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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 2019 FRAMEWORK AGREEMENT:  
PROVISION OF MUTUAL GUARANTEES**

**2019 FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 11 May 2017 and the circular of the Company dated 19 July 2017 in relation to the 2017 Framework Agreement which was approved at the extraordinary general meeting of the Company on 8 August 2017. Pursuant to the 2017 Framework Agreement, Tianrui Cement agreed to provide the Company Guarantee to Tianrui Group Company (including its subsidiaries but excluding its subsidiaries engaged in aluminum-related business) and Tianrui Group Company agreed to provide the 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 for a term up to 31 December 2019.

Accordingly, on 8 November 2019 (after trading hours), the Company entered into the 2019 Framework Agreement with Tianrui Group Company and Tianrui Cement, pursuant to which the Company has conditionally agreed to provide the Company Guarantee to Tianrui Group Company (including its subsidiaries but excluding its subsidiaries engaged in aluminum-related business) and Tianrui Group Company has conditionally agreed to provide the Tianrui Group Guarantee to the Company (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 for a term from 1 January 2020 to 31 December 2022, subject to the Annual Caps for the Company Guarantee and the Tianrui Group Guarantee. For the avoidance of doubt, none of the members of the Group will be considered to be a subsidiary of Tianrui Group Company for the purpose of the 2019 Framework Agreement.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tianrui Group Company is owned as to 70% by Chairman Li and as to 30% by Mrs. Li (Chairman Li's spouse), and Tianrui Group Company also indirectly holds approximately 69.58% 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 2019 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

#### **Company Guarantee**

As one or more of the applicable percentage ratios with respect to the Company Guarantee exceed 25% but all applicable percentage ratios are less than 75%, the Company Guarantee constitutes a major transaction under Chapter 14 of the Listing Rules and continuing connected transaction under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the amount of the proposed Annual Caps of the Company Guarantee (daily maximum balance not exceeding RMB3,000 million for each of the three years ending 31 December 2022) exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of Company 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 RMB7,000 million for each of the three years ending 31 December 2022) 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 8 November 2019 (after trading hours), Chairman Li, the ultimate controlling shareholder of Tianrui Group Company, entered into the Counter Guarantee Agreement with the Company, pursuant to which Chairman Li has agreed to indemnify the Company by means of the Counter Guarantee for any amount payable by the Company or its subsidiaries in connection with the Company 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 2019 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 ADVISOR**

CLC International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2019 Framework Agreement.

A circular containing details of the 2019 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 29 November 2019.

# MAJOR TERMS OF THE 2019 FRAMEWORK AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

## I. Major Terms of the 2019 Framework Agreement

The terms of the 2019 Framework Agreement are materially the same as the 2017 Framework Agreement.

### 1. *Date*

8 November 2019 (after trading hours)

### 2. *Effective Period*

The 2019 Framework Agreement shall be effective for a term from 1 January 2020 to 31 December 2022 (the “**Term**”), subject to all the conditions precedent (including Independent Shareholders’ approval) thereto being fulfilled. For the avoidance of doubt, the 2017 Framework Agreement shall continue to be effective up to 31 December 2019.

### 3. *Parties*

- (a) The Company;
- (b) Tianrui Cement; and
- (c) Tianrui Group Company

### 4. *Mutual Guarantee*

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

Pursuant to the 2019 Framework Agreement, Tianrui Group Company has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to the Company or its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them.

#### *(b) Company Guarantee*

Pursuant to the same 2019 Framework Agreement, the Company 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 the Company Guarantee shall only be provided as additional credit support. In addition, with respect to such Company Guarantee, Tianrui Group Company undertakes to indemnify the Company for any amount payable by the Company in accordance with the terms and conditions of the Company 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 the avoidance of doubt, none of the members of the Group will be considered to be a subsidiary of Tianrui Group Company for the purpose of the 2019 Framework Agreement.

