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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Tianrui Group Cement Company Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



**TC Capital
天財資本**

A notice of the Annual General Meeting of China Tianrui Group Cement Company Limited to be held at 10:00 a.m. on Wednesday, 28 May 2014 at No. 63 Guangcheng Road East, Ruzhou City, Henan Province, PRC is set out in this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

25 April 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2011 Clinker Supply Framework Agreement”	the clinker supply agreement dated 6 December 2011 entered into between Zhoukou Cement and Ruiping Shilong for the purchase of clinker from Ruiping Shilong with a term commencing on 23 December 2011 and ended on 31 December 2013
“2012 Clinker Supply Framework Agreement”	the clinker supply framework agreement dated 26 September 2012 entered into by Tianrui Cement and Ruiping Shilong for purchase of clinker from Ruiping Shilong with a term commencing from 26 September 2012 and expired on 31 December 2013
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 10 a.m. on Wednesday, 28 May 2014 at No. 63 Guangcheng Road East, Ruzhou City, Henan Province, PRC or any adjournment thereof
“Articles of Association” or “Articles”	the articles of association of the Company adopted pursuant to written resolutions passed by all the shareholders on 12 December 2011 and effective on 23 December 2011
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chairman Li”	Li Liufa (李留法), the founder of the Group, chairman of the Board and a Controlling Shareholder
“Clinker Annual Caps”	the annual caps of the continuing connected transactions pursuant to the Clinker Supply Framework Agreement for each of the three years ending 31 December 2016, upon Independent Shareholders’ approval of the same
“Clinker Supply Framework Agreement”	please refer to the section headed “Letter from the Board — Continuing Connected Transactions — Clinker Supply Framework Agreement” in this circular
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“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

DEFINITIONS

“Continuing Connected Transactions”	the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement and the transactions contemplated thereunder
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and refers to Chairman Li, Mr. Li Xuanyu, Yu Kuo, Yu Qi and/or Holy Eagle
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the aggregate nominal value of the Shares which may be allotted and issued under the Issue Mandate may be extended by an addition of an amount representing the aggregate nominal value of Shares repurchased under the Repurchase Mandate
“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
“Holy Eagle”	Holy Eagle Company Limited (神鷹有限公司), a company incorporated in the BVI with limited liability and is a Controlling Shareholder
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising Independent Shareholders on (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps
“Independent Financial Adviser” or “TC Capital”	TC Capital Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Initial Aggregate Annual Caps”	the aggregate of the respective annual caps for each of the three years ending 31 December 2014, 2015 and 2016 under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement respectively prior to obtaining the Independent Shareholders’ approval of (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	22 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Limestone Annual Caps”	the annual caps of the continuing connected transactions pursuant to the Limestone Supply Framework Agreement for each of the three years ending 31 December 2016, upon Independent Shareholders’ approval of the same
“Limestone Supply Framework Agreement”	please refer to the section headed “Letter from the Board — Continuing Connected Transactions — Limestone Supply Framework Agreement” in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice of the Annual General Meeting as set out in this circular
“PRC”	The People’s Republic of China and for the purpose of this circular, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase the Shares on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Revised Aggregate Annual Caps”	the aggregate of the Clinker Annual Caps and the Limestone Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 respectively upon obtaining the Independent Shareholders’ approval of (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps

DEFINITIONS

“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 and owned as to 40% by Tianrui Cement
“Ruzhou Cement”	Tianrui Group Ruzhou Cement Company Limited (天瑞集團汝州水泥有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“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
“Yu Kuo”	Yu Kuo Company Limited (煜闊有限公司), a company incorporated in the BVI with limited liability and is a Controlling Shareholder
“Yu Qi”	Yu Qi Company Limited (煜祺有限公司), a company incorporated in the BVI with limited liability and is a Controlling Shareholder
“Zhoukou Cement”	Tianrui Group Zhoukou Cement Company Limited (天瑞集團周口水泥有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

LETTER FROM THE BOARD



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)

Chairman and Non-executive Director:

Mr. Li Liufa

Executive Directors:

Mr. Yang Yongzheng

Mr. Xu Wuxue

Mr. Wang Delong

Non-executive Director:

Mr. Tang Ming Chien

Independent Non-executive Directors:

Mr. Kong Xiangzhong

Mr. Wang Ping

Mr. Ma Chun Fung Horace

Registered Office:

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Headquarters and Principal Place
of Business in the PRC:*

No. 63 Guangcheng Road East

Ruzhou City

Henan Province

PRC

Place of Business in Hong Kong:

Room 2005A, 20/F., Lippo Centre Tower 2

89 Queensway, Admiralty

Hong Kong

25 April 2014

To the Shareholders,

Dear Sir or Madam,

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions.

At the AGM, the Company will propose to the Shareholders to approve, among others, the following resolutions:

- (i) to approve the grant of the Issue Mandate to the Directors;
- (ii) to approve the grant of the Repurchase Mandate to the Directors;
- (iii) to approve the grant of the Extension Mandate to the Directors;
- (iv) to approve the proposed re-election of the retiring Directors;
- (v) to approve the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 respectively; and
- (vi) conditional upon approval of resolution no. (v) above, to approve the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 respectively.

ISSUE MANDATE

At the Annual General Meeting, the Company will propose an ordinary resolution to grant to the Directors a general and unconditional mandate to exercise the power of the Company to allot, issue and deal with new Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution. As at the Latest Practicable Date, a total of 2,400,900,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 480,180,000 Shares.

REPURCHASE MANDATE

At the Annual General Meeting, the Company will propose an ordinary resolution to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution.

LETTER FROM THE BOARD

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix II to this circular.

EXTENSION MANDATE

In addition, an ordinary resolution will also be proposed at the Annual General Meeting to extend the Issue Mandate by an addition of an amount representing the aggregate nominal value of Shares repurchased under the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the Company is required by the Companies Law or the Articles of Association to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out in this circular. A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

RE-ELECTION OF RETIRING DIRECTORS

According to Article 84 of the Articles of Association of the Company, at each annual general meeting, at least one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Mr. Li Liufa, Mr. Tang Ming Chien and Mr. Ma Chun Fung Horace will retire from office as directors by rotation at the Annual General Meeting and being eligible, offer themselves for re-election. Particulars of Mr. Li Liufa, Mr. Tang Ming Chien and Mr. Ma Chun Fung Horace are set out in Appendix III to this circular.

According to Article 83(3) of the Articles of Association of the Company, the Directors shall have the power from time to time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board and Directors so appointed shall hold office only till the next annual general meeting of the Company and shall then be eligible for re-election.

Mr. Yang Yongzheng, Mr. Xu Wuxue and Mr. Wang Delong (appointed by the Board with effect from 11 May 2013) shall hold office till the Annual General Meeting and, being eligible, offer themselves for re-election. Particulars of each of them are set out in Appendix III to this circular.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 25 March 2014, in respect of the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement.

