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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 CAPITAL INCREASE IN THE JV FINANCE COMPANY

Reference is made to the announcement of the Company dated 23 August 2015 (“**Announcement**”) in relation to the establishment of the JV Finance Company by Tianrui Cement (a wholly-owned subsidiary of the Company) with the JV Partners (Tianrui Group Company and its two subsidiaries being Tianrui Travel and Tianrui Foundry). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise specified.

CAPITAL INCREASE IN THE JV FINANCE COMPANY

The Board announces that on 27 June 2017, the registered capital of the JV Finance Company has been increased from RMB300 million to RMB1 billion, pursuant to which the JV Partners contributed RMB550 million and Tianrui Cement contributed RMB150 million to the JV Finance Company, respectively (the “**Capital Increase**”). Upon the completion of the Capital Increase, the equity interest owned by the JV Partners and Tianrui Cement in the JV Finance Company amounted to 74.5% and 25.5%, respectively.

LISTING RULES IMPLICATIONS

As Tianrui Group Company indirectly holds approximately 50.62% of the issued shares of the Company, it is the Controlling Shareholder and connected person of the Company. Tianrui Travel and Tianrui Foundry, each being a subsidiary of Tianrui Group Company, are also connected persons of the Company. The Capital Increase 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 the Capital Increase is more than 0.1% but less than 5%, and as such, the Capital Increase 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.

CAPITAL INCREASE

On 27 June 2017, the registered capital of the JV Finance Company has been increased from RMB300 million to RMB1 billion, pursuant to which the JV Partners contributed RMB550 million and Tianrui Cement contributed RMB150 million to the JV Finance Company, respectively and the details of which are set out as follows:

Date: 27 June 2017

Contribution and Equity Interests ratio:

The capital contribution of Tianrui Cement and the JV Partners to and their respective equity interests in the JV Finance Company before and after the Capital Increase are as follows:

Parties	Capital contribution before Capital Increase	Equity interests ratio before Capital Increase	Capital Increase	Capital contribution after Capital Increase	Equity interests ratio after Capital Increase
Tianrui Cement (wholly-owned subsidiary of the Company)	RMB105,000,000	35%	RMB150,000,000	RMB255,000,000	25.5%
Tianrui Group Company	RMB112,500,000	37.5%	RMB350,000,000	RMB462,500,000	46.25%
Tianrui Foundry (subsidiary of Tianrui Group Company)	RMB52,500,000	17.5%	nil	RMB52,500,000	5.25%
Tianrui Travel (subsidiary of Tianrui Group Company)	<u>RMB30,000,000</u>	<u>10%</u>	<u>RMB200,000,000</u>	<u>RMB230,000,000</u>	<u>23%</u>
Total:	<u><u>RMB300,000,000</u></u>	<u><u>100%</u></u>	<u><u>RMB700,000,000</u></u>	<u><u>RMB1,000,000,000</u></u>	<u><u>100%</u></u>

The Capital Increase was contributed in cash. Upon the completion of the Capital Increase, the equity interest owned by Tianrui Cement decreased from 35% to 25.5%.

REASONS FOR AND BENEFITS OF CAPITAL INCREASE

The purpose of the Capital Increase is to facilitate the JV Finance Company to have sufficient funds for the further development of its capacity to provide, and ability to integrate, external resources for the financing needs of the Company and Tianrui Group Company.

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

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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, energy and mining business, tourism and hotel business; and hold an 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 73.07% by Tianrui Group Company, as to 26.73% by Tianrui Foundry and as to 0.2% by Mrs. Li.

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.

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

Ruzhou City, Henan Province, PRC, 30 June 2017

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

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Mr. Xu Wuxue, Mr. Li Jiangming and Mr. Ding Jifeng

Non-executive Directors

Mr. Li Heping and Mr. Yang Yongzheng

Independent Non-executive Directors

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