The provision of the Guarantees by each party under the 2019 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 Company Guarantee, it will also be subject to the review and approval of a special committee established by the Board for monitoring the risk control and management in relation to the 2019 Framework Agreement. For further details, please refer to the section headed "Risk Management Measures under the 2019 Framework Agreement" in this announcement.

No commission is payable by the Company 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 Company 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 Company Guarantee; therefore, the commission payable by the Company under the Tianrui Group Guarantee would be greater than that by Tianrui Group Company under the Company Guarantee, should any commission be payable. As such, it would be for the benefit of the Company for there not to be any commission payable under the 2019 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 2019 Framework Agreement, no obligations under the Company 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 2019 Framework Agreement; and
- (ii) the 2019 Framework Agreement and the transactions contemplated thereunder have been approved by the Independent Shareholders at the EGM in compliance with the Listing Rules.

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

The proposed Annual Caps provided in the 2019 Framework Agreement are set out as follows:

	<b>Year ending 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Maximum daily balance of the Company Guarantee	3,000	3,000	3,000
Maximum daily balance of Tianrui Group Guarantee	7,000	7,000	7,000

The proposed Annual Caps provided in the 2019 Framework Agreement are the same as the annual caps under the 2017 Framework Agreement. Under the 2017 Framework Agreement, the maximum daily balance of the Company Guarantee are RMB3,000 million for each of the three years ending 31 December 2019 respectively, and the maximum daily balance of the Tianrui Group Guarantee are RMB7,000 million for each of the three years ending 31 December 2019 respectively.

The proposed Annual Caps for Company 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 borrowings of approximately RMB1,576 million secured by Company Guarantee as of 31 October 2019; 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 RMB1,424 million in bank facilities will be required to finance fixed assets investments in relation to its tourism, energy and other businesses.

The proposed Annual Caps for Tianrui Group Guarantee were determined by the Board after taking into consideration the following factors:

- (a) funding needs of the Group in respect of the borrowings of approximately RMB2,461 million which has been secured by Tianrui Group Guarantee as of 31 October 2019; and
- (b) the Group's possible needs for approximately RMB4,539 million to finance fixed assets investments, business acquisition, production improvement, by-product expansion and general working capital during the Term.

The terms of the 2019 Framework Agreement remain materially the same as the 2017 Framework Agreement.

	<b>Annual Caps under 2017 Framework Agreement</b>	<b>Annual Caps under 2019 Framework Agreement</b>
Company Guarantee	Maximum daily balance not exceeding RMB3,000 million during the term from 8 August 2017 to 31 December 2019	Maximum daily balance not exceeding RMB3,000 million during the term from 1 January 2020 to 31 December 2022
Tianrui Group Guarantee	Maximum daily balance of RMB7,000 million during the term from 8 August 2017 to 31 December 2019	Maximum daily balance of RMB7,000 million during the term from 1 January 2020 to 31 December 2022

*Note:* the 2017 Framework Agreement was approved in the extraordinary general meeting of the Company on 8 August 2017.

## **II. Counter Guarantee**

On 8 November 2019 (after trading hours), Chairman Li, entered into the Counter Guarantee Agreement with the Company, pursuant to which Chairman Li agreed to indemnify the Company by means of the Counter Guarantee for any amount payable by the Company or its subsidiaries in connection with the Company 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 2019 Framework Agreement is identical in nature as Chairman Li's counter guarantee arrangement for the 2017 Framework Agreement.

### **REASONS FOR AND BENEFITS OF THE 2019 FRAMEWORK AGREEMENT**

The 2019 Framework Agreement was entered into by the Company 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 are often required by the PRC banks to provide third-party guarantee before granting a loan. Accordingly, financial institutions in the PRC have implemented tightened risk control measures, which require borrowers to extend or provide additional guarantees before granting loans.
- (b) The historical utilization of the Tianrui Group Guarantee is greater than that of the Company Guarantee. As at 31 October 2019, the outstanding balance of the Company Guarantee is approximately RMB1,576 million while the Tianrui Group Guarantee is approximately RMB2,461 million. During the term of 2017 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 or the Company Guarantee under the 2017 Framework Agreement. The guaranteed amounts under

the Tianrui Group Guarantee and the Company Guarantee as of 31 December 2017, 31 December 2018 and 31 October 2019 are as follows:

	<b>31 December 2017</b>	<b>As of 31 December 2018</b>	<b>31 October 2019</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Company Guarantee	1,710	1,710	1,576
Tianrui Group Guarantee	4,056	3,536	2,461

The highest daily balance of Company Guarantee are RMB1,710million, RMB1,710 million and RMB1,576 million during the year ended 31 December 2017 and 2018, and the ten months ended 31 October 2019 respectively.