1. CLINKER SUPPLY FRAMEWORK AGREEMENT

Date

25 March 2014

Parties

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

Duration

A term commencing from 25 March 2014 to 31 December 2016

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, with terms no less favorable than those available from independent third parties.

The Group has relevant internal control policies and procedures including (1) the Company has incorporated in its mandatory guideline, such that its subsidiaries or branches shall closely monitor the updated market price of clinker in order to achieve lowest cost and hence Ruiping Shilong's price will be compared with the market price, such monitoring measures include obtaining quotes from at least two independent suppliers no less frequently than on monthly basis to ascertain the market price for management's review; and (2) the Clinker Supply Framework Agreement provides that Ruiping Shilong has the responsibility to provide clinker sales invoice of its other customers for all the sales within the immediately preceding 60 days, to the Group, thus the Group can ensure the price charged or the terms offered by Ruiping Shilong to the Group is not less favorable than those offered to other independent customers for similar transactions. Based on the procedure set out above, the Directors consider that the procedures are sufficient to ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company.

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.

LETTER FROM THE BOARD

Each implementation agreement will set out specific details of the transaction, including price, quantity and other relevant details, and each implementation agreement will be entered into with reference to market conditions at the relevant time, with terms no less favorable than those available from independent third parties.

Payment shall be made in accordance with the terms of the implementation agreement, with the consideration payable by Tianrui Cement to Ruiping Shilong for the purchase of clinker to be settled by cash and in all respects on normal commercial terms for transactions of this type. In line with market practice, the Company will usually settle consideration upon credit terms of 90 days.

Clinker Annual Caps

It is agreed that, upon Independent Shareholders' approval of the Continuing Connected Transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps, the maximum aggregate annual amount payable by Tianrui Cement (and/or its subsidiaries) to Ruiping Shilong (and/or its subsidiaries) for purchase of clinker for the years ending 31 December 2014, 2015 and 2016 shall not exceed the caps set out below:

	Proposed Annual Caps for the year ending		
	31 December 2014	31 December 2015	31 December 2016
Total purchase amount	RMB360,000,000	RMB480,000,000	RMB480,000,000

It is also agreed that, prior to the Independent Shareholders' approval of the Continuing Connected Transactions and the Revised Aggregate Annual Caps, the aggregate transaction amount under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, shall not, in aggregate, exceed the Initial Aggregate Annual Caps (i.e. RMB200,000,000 per year) for each of the three years ending 31 December 2014, 2015 and 2016, respectively on an annual basis.

Prior to acquiring the Independent Shareholder's approval on the Clinker Annual Caps, the annual cap for the transactions under the Clinker Supply Framework Agreement will be RMB170,000,000, RMB170,000,000 and RMB170,000,000 for each of the three years ending 31 December 2016.

The Clinker Annual Caps are determined by taking into account the following factors:

- (i) The historical aggregate value for purchase of clinker paid by Tianrui Cement and/or its subsidiaries for the years ended 31 December 2012 and 2013, which is approximately RMB29,433,000 for the year ended 31 December 2012 and approximately RMB171,735,000 for the year ended 31 December 2013.
- (ii) The anticipated demands of clinker for Tianrui Cement and/or its subsidiaries for the three years ending 31 December 2014, 2015 and 2016, respectively are expected to increase significantly mainly due to the need to satisfy the Group's clinker needs for the production

LETTER FROM THE BOARD

of cement products and to cope with the Group's expansion of production capacity. As shown in the 2013 annual result of the Company, the Group's sales volume of cement reached 36.9 million tonnes, representing an increase of 10.8 million tonnes, or 41.4% as compared with 2012, and the Group anticipates further growth in the future.

- (iii) It is expected that the national standard on the clinker element ratio of the cement will become more stringent in the near future and therefore the Group will have a higher need of clinker for its cement production. According to the 關於化解產能嚴重過剩矛盾的指導意見 (Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity) (“**Guiding Opinion**”), the PRC Government will be likely to promulgate a revised national standard GB175 for common portland cement in late 2014 to gradually phase out PC32.5 cement, a grade of low strength cement. The probable impact of the Guiding Opinion will be the increased use of higher grade cement PO42.5. For the year ended 31 December 2013, the production volume of PC32.5 cement and PO42.5 cement of the Group amount to 14.12 million tonnes and 20.74 million tonnes respectively. It is expected that the PC32.5 cement annual production volume will decrease to approximately 11.21 million tonnes while PO42.5 cement annual production volume will increase to 27.24 million tonnes after implementation of the Guiding Opinion. As such, the clinker demand is expected to increase accordingly after implementation of the Guiding Opinion, as the clinker-cement ratio of high grade cement (PO42.5) is approximately 75%, being nearly 50% higher than the clinker-cement ratio of low grade cement (PC32.5) of approximately 52%.

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. As stated in the Company's announcement dated 26 September 2012, the Group had a series of policies to reduce cost and to continue to expand its production and market share including the policy of reducing sale of low profit margin clinker, and also that the Company continued to produce clinker, however there is still insufficient clinker for self-use since there is expected to be comparatively a greater increase in cement production hence the need for purchase of clinker from third party suppliers. As shown in the 2013 annual result of the Company, the Group's sales volume of cement reached 36.9 million tonnes, representing an increase of 10.8 million tonnes, or 41.4% as compared with 2012, and the Group anticipates further growth in the future. For the year ended 31 December 2013, the cement production volume of the Group is approximately 36.2 million tonnes (requiring approximately 24.6 million tonnes of clinker for cement production), while the clinker production volume of the Group is 26.2 million tonnes (22.4 million tonnes of which was utilized for cement production). As such, the Group required approximately 2.2 million tonnes of clinker from external suppliers for cement production for the year of 2013. For the year ending 31 December 2014, without taking into account the effect of the Guiding Opinion, the Group expects that the clinker required for cement production will increase by an annual rate of 9.8% while the self-produced clinker designated for cement production will increase by only an annual rate of 5.4%. As such, it is expected that the Group will have greater clinker demand from external suppliers. After considering the following factors: (1) the expected increase of the Group's clinker need as a result of the expected expansion of cement production capacity; (2) with the benefit of being within proximity of the Group,

LETTER FROM THE BOARD

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. According to the market practice, the unit price for clinker usually includes the transportation costs and there is not a separate quote for transportation costs. The overall unit price of clinker will depend on a number of factors such as the quantity and transportation cost, and that given the density of clinker materials, the overall unit price is sensitive to the transportation cost. As such Ruiping Shilong is usually able to offer comparatively more competitive terms than other suppliers which are not within proximity of the Group's cement production line. The Clinker Annual Cap allows flexibility to the Group for purchase of clinker from Ruiping Shilong, and the Group will strictly follow the control procedure to choose clinker supplier based on commercial terms on a case-by-case basis and it is not obliged to make purchase from Ruiping Shilong under the Clinker Supply Framework Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 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.

