Group Company has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to Tianrui Cement or its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them.

##### *(b) Tianrui Cement Guarantee*

According to the same agreement, Tianrui Cement has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to Tianrui Group Company or its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them. In the event that the relevant loan, debenture or corporate bonds is to be borrowed or issued by any of Tianrui Group Company’s subsidiaries, Tianrui Group Company shall provide the primary guarantee to the lenders in respect to the loan, debenture or corporate bonds while Tianrui Cement Guarantee shall only be provided as

additional credit support. In addition, with respect to such Tianrui Cement Guarantee, Tianrui Group Company shall enter into an agreement with Tianrui Cement to indemnify Tianrui Cement for any amount payable by Tianrui Cement in accordance with the terms and conditions of the Tianrui Cement Guarantee, including the principal amount of the relevant loan, debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the loan, debenture or corporate bonds.

For avoidance of doubt, any member of the Group will not be considered as subsidiary of Tianrui Group Company for the purpose of the 2015 Framework Agreement.

The provision of the Guarantees by each party under the 2015 Framework Agreement will be subject to the guarantor having fully understood the borrower's business obligations and financial position, and further in the case of Tianrui Cement Guarantee, the review and approval of a special committee established by the Board for monitoring the risk control and management in relation to the 2015 Framework Agreement. For further details, please refer to the section headed "Risk Management Measures under the 2015 Framework Agreement".

No commission is payable by Tianrui Cement or Tianrui Group Company to each other in connection with any of the Guarantees, which the Directors consider is fair and reasonable to the Company and its shareholders on the basis that, among others, commission in relation to guarantee is normally calculated based on the annual amount of the guarantees. The proposed annual caps of Tianrui Group Guarantee are higher than those of Tianrui Cement Guarantee, and it is also expected that the amount to be utilized under Tianrui Group Guarantee is greater than the amount to be utilized under Tianrui Cement Guarantee; therefore, the commission payable by Tianrui Cement under the Tianrui Group Guarantee would be greater than that by Tianrui Group Company under the Tianrui Cement Guarantee, should any commission be payable. As such, it would be for the benefits of Tianrui Cement for there not to be any commission payable under the 2015 Framework Agreement.

No security shall be provided over the assets of any member of the Group in relation to any of the Guarantees.

Pursuant to the 2015 Framework Agreement, no obligations under the Tianrui Cement Guarantee and Tianrui Group Guarantee shall be offset against each other.

## **5. *Conditions Precedent***

The Guarantees will be subject to the conditions precedent set out as follows:

- (i) the Company has complied with the requirements provided under the Listing Rules in respect of the transactions contemplated under the 2015 Framework Agreement; and

- (ii) the 2015 Framework Agreement and the transactions contemplated thereunder have been approved by the Independent Shareholders in compliance with the Listing Rules.

#### 6. *Annual Caps for the Guarantees*

The proposed annual caps (“**Revised Annual Caps**”) provided in the 2015 Framework Agreement are set out as follows:

	Year ending 31 December		
	2015	2016	2017
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Maximum daily balance of Tianrui Cement Guarantee	2,500	2,500	2,500
Maximum daily balance of Tianrui Group Guarantee	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

The annual caps for Tianrui Cement Guarantee were determined by the Board after taking into consideration the following factors:

- (a) funding needs of the Tianrui Group Company and its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) for current borrowings of approximately RMB721 million secured by Tianrui Cement Guarantee as of the date of this announcement; and
- (b) increase in future capital requirements of Tianrui Group Company and its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business). As advised by the management of Tianrui Group Company, it is expected that approximately RMB1,800 million in bank facilities will be required to finance fixed assets investments in relation to its tourism, energy and other business.

The annual caps for Tianrui Group Guarantee were determined by the Board after taking into consideration the following factors:

- (a) Funding needs of Tianrui Cement and its subsidiaries for current borrowings of approximately RMB2,245 million which has been secured by Tianrui Group Guarantee as of the date of this announcement; and
- (b) Tianrui Cement’s possible needs of approximately RMB3,750 million to finance its fixed assets investments for acquisition projects and/or its general working capital during the Term.