The highest daily balance of Tianrui Group Guarantee are RMB4,056 million, RMB3,536 million and RMB3,873 million during the year ended 31 December 2017 and 2018, and the ten months ended 31 October 2019 respectively.

- (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 continue to engage in fixed assets investments, business acquisitions, production improvement and by-product expansion 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 and performance improvement.
- (d) With respect to the Company Guarantee:
- (i) the Company will have recourse against Tianrui Group Company for the Company'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, whereas the Company is being provided for additional credit support. Furthermore, Tianrui Group Company, by entering into the 2019 Framework Agreement, has agreed to indemnify the Company 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 the Company for any amount that the Company would have paid to the lenders of Tianrui Group Company in accordance with the terms and conditions of each individual guarantee under the 2019 Framework Agreement;
  - (iii) the Company will not provide a guarantee to any of Tianrui Group Company's subsidiaries operating in aluminum-related business. The Company is of the view that Tianrui Group Company's aluminum related business is uncertain and has been affected by the unfavorable market condition in recent years. As such, the Company's exposure to the credit risk of Tianrui Group Company under the Company Guarantee will be minimized by carving out Tianrui Group Company's subsidiaries operating in 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 Board 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, the Company 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 Company Guarantee is high, the commission chargeable by such guarantor would be costly for the Group;

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

As described in paragraph (c) above, the Group's business is capital-intensive. Arranging individual guarantees relating to each individual loan agreement could limit the flexibility for the Group to approve and execute its relevant loans and borrowings on a timely basis.

- (f) In line with the 2017 Framework Agreement, the Company has, together with Tianrui Cement as a party to the agreement, formulated the agreement and entered into the 2019 Framework Agreement with Tianrui Group Company. The principal reasons for this are set out as follows:
- (i) it has become increasingly common for banks in China to arrange cross-border finance such as offshore or onshore financing against domestic or overseas guarantee, which require companies outside of China to become parties in the arrangement. Some banks have proposed this kind of arrangement and requirement to the Company, Tianrui Cement, Tianrui Group Company or its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business), in order to lower finance cost, enlarge financing scale, manage foreign exchange risk or match cross-border funding needs.
  - (ii) some banks are willing to offer a better finance service package for the groups, including majority shareholders and listed companies, which would require a guarantee from the listed company, since a public company listed on a stock exchange has better transparency and credit premium compared to a private company.

In consideration for the benefits received by the Group under the Tianrui Group Guarantee set out above, the Company has, therefore, agreed to provide the Company Guarantee.

#### **RISK MANAGEMENT MEASURES UNDER THE 2019 FRAMEWORK AGREEMENT**

In order to minimize the risk exposure of the Company in relation to the Company 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 Company Guarantee. The special committee has the right to fully understand the business operations and financial position of the borrower before approving each Company Guarantee. It would not constitute a breach of the 2019 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 the Company under the 2019 Framework Agreement;
- (c) consider the suitability of the guaranteed company;
- (d) periodically review and make sure no material adverse event or litigation issues will substantially affect the financial and operation of Tianrui Group Company and its subsidiaries and to determine the effect to the guarantee, including if they will constitute breach;
- (e) periodically review the management accounts and relevant financial information, and inspect the assets, books and records of Tianrui Group Company;
- (f) 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 2019 Framework Agreement; and
- (g) periodically review and examine any material adverse change in foreign exchange risk and the policy risk under the 2019 Framework Agreement.