2. LIMESTONE SUPPLY FRAMEWORK AGREEMENT

Date

25 March 2014

Parties

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

Duration

Commencing from the date of 25 March 2014 to 31 December 2016

Principal Terms

The Limestone Supply Framework Agreement sets out the general terms and conditions for the purchase of the limestone by Ruiping Shilong from Tianrui Cement and/or its subsidiaries. The prices payable by Ruiping Shilong for the limestone will be agreed following arm's length negotiations between relevant parties with reference to the prevailing market price of limestone in Pingdingshan, Henan province, with terms no less favorable than those available from independent third parties.

LETTER FROM THE BOARD

The Group has relevant internal control policies and procedures including (1) the Company has incorporated in its mandatory guideline such that its subsidiaries or branches shall closely monitor the updated market price of limestone in order to attain a reasonable sale price and hence the sale price to Ruiping Shilong will be compared with the market price, such monitoring measures include obtaining offer price quotes from at least two independent purchasers by proactively approaching the potential limestone purchaser in market to probe their recent transacted prices in the market or willing unit offer price for limestone no less frequently than on monthly basis to ascertain the market price for management's review; and (2) the Group will compare the sale price to Ruiping Shilong with the sale price stated on the limestone sales invoice for all the sales within the immediately preceding 60 days, to other limestone customers of the Group and the market price obtained from (1) above, thus the Group can ensure that the sale price to Ruiping Shilong will not be more favourable than the sale price to other limestone customers of the Group for similar transactions. Based on the procedure set out above, the Directors consider that the procedures are sufficient to ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company.

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 Limestone 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 entered into with reference to market conditions at the relevant time, with terms no less favorable than those available from independent third parties.

Payment shall be made in accordance with the terms of the implementation agreement, with the consideration payable by Ruiping Shilong to Tianrui Cement for the purchase of limestone to be settled by cash and in all respects on normal commercial terms for transactions of this type. In line with market practice, Ruiping Shilong will usually settle consideration upon credit terms of 90 days.

Limestone Annual Caps

It is agreed that, upon Independent Shareholders' approval of the Continuing Connected Transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps, the maximum aggregate annual amount payable by Ruiping Shilong (and/or its subsidiaries) to Tianrui Cement (and/or its subsidiaries) for purchase of limestone for the years ending 31 December 2014, 2015 and 2016 will not exceed the caps set out below:

	Proposed Annual Caps for the year ending		
	31 December 2014	31 December 2015	31 December 2016
Total purchase amount	RMB60,000,000	RMB60,000,000	RMB60,000,000

LETTER FROM THE BOARD

It is also agreed that, prior to the Independent Shareholders' approval of the Continuing Connected Transactions and the Revised Aggregate Annual Caps, the aggregate transaction amount under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, shall not, in aggregate, exceed the Initial Aggregate Annual Caps (i.e. RMB200,000,000 per year) for each of the three years ending 31 December 2014, 2015 and 2016, respectively on an annual basis.

Prior to acquiring the Independent Shareholder's approval on the Limestone Annual Caps, the annual cap for the transactions under the Limestone Supply Framework Agreement will be RMB30,000,000, RMB30,000,000 and RMB30,000,000 for each of the three years ending 31 December 2016.

The Limestone Annual Caps are determined by taking into account of the Group's limestone production capacity and Ruiping Shilong's increased demand for limestone.

Background, reasons and benefit for entering into the Limestone Supply Framework Agreement

Limestone is one of the raw materials required for clinker production, and that Ruiping Shilong has been purchasing limestone from various suppliers for its clinker production on a non-exclusive basis. Ruiping Shilong has recently expanded its clinker production and hence has the increased need for limestone. In light of Ruiping Shilong's anticipated increased demand for limestone, its location being within proximity of the Group's limestone production facilities and the anticipated volume of limestone available for sale, Tianrui Cement entered into the Limestone Supply Framework Agreement with Ruiping Shilong. Historically, the Group has utilized majority of its self-produced limestone for its own use and sold limestone to third party when and if sale of the same is economically beneficial, such as when certain limestone produced is not particularly suitable (in terms of quality) for self use of the Group's clinker production line within proximity. Previously the Group from time to time sold limestone below market price in Pingdingshan area when the same was not suitable for self use and that there was only a limited number of potential purchasers in Pingdingshan area. As such, the Directors believe that Ruiping Shilong can broaden our sales channel and hence could help the Group attain more favourable terms for sale of limestone. The Group commenced sale of limestone in 2010 and the sales volume is approximately 2.76 million tonnes in 2013 and approximately 2.59 million tonnes in 2012.

In considering the following factors that (1) the estimated volume of the Group's sale of limestone to third parties (instead of self-use) is approximately 4 million, 5 million and 6 million tonnes for 2014, 2015 and 2016 respectively which is expected to be well below the Group's annual actual production (the actual annual production volume of the Group in 2013 is 35,500,000 tonnes); (2) Ruiping Shilong is one of those customers that has the need for limestone within Pingdingshan area and its estimated purchase demand from third parties exceeds 2 million tonnes per year for 2014, 2015 and 2016 respectively and; (3) the Limestone Annual Cap will allow buffer for the Group to sell limestone to Ruiping Shilong while the Limestone Supply Framework Agreement does not oblige the Group to make any sale of limestone should the Group find a better customer who is willing to purchase its limestone on better terms or the Group would wish to utilize the limestone for self-use purpose, the Directors (including the independent non-executive Directors) are of the view that the terms of the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016 respectively are

LETTER FROM THE BOARD

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 Limestone 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.

3. PRINCIPAL BUSINESS OF THE GROUP AND RUIPING SHLONG

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

4. 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 both the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement will constitute continuing connected transactions under the Listing Rules.

For the purpose of assessing the compliance obligations under the Listing Rules, the respective annual caps under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement are aggregated to calculate the percentage ratios.

For the period starting from 1 January 2014 until 25 March 2014 (i.e the date of board meeting approving the Initial Aggregate Annual Caps), the Group has purchased clinker of a total consideration of RMB3,590,000 from Ruiping Shilong, as for which all the applicable percentage ratios under the Listing Rules fall within 0.1%, and the transactions are exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3). There has not been any sale of limestone by the Group to Ruiping Shilong prior to 25 March 2014 (i.e. the date of board meeting approving the Initial Aggregate Annual Caps).

Initial Aggregate Annual Caps prior to Independent Shareholders' Approval

Pursuant to the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, the aggregate annual caps of the transactions thereunder, unless and until (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps are approved by the Independent Shareholders, shall be RMB200,000,000 in aggregate for each of the three years ending 31 December 2014, 2015 and 2016 respectively, for which the highest

LETTER FROM THE BOARD

applicable percentage ratios falls between 0.1% and 5% and therefore the transactions thereunder within the Initial Aggregate Annual Caps constitute continuing connected transactions which are subject to reporting, announcement and annual review requirement but exempt from independent shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

Prior to the Independent Shareholders' approval of the Clinker Annual Caps, the annual cap for the transactions under the Clinker Supply Framework Agreement will be RMB170,000,000, RMB170,000,000 and RMB170,000,000 for each of the three years ending 31 December 2016.