All the terms of the 2015 Framework Agreement remains materially the same as the 2013 Framework Agreement, except for the annual caps amount and calculation method as set out below:

	<b>Annual Caps under 2013 Framework Agreement</b>	<b>Revised Annual Caps under 2015 Framework Agreement</b>
Tianrui Cement Guarantee	<ul style="list-style-type: none"> <li>Aggregate amount of RMB2,200 million for the first 12-month period</li> <li>Aggregate amount of RMB3,000 million for the second 12-month period</li> </ul>	Maximum daily balance not exceeding RMB2,500 million during the term from 27 November 2015 to 31 December 2017
Tianrui Group Guarantee	<ul style="list-style-type: none"> <li>Aggregate amount of RMB5,200 million for the first 12-month period</li> <li>Aggregate amount of RMB6,000 million for the second 12-month period</li> </ul>	Maximum daily balance of RMB6,000 million during the term from 27 November 2015 to 31 December 2017

The Board considered that the calculation of the Revised Annual Caps by reference to the daily maximum balance under the 2015 Framework Agreement, as compared to the calculation by reference to the aggregate utilization amounts (whether such guarantees have been released or not), is more precise and may allow for greater flexibility in utilization of the guarantees, especially where multiple guarantees of short-term loans are required during any particular calendar year. The daily maximum balance can also provide a cap for maximum liability at any point of time during the Term, hence making it easier to monitor.

## II. Counter Guarantee

On 24 September 2015, Chairman Li, entered into the Counter Guarantee Agreement with Tianrui Cement, pursuant to which Chairman Li agreed to indemnify Tianrui Cement by means of the Counter Guarantee for any amount payable by Tianrui Cement or its subsidiaries in connection with the Tianrui Cement Guarantee, including the principal amount of the relevant loan, debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the relevant loan, debenture or corporate bonds.

The Board considers that the Counter Guarantee is provided to the Group on normal commercial terms or better for the Group and no security shall be provided over the assets of any member of the Group in relation to such guarantee; therefore, the Counter Guarantee is exempted from reporting, announcement and independent shareholders' approval requirements according to Rule 14A.90 of the Listing Rules.

The Counter Guarantee arrangement for the 2015 Framework Agreement is identical in nature as the Chairman Li's counter guarantee arrangement for the 2013 Framework Agreement.

## REASONS FOR AND BENEFITS OF THE 2015 FRAMEWORK AGREEMENT

The 2015 Framework Agreement was entered into by Tianrui Cement and Tianrui Group Company after taking into account the following factors:

- (a) It is common commercial practice for lenders in China to require the provision of guarantees as security for provision of loans to a borrower. In particular, privately-owned companies, such as Tianrui Cement, are often required by the PRC banks to provide third-party guarantee before granting a loan. In view of the recent overall domestic economic slowdown, financial institutions in the PRC have implemented tightened risk control measures, which require borrowers to extend or provide additional guarantees before granting the loans.
- (b) The historical utilisation of Tianrui Group Guarantee is greater than that of Tianrui Cement Guarantee. As at the date of this announcement, the outstanding balance of Tianrui Cement Guarantee is approximately RMB721 million while the Tianrui Group Guarantee is approximately RMB2,245 million. During the term of the 2013 Framework Agreement and as at the date of this announcement, there has not been default of any loans guaranteed by either the Tianrui Group Guarantee nor the Tianrui Cement Guarantee. Since the 2013 Framework Agreement became effective on 27 November 2013, the historical annual aggregate utilization amounts for the year ended 31 December 2013 and 31 December 2014, whether such guarantee have been released or not, are as follows:

	For the year ended	
	31 December 2013	31 December 2014
Tianrui Cement Guarantee	RMB772 million	RMB1,432 million
Tianrui Group Guarantee	RMB2,000 million	RMB2,245 million

- (c) The Group's business is capital-intensive. While the Group has continuously sought to diversify its external funding sources, domestic PRC bank loans remain a vital source in satisfying the Group's financing needs. Consistent with its business strategy, the Group intends to engage in business acquisitions so as to benefit from the consolidation trend in China's cement industry and ensure the sustainable development of the Group's business in the long term. As a result of the Tianrui Group Guarantee, the Group will not only be able to enhance its ability to obtain bank loans and other borrowings, but it will also have the flexibility to approve and finalize relevant loans and borrowings in a timely manner, which is important to the Group's implementation of its business expansion, particularly in relation to acquisitions.
- (d) With respect to the Tianrui Cement Guarantee:
- (i) Tianrui Cement will have recourse against Tianrui Group Company for Tianrui Cement's potential losses. In the event that the relevant loan is to be borrowed by a subsidiary of Tianrui Group Company, Tianrui Group Company shall provide the primary guarantee. Furthermore, Tianrui Group Company, by entering into the 2015 Framework Agreement, has agreed to indemnify Tianrui Cement for any amount payable in such situation, including the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the loan;

