

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTIONS

CLINKER SUPPLY FRAMEWORK AGREEMENT

Reference is made to the 2014 March Announcement relating to, among others, the Existing Clinker Supply Framework Agreement. As disclosed in the March 2014 Announcement, the Existing Clinker Supply Framework Agreement shall expire on 31 December 2016. On 30 December 2016, Tianrui Cement has entered into the Clinker Supply Framework Agreement with Ruiping Shilong for a term from 1 January 2017 to 31 December 2019, pursuant to which Tianrui Cement has agreed to purchase clinker from Ruiping Shilong subject to the terms and conditions therein.

Since Chairman Li indirectly controls more than 30% of the voting power at general meetings of Ruiping Shilong, Ruiping Shilong is an associate of Chairman Li, therefore a connected person of the Company. As such, the transactions under the Clinker Supply framework Agreement will constitute continuing connected transactions (“Continuing Connected Transactions”) under Chapter 14A of the Listing Rules. As certain of the applicable percentage ratios in respect of the transactions contemplated under the Clinker Supply Framework Agreement, on an annual basis, exceed 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Clinker Supply Framework Agreement are only subject to the reporting and announcement requirements but are exempt from Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CLINKER SUPPLY FRAMEWORK AGREEMENT

Date

30 December 2016

Parties

Tianrui Cement (as purchaser) and Ruiping Shilong (as supplier)

Duration

The Clinker Supply Framework Agreement shall be effective from 1 January 2017 to 31 December 2019

Principal Terms

The Clinker Supply Framework Agreement sets out the general terms and conditions for the purchase of the clinker by Tianrui Cement and/or its subsidiaries from Ruiping Shilong. The prices payable by Tianrui Cement for the clinker will be agreed following arm's length negotiations between relevant parties with reference to the prevailing market price of clinker in Pingdingshan, Henan province.

Implementation Agreement

Tianrui Cement and/or its subsidiaries may, from time to time and as necessary, enter into separate implementation agreement for each specific transaction contemplated under the Clinker Supply Framework Agreement. Each implementation agreement will set out specific details of the transaction, including price, quantity and other relevant details, and each implementation agreement will be based on the requirements of Tianrui Cement or its subsidiaries, with reference to market conditions at the relevant time.

Annual Cap

It is agreed that the maximum aggregate annual amount payable by Tianrui Cement to Ruiping Shilong for purchase of clinker for the years ending 31 December 2017, 2018 and 2019 shall not exceed the caps set out below:

	Proposed Annual Cap for the year ending		
	31 December 2017	31 December 2018	31 December 2019
Total purchase amount	RMB200,000,000	RMB200,000,000	RMB200,000,000

The annual caps are determined by taking into account the following factors:

- (i) The historical aggregate value for purchase of clinker from Ruiping Shilong paid by Tianrui Cement and/or its subsidiaries for the year ended 31 December 2015 and the eleven months ended 2016, which is approximately RMB114,027,000 for the year ended 31 December 2015 and approximately RMB147,609,000 for the period from 1 January 2016 to 30 November 2016.
- (ii) The anticipated demands of clinker for Tianrui Cement and/or its subsidiaries for the three years ending 31 December 2017, 2018 and 2019, respectively are expected to remain stable or increase slightly mainly due to the need to satisfy the Group's clinker needs for the production of cement products in the target market.

BACKGROUND, REASONS AND BENEFIT FOR ENTERING INTO THE CLINKER SUPPLY FRAMEWORK AGREEMENT

Clinker is a semi-finished product that can be used to produce different types of cement products with a profit margin lower than cement. Since 2009, Ruiping Shilong has been a clinker supplier to the Group. After considering the following factors: (1) the market status and trend of the Group's target market, which attributes to the Group's stable or increase slightly increasing need of clinker; (2) with the benefit of being within proximity of the Group, Ruiping Shilong has been providing a stable supply of clinker with low logistics and transportation costs over the past years; and (3) the Group's long established relationship with Ruiping Shilong, Tianrui Cement entered into the Clinker Supply Framework Agreement with Ruiping Shilong.

The Directors (including the independent non-executive Directors) are of the view that the terms of the supply of clinker under the Clinker Supply Framework Agreement, including the Annual Caps for each of the three years ending 31 December 2017, 2018 and 2019, respectively, are fair and reasonable, and that the transactions are on normal commercial terms in the ordinary and usual course of businesses of the Group and in the interests of the Company and its Shareholders as a whole.

As Chairman Li (a non-executive Director and Controlling Shareholder of the Company) indirectly controls more than 30% of the voting power at general meetings of Ruiping Shilong, he was required to abstain and has abstained from voting on the board resolution approving the Clinker Supply Framework Agreement. Save as mentioned above, none of the Directors has material interest in the transactions and hence no other Director has abstained from voting on such board resolution.

PRINCIPAL BUSINESS OF THE GROUP AND RUIPING SHLONG

The Group is principally engaged in businesses to the production, sale and distribution of clinker and cement. Ruiping Shilong is mainly engaged in production, sale and distribution of clinker.

IMPLICATIONS UNDER THE LISTING RULES

Since Chairman Li indirectly controls more than 30% of the voting power at general meetings of Ruiping Shilong, Ruiping Shilong is an associate of Chairman Li, therefore a connected person of the Company. As such, the transactions under the Clinker Supply framework Agreement will be Continuing Connected Transactions under Chapter 14A of the Listing Rules. As certain of the applicable percentage ratios in respect of the transactions contemplated under the Clinker Supply Framework Agreement, on an annual basis, exceed 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Clinker Supply Framework Agreement are only subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“2014 March Announcement”	the announcement of the Company dated 25 March 2014 relating to, among others, the Existing Clinker Supply Framework Agreement
“Annual Caps”	the respective annual caps for each of the three years ending 31 December 2017, 2018 and 2019 under the Clinker Supply Framework Agreement
“Board”	the board of Directors
“Chairman Li”	Li Liufa (李留法), the founder, chairman and a Controlling Shareholder of the Group
“Clinker Supply Framework Agreement”	please refer to the section headed “Clinker Supply Framework Agreement” in this announcement
“Company”	China Tianrui Group Cement Company Limited, 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 Transactions”	the Clinker Supply Framework Agreement and the transactions contemplated thereunder
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	Director(s) of the Company
“Existing Clinker Supply Framework Agreement”	the clinker supply framework agreement dated 25 March 2014 entered into by Tianrui Cement and Ruiping Shilong for purchase of clinker from Ruiping Shilong with a term commencing from 25 March 2014 and to be expired on 31 December 2016
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“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

“Stock Exchange” the Stock Exchange of Hong Kong Limited

“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 the Company

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

Ruzhou City, Henan Province, PRC, 30 December 2016

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

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Mr. Xu Wuxue and Mr. Li Jiangming

Non-executive Directors

Mr. Li Heping and Mr. Yang Yongzheng

Independent Non-executive Directors

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