Prior to the Independent Shareholders' approval of the Limestone Annual Caps, the annual cap for the transactions under the Limestone Supply Framework Agreement will be RMB30,000,000, RMB30,000,000 and RMB30,000,000 for each of the three years ending 31 December 2016.

Clinker Annual Caps and Limestone Annual Caps after Independent Shareholders' Approval

Pursuant to the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement:

- (1) the Clinker Annual Caps will, upon Independent Shareholders' approval, be RMB360,000,000, RMB480,000,000 and RMB480,000,000 for each of the three years ending 31 December 2016 respectively; and
- (2) the Limestone Annual Caps will, upon Independent Shareholders' approval, be RMB60,000,000, RMB60,000,000 and RMB60,000,000 for each of the three years ending 31 December 2016 respectively.

As the highest applicable percentage ratios in respect of the Revised Aggregate Annual Caps (being the aggregate of the Clinker Annual Caps and the Limestone Annual Caps) are, on an annual basis, more than 5% and less than 25%, the transactions pursuant to the Clinker Supply Framework Agreement (within the Clinker Annual Caps) and the transactions pursuant to the Limestone Supply Framework Agreement (within the Limestone Annual Caps) constitute non-exempt continuing connected transactions and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

The approval of the Independent Shareholders in respect of (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps, will be sought at the AGM, as for which, Chairman Li and his associates will abstain from voting at the AGM.

Pursuant to the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, prior to obtaining approval from the Independent Shareholders at the AGM, the Company has and will continue to closely monitor the aggregate value of the transactions under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement to ensure that the annual transaction amount in respect of such transactions fall within the Initial Aggregate Annual Caps. Various control mechanisms have been adopted by the Company to ensure that the annual transaction amount in respect of such transactions fall within the Initial Aggregate Annual Caps. Such

LETTER FROM THE BOARD

mechanisms include generating monthly forecasts and monthly reports to monitor the aggregate value of such transactions, imposing a lower percentage threshold as an internal cap whereby a warning signal will be issued and preventive measures will be taken immediately if the internal cap will be reached. In the event that the Independent Shareholders do not approve the Continuing Connected Transactions and the Revised Aggregate Annual Caps (including the Clinker Annual Caps and the Limestone Annual Caps) at the AGM, the Company will ensure that the annual transaction amounts of such transactions under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, will on an aggregate basis, fall within the Initial Aggregate Annual Caps and will make announcement to inform the Shareholders and the public investor as and when necessary.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps so far as the Independent Shareholders are concerned. Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Ma Chun Fung Horace, being the independent non-executive Directors, have been appointed by the Board to serve as members of the Independent Board Committee. No member of the Independent Board Committee has any material interest in (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps. A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular.

TC Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps. A letter from the Independent Financial Adviser is set out on pages 20 to 30 of this circular.

VOTING ARRANGEMENT

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to Article 66 of the Articles of Association.

In accordance with the Listing Rules, Yu Kuo Company Limited, which holds a total of 39.57% Shares of the Company as at the Latest Practicable Date and is ultimately controlled by Chairman Li, being connected persons of the Company and having material interests in the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement, will abstain from voting at the AGM for the resolutions in respect of the same.

In the event that resolution no.5(A) in respect of the Clinker Annual Caps is not passed, the resolution no.5(B) in respect of the Limestone Annual Caps will not need to be considered and approved, and the Company will ensure that the Continuing Connected Transactions shall fall within the Initial Aggregate Annual Caps.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of the retiring Directors, the terms of the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps, and the terms of the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps are in the interests to the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that Shareholders vote in favour of the relevant ordinary resolutions for approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of the retiring Directors; and the Independent Shareholders vote in favour of the terms of the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps, and the terms of the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps at the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 23 May 2014.

GENERAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of
China Tianrui Group Cement Company Limited
Li Liufa
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Independent Non-executive Directors:

Mr. Kong Xiangzhong

Mr. Wang Ping

Mr. Ma Chun Fung Horace

25 April 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

CLINKER SUPPLY FRAMEWORK AGREEMENT LIMESTONE SUPPLY FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 25 April 2014 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps, and transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps are in the ordinary and usual course of business of the Group and on normal commercial terms, and whether, in our opinion, the transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps, and transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps, and the terms of the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps and the advice of TC Capital in relation thereto as set out on pages 20 to 30 of the Circular, we are of the opinion that the terms of the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps, and the terms of the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are fair and reasonable, and therefore are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Kong Xiangzhong
Independent
Non-executive Director

Wang Ping
Independent
Non-executive Director

Ma Chun Fung Horace
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



TC Capital Asia Limited
天財資本亞洲有限公司

25 April 2014

*The Independent Board Committee and the Independent Shareholders
China Tianrui Group Cement Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement and the transactions contemplated thereunder, whereby the Group will purchase clinker from Ruiping Shilong and Ruiping Shilong will purchase limestone from the Group. The details of the terms of the Continuing Connected Transactions, the Clinker Annual Caps and the Limestone Annual Caps for three financial years ending 31 December 2014, 2015 and 2016 have been described in the letter from the Board (the “**Board Letter**”) in the circular to the Shareholders dated [25] April 2014 issued by China Tianrui Group Cement Company Limited (the “**Company**”) (the “**Circular**”). Our letter is made for incorporation into the Circular. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

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 contemplated under the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement constitute continuing connected transactions which, as one or more of the applicable percentage ratios in respect of the Clinker Annual Caps and the Limestone Annual Caps are more than 5% and less than 25%, are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements pursuant to Rule 14A.35 of the Listing Rules.

The Independent Board Committee, comprising Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Ma Chun Fung Horace (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as regards the fairness and reasonableness of the terms of (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps, and to make a recommendation to the Independent Shareholders in respect thereof. We, TC Capital Asia Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OPINION

In putting forth our recommendation, we have considered, amongst other things, (i) the Clinker Supply Framework Agreement; (ii) the Limestone Supply Framework Agreement; (iii) the annual and interim reports of the Company; and (iv) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have also studied the relevant market information and trends of the related industry.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

We consider that we have sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of the Group, Tianrui Group and Ruiping Shilong.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, we have taken into account the following principal factors and reasons:

1. **Background of and reasons for entering into of the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement**

A. *Clinker Supply Framework Agreement*

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

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 to satisfy the clinker needs for the production of cement products. As stated in the Company's announcement dated 26 September 2012, the Group had a series of policies to reduce cost and to continue to expand its production and market share including the policy of reducing sale of low

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

profit margin clinker. Therefore, since the beginning of 2012, the Group has been optimizing efficiency in cement production in order to enhance the internal consumption of self-produced clinker and there was no excess clinker that can be supplied to Zhoukou Cement, a wholly-owned subsidiary of the Company.