- (ii) Chairman Li also agreed to indemnify Tianrui Cement for any amount that Tianrui Cement would have paid to the lenders of Tianrui Group Company in accordance with the terms and conditions of each individual guarantee under the 2015 Framework Agreement;
  - (iii) Tianrui Cement will not provide guarantee to any of Tianrui Group Company's subsidiaries operating in aluminum-related business. Since the term of the 2013 Framework Agreement and as at the date of this announcement, there has been a continual decrease in demand from aluminum end-customers and the global primary aluminum market has been experiencing excess supply. The issue of excess market supply and overcapacity in the aluminum industry is also very acute in China and the financial and credit status of aluminum enterprises have been materially and adversely affected by the unfavorable industry and market conditions. As such, Tianrui Cement's exposure to the credit risk of Tianrui Group Company under the Tianrui Cement Guarantee will be minimized by carving out Tianrui Group Company's subsidiaries operating in the aluminum-related business; and
  - (iv) As at the date of this announcement, Tianrui Group Company confirms that it does not have any repayment default in respect of any loan arrangements with banks. The financial position of Tianrui Group Company is reasonably healthy, certain particulars of which are set out in the section headed "Financial Information of Tianrui Group Company" in this announcement.
- (e) In order to secure sufficient funds for the operations of the Group, the management of Tianrui Cement also considered the following measures as alternatives to the Guarantees and the principal reasons for not adopting these measures are set out as follows:

**(i) Guarantees provided by an independent third party**

To compensate for the risk exposure of an independent third party guarantor, Tianrui Cement would need to pay a commission calculated based on the annual amount of the guarantee. Since the annual amount of the guarantee as suggested by the proposed annual caps for the Tianrui Cement Guarantee is high, the commission chargeable by such guarantor would be costly for the Group;

**(ii) Guarantees provided by the Company**

The Company is established in the Cayman Islands and the banks of Tianrui Cement are all in China. In practice, the PRC banks do not normally accept guarantees from a foreign entity. On the other hand, the primary assets that the Company holds are the equity interests in Tianrui Cement. Therefore, from a lender's perspective, the guarantee from the Company will not provide any additional credit for Tianrui Cement to secure its bank facilities; and

**(iii) Individual guarantee relating to each individual loan agreement**

As described in paragraph (c) above, the Group's business is capital-intensive. Such arrangement could limit the flexibility for the Group to approve and execute its relevant loans and borrowings.



## **RISK MANAGEMENT MEASURES UNDER THE 2015 FRAMEWORK AGREEMENT**

In order to minimize the risk exposure of Tianrui Cement in relation to the Tianrui Cement Guarantee, the Board shall continue to establish a special committee comprising not less than three Directors and the majority of the committee members shall be independent non-executive Directors. The special committee shall, during the Term:

- (a) review and approve each Tianrui Cement Guarantee. The special committee has the right to fully understand the business operations and financial position of the borrower before approving each Tianrui Cement Guarantee. It would not constitute a breach of the 2015 Framework Agreement if, after a review of the financial position of the borrower, the special committee considers it inappropriate to approve such guarantee. To facilitate such review process, Tianrui Group Company and its subsidiaries shall promptly provide their financial statements and other relevant information as requested by the special committee. The special committee will take into account the following factors when approving such guarantee:
  - (i) no guarantee should be granted to a borrower with negative consolidated equity attributable to owners;
  - (ii) no guarantee should be granted to a borrower operating in aluminum-related business; and
  - (iii) no guarantee should be granted to a borrower where an event occurs that may constitute an event of default under any of its existing loan agreements;
- (b) monitor the implementation of each individual guarantee provided by Tianrui Cement under the 2015 Framework Agreement;
- (c) consider the suitability of the guaranteed company;
- (d) periodically review the management accounts and relevant financial information, and inspect the assets, books and records of Tianrui Group Company; and
- (e) periodically review and examine any material adverse changes on the business, property, assets or operations of Tianrui Group Company, or its ability to perform any of its obligations under the 2015 Framework Agreement.

The risk management measures for the 2015 Framework Agreement remain the same as that for the 2013 Framework Agreement.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2015 Framework Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms or better in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

## BOARD'S APPROVAL

Save for Chairman Li and Mr. Li Jiangming (李江銘), who is the brother of Mrs. Li, all of the Directors have confirmed that none of them has any material interest in the 2015 Framework Agreement; and therefore no Director (except Chairman Li and Mr. Li Jiangming) are required to abstain from voting at the meeting of the Board to approve the 2015 Framework Agreement.

## FINANCIAL INFORMATION OF TIANRUI GROUP COMPANY

The following table sets out the selected consolidated financial figures of Tianrui Group Company prepared in accordance with the PRC generally accepted accounting principles for the periods or as of the dates indicated:

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	10,907,693	10,521,594
Profit before tax	1,132,412	1,557,747
Net profit (after tax)	918,437	1,165,275
Net cash from operation	2,351,450	2,665,318
	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Cash and bank balances	2,937,730	2,283,410
Total assets	53,872,501	50,254,239
Total liabilities	30,875,911	28,142,560
Contingent liabilities	Nil	Nil
Banking facilities	18,204,375	16,127,658

## INFORMATION ON THE PARTIES

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.