The risk management measures for the 2019 Framework Agreement remains the same as that for the 2017 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 2019 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, Mrs. Li (Chairman Li's spouse) and Mr. Li Jiangming, who is the brother of Mrs. Li, all of the Directors have confirmed that none of them has any material interest in the 2019 Framework Agreement; and therefore no Director (except Chairman Li, Mrs. Li and Mr. Li Jiangming) are required to abstain from voting at the meeting of the Board to approve the 2019 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:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	18,681,473	15,922,878
Profit before tax	2,575,639	1,832,196
Net profit (after tax)	2,021,394	1,406,584
Net cash from operation	4,668,498	3,032,632
	<b>As at 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Cash and bank balances	4,681,723	4,163,302
Total assets	70,922,491	68,805,236
Total liabilities	35,313,204	34,916,772
Contingent liabilities	—	—
Banking facilities	11,818,077	11,644,270

## INFORMATION ON THE PARTIES

Tianrui Group Company is a company established in the 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 as to 30% by Mrs. Li (Chairman Li's spouse), and Tianrui Group Company also indirectly holds approximately 69.58% 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 2019 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

## **Company Guarantee**

As one or more of the applicable percentage ratios exceed 25% but all applicable percentage ratios are less than 75%, the Company Guarantee constitutes a major transaction under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the amount of the proposed Annual Caps (the daily maximum balance not exceeding RMB3,000 million for each of the three years ending 31 December 2022) of Company Guarantee exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of Company 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 8 November 2019 (after trading hours), Chairman Li, the ultimate controlling shareholder of the Tianrui Group Company, entered into the Counter Guarantee Agreement with the Company, pursuant to which Chairman Li has agreed to indemnify the Company by means of the Counter Guarantee for any amount payable by the Company or its subsidiaries in connection with the Company 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 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 2019 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**

CLC International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2019 Framework Agreement.

A circular containing details of the 2019 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 29 November 2019. 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 2019 Framework Agreement and the transactions contemplated thereunder.

### **DEFINITIONS**

“2017 Framework Agreement”	the agreement dated 11 May 2017, entered into between Tianrui Group Company, Tianrui Cement and the Company, pursuant to which the parties thereto have agreed to provide certain guarantees to each other
“2019 Framework Agreement”	the agreement dated 8 November 2019, entered into between Tianrui Group Company, Tianrui Cement and the Company, pursuant to which the parties thereto have agreed to provide certain guarantees to each other
“Annual Caps”	the annual caps for Company Guarantee and Tianrui Group Guarantee pursuant to the 2019 Framework Agreement
“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
“Company Guarantee”	the guarantee provided by the Company to Tianrui Group Company (including its subsidiaries but, excluding its subsidiaries engaged in aluminum-related business) pursuant to the 2019 Framework Agreement or the 2017 Framework Agreement (as the context requires)

“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 8 November 2019 entered into between the Company and Chairman Li, pursuant to which Chairman Li has agreed to indemnify the Company for any amount that becomes payable by the Company or its subsidiaries in relation to the Company 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 2019 Framework Agreement and the Annual Caps
“Group”	the Company and its subsidiaries
“Guarantees”	the Tianrui Group Guarantee and the Company Guarantee
“Independent Board Committee”	a Board committee comprising all the independent non-executive Directors
“Independent Financial Adviser”	CLC International Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the 2019 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 Stock Exchange
“Mrs. Li”	Mrs. Li Fengluan, the spouse of Chairman Li
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 the 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 Group Guarantee”	the guarantee provided by Tianrui Group Company to the Company (including its subsidiaries) pursuant to the 2019 Framework Agreement or the 2017 Framework Agreement (as the context requires)
“%”	per cent

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

Ruzhou City, Henan Province, PRC, 8 November 2019

*As at the date of this announcement, the Board consists of Chairman and non-executive Director, Mr. Li Liufa; executive Directors, Ms. Li Fengluan, Mr. Ding Jifeng, Mr. Xu Wuxue and Mr. Li Jiangming; and independent non-executive Directors, Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang.*