The 2011 Clinker Supply Framework Agreement and the 2012 Clinker Supply Framework Agreement were entered into to govern the supply of clinker from Ruiping Shilong to Zhoukou Cement and other members of the Group. Both the 2011 and 2012 Clinker Supply Framework Agreements expired on 31 December 2013. On 25 March 2014, the Group has entered into Clinker Supply Framework Agreement with Ruiping Shilong. Pursuant to the Clinker Supply Framework Agreement, Ruiping Shilong will supply clinker to the Group for the purpose of production of cements products during the years 2014 to 2016 with revised upward annual cap. For the details of Clinker Supply Framework Agreement and the transactions thereunder, please refer to the Board Letter.

During the year, the Group has been reducing the sale of low profit margin clinker and actively expanding cement market. Revenue from sales of cement was approximately RMB 7,996.2 million in 2013, representing an increase of RMB 1,266.3 million, or 18.8%, from approximately RMB 6,729.9 million in 2012. This increase was primarily attributable to the increase in sales volume. The cement sales volume was 36.9 million tonnes in 2013, representing an increase of 10.8 million tonnes, or 41.4%, from 26.1 million tonnes in 2012. As discussed in the Company's 2013 final results announcement dated 25 March 2014, the Directors expect the cements market will have a sustainable development given the Chinese government's policies and urbanization. For the year ended 31 December 2013, the cement production volume of the Group is approximately 36.2 million tonnes (requiring approximately 24.6 million tonnes of clinker for cement production), while the clinker production volume of the Group is 26.2 million tonnes (22.4 million tonnes of which was utilized for cement production). As such, the Group required approximately 2.2 million tonnes of clinker from external suppliers for cement production for the year of 2013. For the year ending 31 December 2014, without taking into account the effect of the Guiding Opinion, the Group expects that the clinker required for cement production will increase by an annual rate of 9.8% while the self-produced clinker designated for cement production will increase by only an annual rate of 5.4%. In addition, in order to further expand its production of cement products, on 8 August 2013, the Group completed acquisition of 70% equity interest in Xinyang Jinlong Cement Company Limited with an annual production capacity of approximately 1 million tonnes of cement and the Group plans to acquire 5 cement and concrete enterprises during 2014 to 2016, with an aggregate production capacity of approximately 5 million tonnes of cement per annum. In order to satisfy the increase of production of cement products, the Group has to purchase more clinker from Ruiping Shilong. In view of this, the Directors proposed to revise the Clinker Annual Caps to RMB 360 million for the year ending 31 December 2014 and RMB 480 million for the year ending 31 December 2015 and 2016.

Having considered (i) the long-established relationship between the Group and Ruiping Shilong; (ii) the stability and reliability of the supply of clinker by Ruiping Shilong; (iii) the Clinker Annual Caps will enable the Group to capture the anticipated increase in demand of cement products; we concur with the Directors' view that the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps for each of the three years ending 31 December 2014, 2015 and 2016, respectively is in the ordinary and usual course of the business of the Group, and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. *Limestone Supply Framework Agreement*

Lushan Antai Cement Company Limited (魯山安泰水泥有限公司, “**Lushan Antai**”), a wholly-owned subsidiary of the Company, has business of excavation of limestone. Ruiping Shilong is mainly engaged in production, sale and distribution of clinker.

Lushan Antai is located in Liangwa town, Lushan county, Pingdingshan city, where the local demand for limestone was low and the price was unstable. The low demand and unstable price of limestone adversely affected the income stability of Lushan Antai.

Limestone is one of the raw materials required for the production of clinker, which in turn is a constituent of cement products. In order to satisfy the clinker needs for the production of cement products, Ruiping Shilong has recently expanded its clinker production. Since another clinker production line is expected to be put in use in the near future, the need of limestone will further increase. In light of the anticipated consistent demand for limestone from Ruiping Shilong, the Group’s limestone available for sale and its location being within proximity of the Group’s limestone production facilities, the Group entered into the Limestone Supply Framework Agreement with Ruiping Shilong for the supply of limestone. Historically, the Group has utilized majority of its self-produced limestone for its own use and sold limestone to third party when and if sale of the same is economically beneficial, such as when certain limestone produced is not particularly suitable (in terms of quality) for self-use of the Group’s clinker production line within proximity. Previously the Group from time to time sold limestone below market price in Pingdingshan area when the same was not suitable for self-use and that there was only a limited number of potential purchasers in Pingdingshan area. As such, the Directors believe that Ruiping Shilong can broaden the Group’s sales channel and hence could help the Group attain more favourable terms for sale of limestone. The Group commenced sale of limestone in 2010 and the sales volume is approximately 2.76 million tonnes in 2013 and approximately 2.59 million tonnes in 2012.

Having considered (i) the stability and consistent demand of limestone by Ruiping Shilong; (ii) the provision of limestone is a revenue source of the Group; and (iii) with the benefit of being within proximity of Ruiping Shilong, the Group can provide limestone to Ruiping Shilong with a low logistics and transportation cost; we concur with the Directors’ view that the entering into of the Limestone Supply Framework Agreement is in the ordinary and usual course of the business of the Group, and is in the interests of the Company and the Shareholders as a whole.

2. **Key terms of the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement**

A. *Clinker Supply Framework Agreement*

Key terms of the Clinker Supply Framework Agreement are summarized below:

Date : 25 March 2014

Parties : • The Company (on behalf of the Group); and
• Ruiping Shilong

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Subject matter : Revision of the Clinker Annual Caps for the supply of clinker by Ruiping Shilong to the Group under the Clinker Supply Framework Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 to RMB 360 million in year 2014 and RMB 480 million in year 2015 and 2016, respectively.
- Term : The Clinker Supply Framework Agreement shall be effective from the date of signing of the agreement by both parties and shall expire on 31 December 2016.
- Pricing mechanism : The parties agreed to determine the price of clinker through arm's length negotiations and with reference to the prevailing market price of clinker in Pingdingshan, Henan province.
- Implementation agreement : The Group 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 requirement of the Group, with reference to market condition at the relevant time.
- Payment shall be made in accordance with the terms of the implementation agreement, with the consideration payable by the Group to Ruiping Shilong for the purchase of clinker to be settled by cash and in all respects on normal commercial terms for transactions of this type. According to market practice, the Group will usually settle consideration upon credit terms of 90 days.