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

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Tianrui Group Company is owned as to 70% by Chairman Li, and Tianrui Group Company also indirectly holds approximately 39.57% shareholding in the Company and is hence the controlling shareholder of the Company. Tianrui Group Company is therefore a connected person of the Company. Therefore, the transactions contemplated under the 2015 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

## **Tianrui Cement Guarantee**

As one or more of the applicable percentage ratios exceed 5% but all applicable percentage ratios are less than 75%, the Tianrui Cement Guarantee is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Further, the provision of the Tianrui Cement Guarantee constitutes a major transaction under Chapter 14 of the Listing Rules.

As the amount of the proposed annual caps (the daily maximum balance not exceeding RMB2,500 million for each of the three years ending 31 December 2017) of Tianrui Cement Guarantee exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of Tianrui Cement Guarantee is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

## **Tianrui Group Guarantee**

The Board considers that the Tianrui Group Guarantee is provided to the Group on normal commercial terms or better for the Group and no security shall be provided over the assets of any member of the Group in relation to such guarantee; therefore, the Tianrui Group Guarantee is exempted from reporting, announcement and independent shareholders' approval requirements according to rule 14A.90 of the Listing Rules.

## **Counter Guarantee**

On 24 September 2015, Chairman Li, the ultimate controlling shareholder of Tianrui Cement, entered into the Counter Guarantee Agreement with Tianrui Cement, pursuant to which Chairman Li has agreed to indemnify Tianrui Cement by means of the Counter Guarantee for any amount payable by Tianrui Cement or its subsidiaries in connection with the Tianrui Cement Guarantee, including the principal amount of the relevant loan, debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the relevant loan, debenture or corporate bonds.

The Board considers the Counter Guarantee is provided to the Group on normal commercial terms or better for the Group and no security shall be provided over the assets of any member of the Group in relation to such guarantee; therefore, the Counter Guarantee is exempted from reporting, announcement and independent shareholders' approval requirements according to Rule 14A.90 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the 2015 Framework Agreement and the transactions contemplated thereunder, including the annual caps, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

## **DESPATCH OF CIRCULAR AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

TC Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2015 Framework Agreement.

As additional time is required by the Company in preparing the circular containing details of the 2015 Framework Agreement, a letter from the Independent Board Committee of the Company and a letter from the Independent Financial Adviser, the circular is expected to be dispatched to the Shareholders on or before 20 October 2015. Yu Kuo Company Limited (an indirect wholly-owned subsidiary of Tianrui Group Company) shall abstain from voting at EGM on the resolutions relating to the 2015 Framework Agreement and the transactions contemplated thereunder.

## DEFINITIONS

“2013 Framework Agreement”	the agreement dated 30 October 2013, entered into between Tianrui Group Company and Tianrui Cement, pursuant to which the parties thereto have agreed to provide certain guarantees to each other
“2015 Framework Agreement”	the agreement dated 24 September 2015, entered into between Tianrui Group Company and Tianrui Cement, pursuant to which the parties thereto have agreed to provide certain guarantees to each other
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Chairman Li”	Li Liufa (李留法), the 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(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Counter Guarantee”	the counter guarantee provided by Chairman Li pursuant to the Counter Guarantee Agreement
“Counter Guarantee Agreement”	the agreement dated 24 September 2015 entered into between Tianrui Cement and Chairman Li, pursuant to which Chairman Li has agreed to indemnify Tianrui Cement for any amount that becomes payable by Tianrui Cement or its subsidiaries in relation to the Tianrui Cement Guarantee
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting to be held by the Company to, amongst others, consider and approve the 2015 Framework Agreement and the Revised Annual Caps
“Group”	the Company and its subsidiaries
“Guarantees”	the Tianrui Group Guarantee and the Tianrui Cement Guarantee
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a Board committee comprising all the independent non-executive Directors
“Independent Financial Adviser”	TC Capital Asia Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the 2015 Framework Agreement
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mrs. Li”	Ms. Li Fengluan, the spouse of Chairman Li
“PRC”	the People’s Republic of China
“Revised Annual Caps”	the annual caps for Tianrui Cement Guarantee and Tianrui Group Guarantee pursuant to the 2015 Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“subsidiary(ies)”	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 Cement Guarantee”	the guarantee provided by Tianrui Cement to Tianrui Group Company (including its subsidiaries but, excluding its subsidiaries engaged in aluminum-related business) pursuant to the 2013 Framework Agreement and/or the 2015 Framework Agreement, as the case may be
“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 Group  
Guarantee”

the guarantee provided by Tianrui Group Company to Tianrui Cement (including its subsidiaries) pursuant to the 2013 Framework Agreement and/or the 2015 Framework Agreement, as the case may be

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

Ruzhou City, Henan Province, PRC, 24 September 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