Under the Clinker Supply Framework Agreement, the price of clinker will be negotiated on an arm's length basis and determined with reference to the prevailing market prices of clinker in Pingdingshan, Henan province, the Group and Ruiping Shilong have agreed that the transactions to be conducted between the parties shall be made on terms no less favorable than those available from independent third parties. According to the management of the Group, the Group has relevant policies and procedures including 1) the Company has incorporated in its mandatory guideline such that its subsidiaries or branches are required to closely monitor the updated market price of clinker in order to achieve lowest cost and hence Ruiping Shilong's price will be compared with the market price; and 2) the Clinker Supply Framework Agreement provides that Ruiping Shilong has the responsibility to provide clinker sales invoice for all the sales within the immediately preceding 60 days its other customers to the Group, thus the Group can ensure the price charged or the terms offered by Ruiping Shilong to the Group is not less favorable than those offered to other independent customers for similar transactions. We are further advised by the Company that the abovementioned mandatory guideline requires the management of the subsidiaries or branches to reduce costs and hence they will be reluctant to source clinker from Ruiping Shilong if its price is less favorable than the price from independent third parties. The management of the Group has carried out market investigation regularly for the market price of clinker from independent third parties within Henan province and as an internal control procedure, such investigation should be carried out at no less frequently than on monthly basis and quotes shall be obtained from at least two independent suppliers. We have been furnished by the management of the Group with the market prices of clinker from such market investigation in 2013

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and we note that clinker prices obtained from Ruiping Shilong were almost consistently the lowest among those offered by independent third parties. Thus, we concur with the Directors that the above measures can effectively safeguard the Group from unfavorable terms of supply of clinkers from Ruiping Shilong. Additionally, we also notice that the principal terms under the Clinker Supply Framework Agreement are similar to those under the 2011 Clinker Supply Framework Agreement and 2012 Clinker Supply Framework Agreement and the pricing mechanism under the Clinker Supply Framework Agreement is identical to that under the 2011 and 2012 Clinker Supply Framework Agreement.

Having considered the above, we concur with the Directors' view that the terms (including the pricing mechanism) under the Clinker Supply Framework Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

B. *Limestone Supply Framework Agreement*

Key terms of the Limestone Supply Framework Agreement are summarized below:

Date	:	25 March 2014
Parties	:	<ul style="list-style-type: none">• The Company (on behalf of the Group); and• Ruiping Shilong
Subject matter	:	The Group will provide limestone to Ruiping Shilong, which is subject to the Limestone Annual Caps of RMB 60 million for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016, respectively.
Term	:	The Limestone Supply Framework Agreement shall be effective from the date of signing the agreement by both parties and shall expire on 31 December 2016.
Pricing mechanism	:	The parties agreed to determine the price of limestone through arm's length negotiations and with reference to the prevailing market price of limestone in Pingdingshan, Henan province.
Implementation agreement	:	The Group may, from time to time and as necessary, enter into separate implementation agreement for each specific transaction contemplated under the Limestone 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 requirement of Ruiping Shilong and its subsidiaries, with reference to market condition at the relevant time.

Payment shall be made in accordance with the terms of the implementation agreement, with the consideration payable by Ruiping Shilong to the Group for the purchase of limestone to be settled by cash and in all respects on normal commercial terms for transactions of this type. According to market practice, Ruiping Shilong will usually settle consideration upon credit terms of 90 days.

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Under the Limestone Supply Framework Agreement, the price of limestone will be negotiated on an arm's length basis and determined with reference to the prevailing market prices of limestone in Pingdingshan, Henan province, the Group and Ruiping Shilong have agreed that the transactions to be conducted between the parties shall be made on terms no less favorable than those available from independent third parties. According to the management of the Group. The Group has relevant policies and procedures including (1) the Company has incorporated in its mandatory guideline such that its subsidiaries or branches are required to closely monitor the updated market price of limestone in order to attain a reasonable sale price and hence the sale price to Ruiping Shilong will be compared with the market price; and (2) the Group will compare the sale price to Ruiping Shilong with the sale price stated on the limestone sales invoice for all the sales within the immediately preceding 60 days to other limestone customers of the Group as well as observed market prices, thus the Group can ensure that the sale price to Ruiping Shilong will not be less favourable than the sale price to other limestone customers of the Group for similar transactions. It is also the Group's internal control procedure to obtain offer price from at least two independent purchasers by proactively approaching the potential limestone purchasers in market to probe their recent transacted prices in the market or willing unit offer price for limestone no less frequently than on a monthly basis to ascertain the market price for management's review. We are further advised by the Company that limestone sales invoices will be obtained from Ruiping Shilong at least monthly to monitor the selling price of limestone. Also, under the mandatory guideline, the management of the Group is required to improve the financial performance of the subsidiaries or branches and is more willing to supply limestone to independent third parties if the selling price or terms are more favorable. Accordingly, we concur with the Directors that the above measures can effectively ensure the selling prices and terms are no less favorable to the Group offered to independent third parties

Having considered the above, we concur with the Directors' view that the terms (including the pricing mechanism) under the Limestone Supply Framework Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

3. Basis for the Clinker Annual Caps and the Limestone Annual Caps

A. Clinker Supply Framework Agreement

The table below sets out the historical aggregate purchase amounts and the Clinker Annual Caps for the supply of clinker for the three years ending 31 December 2014, 2015 and 2016:

	Historical aggregate purchase amounts			Clinker Annual Caps		
	2011	2012	2013	2014	2015	2016
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Clinker	17.9	29.4	171.7	360.0	480.0	480.0

In arriving at the Clinker Annual Caps, the Directors have taken into account the following factors in determining the Clinker Annual Caps:

- (i) the historical aggregate value for purchase of clinker paid by Tianrui Cement and/or its subsidiaries for the years ended 31 December 2012 and 2013, which is approximately RMB 29,433,000 for the year ended 31 December 2012 and RMB 171,735,000 for the year ended 31 December 2013;

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- (ii) in order to satisfy the demand of cement products, in year 2013, the Group took strategic steps in consolidating cement producers in Liaoning market and Henan market, by acquiring seven cement and clinker enterprises comprising six cement production lines with an aggregate production capacity of approximately 5.3 million tonnes per annum and the Group plans to acquire 5 cement and concrete enterprises during 2014 to 2016, with an aggregate production capacity of approximately 5 million tonnes of cement per annum. The Group also plans to improve the cement production capacity by modifying the existing production facilities. In order to cope with the Group's expansion of cement production capacity, the anticipated demands of clinker for Tianrui Cement and/or its subsidiaries for the remaining period of the three years ending 31 December 2016 are expected to increase significantly mainly due to the need to satisfy the Group's clinker needs for the production of cement products; and
- (iii) it is expected that the national standard on the clinker cement ratio of the cement will become more stringent in the near future and therefore the Group will have a higher need of clinker for its cement production.

We agree that the above factors are reasonable and appropriate for the determination of the Clinker Annual Caps. It is noted that the annual cap for 2014 represents a significant increment as compared with the actual amount for the year ended 31 December 2013. Therefore, in assessing whether the Clinker Annual Caps are fair and reasonable, we have considered the following factors:

(i) *Historical amount*

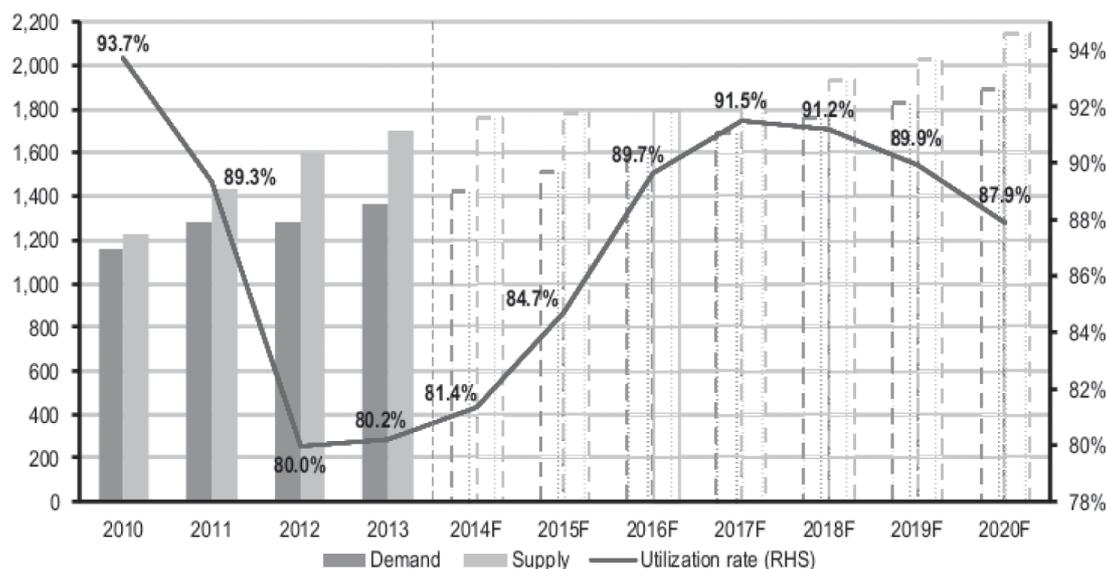
The historical purchase amount of clinker by the Group from Ruiping Shilong showed a robust growth, from approximately RMB 17.9 million for the year ended 31 December 2011 to approximately RMB 29.4 million and RMB 171.7 million for the year ended 2012 and 2013, respectively, representing a compound annual growth rate of 210%. In line with the business plans of both the Group and Ruiping Shilong, in particular, both of which have increased production capacity and the Group's self-produced clinker increases slower than that required for production of cement, the Directors expect that the purchase from Ruiping Shilong will continue to increase in 2014 and 2015.

(ii) *Increase in market demand*

With regard to the information in the Company's annual results announcement for the year ended 31 December 2013, cement demand in the PRC continued to grow in 2013, primarily driven by the growth of investments in infrastructure and real estate. According to the National Bureau of Statistics of China, the total cement production in China reached 2.41 billion tonnes in 2013, representing a year-on-year increase of 9.57%, 3.83 percentage points higher than the growth rate of 2012. The Group's revenue for the year ended 31 December 2013 was on the rise, consistent with the growth in the industry. Information from Digital Cement, an organization that is established by the China Cement Association which advises the PRC government on formulating industry development strategies, legal policies and industry standards and guidelines, suggest that demand and supply of cement are forecast to increase continuously from 2014 to 2020 whereas utilization rate will also increase to its peak in 2017. The Group has assumed that the demand for cement will increase gradually in the coming years.

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Cement Supply, Demand and Utilization Rate in China, 2010-2020F



Source: Digital Cement, The China Perspective

(iii) *Increase in demand due to mergers and acquisitions*

In 2013, the Group acquired seven cement and clinker enterprises and such acquisition contributed RMB 615 million of revenue which represented approximately 57% of the revenue increase. Also, the acquisition provided the Group with one clinker production line with an aggregate production capacity of approximately 1.2 million tonnes per annum and six cement production lines with an aggregate production capacity of approximately 5.3 million tonnes per annum as well as the additional demand of clinker. We further understand that the Group also plans to modify its and acquired enterprises' existing production facilities to increase capacity.

The Group has been encouraged by the PRC government to carry out mergers and acquisitions to consolidate the cement industry and eliminate redundant and obsolete cement production capacity, and will continue to pursue the acquisition strategy to expand its production capacity with the support of the PRC government. We have discussed with the management of the Company and understand that the targets to be acquired are preferably located nearby Ruiping Shilong and will thus utilize the clinker supplied by Ruiping Shilong.

(iv) *Higher clinker cement ratio*

In order to improve the quality of cement products, according to the 關於化解產能嚴重過剩矛盾的指導意見 (Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity) (“**Guiding Opinion**”), the PRC government will promulgate a revised national standard GB175 for common Portland cement likely in late 2014 to phase out PC32.5 cement, a grade of low strength cement. The probable impact of the new policy will be the increased use of higher grade cement PO42.5. According to the information provided by the management of the Company, for the year ended 31 December 2013, the production volume of PC32.5 cement and PO42.5 cement of the

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Group amount to 14.12 million tonnes and 20.74 million tonnes respectively. After implementation of the Guiding Opinion, it is expected that the PC32.5 annual cement production volume will decrease to approximately 11.21 million tonnes while PO42.5 annual cement production volume will increase to 27.24 million tonnes. As such, the clinker demand is expected to increase accordingly after implementation of the Guiding Opinion.

After the implementation of the Guiding Opinion, the production of PC32.5 cement by the Group will decrease whereas the demand and production of PO42.5 cement will increase, which leads to higher consumption of clinker by the Group, as the clinker-cement ratio of high grade cement (PO42.5) is approximately 75%, being nearly 50% higher than the clinker-cement ratio of low grade cement (PC32.5) of approximately 52%. We are advised by the Company that in general the higher the clinker-cement ratio, the more strengthened the cement is. Thus, with the sales volume of cement stays unchanged, the clinker demand for the production of cement products by the Group from Ruiping Shilong will increase. Based on the Group's existing production volume of PC32.5 cement, which in accordance with the Guiding Opinion shall be gradually replaced by PO42.5 cement, we concur with the Directors that it is fair and reasonable to assume a higher demand of clinker by the Group in determining the Clinker Annual Caps.

B. *Limestone Supply Framework Agreement*

The table below sets out the Limestone Annual Caps for the supply of limestone for the three years ending 31 December 2014, 2015 and 2016:

	Limestone Annual Caps		
	2014	2015	2016
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Limestone	60	60	60

In arriving at the Limestone Annual Caps, the Directors have taken into account the Group's limestone production capacity and Ruiping Shilong's increased demand for limestone.

In assessing whether the Limestone Annual Caps are fair and reasonable, we have considered the following:

- (i) according to the information provided by Ruiping Shilong, annual purchase of limestone by Ruiping Shilong amounted to approximately RMB 67.1 million for the year ended 31 December 2013, which suggested the demand of Ruiping Shilong is large enough to utilize the Limestone Annual Caps;
- (ii) as disclosed in the Board Letter, Ruiping Shilong has recently expanded its clinker production, and is accordingly planning to increase the purchase of limestone;
- (iii) Lushan Antai is located in Liangwa town, Lushan county, Pingdingshan city, where the local demand for limestone was low and the price was unstable. In order to attract more customers, the Group had been selling limestone below the market price, which is lower than the historical purchase price of limestone payable by Ruiping Shilong and thus Ruiping Shilong is willing and intends to purchase limestone from the Group; and

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- (iv) The proposed annual cap of RMB 60 million has been based on a selling price of RMB 30 per tonne throughout the period, which is slightly above the actual selling price per tonne in 2012 and suggests a demand of about 2 million tonnes of limestone annually. According to the management of the Group, the estimated volume of the Group's sale of limestone to third parties (instead of self-use) is approximately 4 million, 5 million and 6 million tonnes for 2014, 2015 and 2016, respectively, which is expected to be well below the Group's annual actual production (the actual annual production volume of the Group in 2013 is approximately 35,550,000 tonnes). The Group may also utilize its existing limestone resource to meet the demand from Ruiping Shilong. We are advised that the Group is not obliged to sell any fixed quantity or amount of limestone within the term of the Limestone Supply Framework Agreement. The Group will supply limestone to Ruiping Shilong provided that the price charged or the terms offered by Ruiping Shilong are more favorable than that offered by other independent third parties. Given the supply of limestone is of revenue nature to the Group, we consider that it is fair and reasonable to leave a room for price increment in determining of annual caps.

Having considered the above factors, We consider that (1) the Clinker Annual Caps under the Clinker Supply Framework Agreement; and (2) the Limestone Annual Caps under the Limestone Supply Framework Agreement are fair and reasonable so far as the Independent Shareholders are considered and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons set out above, we are of the opinion that the terms of the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated thereunder are in the ordinary and usual course of business of the Group. Accordingly, we would recommend that the Independent Shareholders vote, and that the Independent Board Committee advise the Independent Shareholders to vote, in favour of the ordinary resolutions to be proposed at the upcoming AGM to approve (1) the transactions under the Clinker Supply Framework Agreement within the Clinker Annual Caps; and (2) the transactions under the Limestone Supply Framework Agreement within the Limestone Annual Caps.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Substantial Shareholders' Interests in Securities

As at the Latest Practicable Date, to the best knowledge of the Directors and the senior management of the Company, the followings are the persons, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of Interests	Long/Short Position	Total number of shares	Approximate percentage of shareholding (%)
Yu Kuo Company Limited ("Yu Kuo")	Beneficial owner (1)	Long Position	950,000,000	39.57
Holy Eagle Company Limited ("Holy Eagle")	Interests in controlled corporation (1)	Long Position	950,000,000	39.57
Yu Qi Company Limited ("Yu Qi")	Interests in controlled corporation (1)	Long Position	950,000,000	39.57
Mr. Li Liufa	Interests in controlled corporation (1)	Long Position	950,000,000	39.57
Mr. Li Xuanyu	Interests in controlled corporation (1)	Long Position	950,000,000	39.57
Wan Qi Company Limited ("Wan Qi")	Beneficial owner (2)	Long Position	689,400,000	28.71
		Short position	30,612,245	1.28
Mr. Tang Ming Chien	Interests in controlled corporation (2)	Long Position	689,400,000	28.71
		Short position	30,612,245	1.28
JPMorgan PCA Holdings (Mauritius) I Limited	Beneficial owner (3)	Long Position	200,600,000	8.36
JPMorgan Private Capital Asia Fund I, L.P.	Interests in controlled corporation (3)	Long Position	200,600,000	8.36
		Short position	33,433,340	1.39
JPMorgan Private Capital Asia General Partner, L.P.	Interests in controlled corporation (3)	Long Position	200,600,000	8.36
		Short position	33,433,340	1.39

Name of Shareholder	Capacity/Nature of Interests	Long/Short Position	Total number of shares	Approximate percentage of shareholding (%)
JPMorgan Private Capital Asia GP Limited	Interests in controlled corporation (3)	Long Position	200,600,000	8.36
JPMorgan Private Capital Asia Corp	Interests in controlled corporation (3)	Short position	33,433,340	1.39
JPMorgan Chase & Co.	Interests in controlled corporation (3)	Long Position	200,600,000	8.36
		Short position	33,433,340	1.39
Yue Xiu Investment Fund Series Segregated Portfolio Company (越秀基金獨立投資組合公司)	Investment manager	Long Position	160,000,000	6.66

Notes:

- (1). The entire issued share capital of Yu Kuo is legally and beneficially owned by Holy Eagle and Yu Qi. Chairman Li is deemed to be interested in the Shares held by Yu Kuo by virtue of Yu Kuo being controlled by Chairman Li through Holy Eagle (the wholly owned company of Chairman Li). Mr. Li Xuanyu is deemed to be interested in the Shares held by Yu Kuo by virtue of Yu Kuo being controlled by Mr. Li Xuanyu through Yu Qi (the wholly-owned company of Mr. Li Xuanyu). Chairman Li is a director of both Yu Kuo and Holy Eagle.
- (2). The entire issued share capital of Wan Qi is legally and beneficially owned by Mr. Tang Ming Chien. Mr. Tang Ming Chien is deemed to be interested in the Shares held by Wan Qi by virtue of Wan Qi being controlled by Mr. Tang Ming Chien. Mr. Tang Ming Chien is a director of Wan Qi.
- (3). Each of JPMorgan Private Capital Asia Fund I, L.P. (as the controlling shareholder of JPMorgan PCA), JPMorgan Private Capital Asia General Partner, L.P. (as the general partner of JPMorgan Private Capital Asia Fund I, L.P.), JPMorgan Private Capital Asia GP Limited (as the general partner of JPMorgan Private Capital Asia General Partner, L.P.), JPMorgan Private Capital Asia Corp (as the sole shareholder of JPMorgan Private Capital Asia GP Limited) and JPMorgan Chase & Co. (as the holding company of JPMorgan Private Capital Asia Corp.) is deemed to be interested in 200,600,000 Shares held by JPMorgan PCA pursuant to Section(s) 316(2) and/or 316(3) under Part XV of the SFO.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity/Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
Chairman Li (1)	Interests in controlled corporation/Long position	950,000,000	39.57
Mr. Tang Ming Chien (2)	Interests in controlled corporation/Long position	689,400,000	28.71
	Interests in controlled corporation/Short position	30,612,245	1.28

Notes:

- (1). Yu Kuo is the legal and beneficial holder of these shares. Chairman Li is deemed to be interested in the shares held by Yu Kuo by virtue of Yu Kuo being controlled by Chairman Li through Holy Eagle (the wholly-owned company of Chairman Li).
- (2). Wan Qi is the legal and beneficial holder of these shares. Mr. Tang Ming Chien is deemed to be interested in the Shares held by Wan Qi by virtue of Wan Qi being controlled by Mr. Tang Ming Chien.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors and their respective associates has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has not been any material adverse change in the financial or trading position of the Company since 31 December 2013, being the date of the latest published audited financial statements of the Company.

5. LITIGATION

As at the Latest Practicable Date, none of the Company or any of its subsidiaries has received notice of any litigation or arbitration proceedings pending or threatened against the Company or any of the subsidiaries of the Company.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

7. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any assets which have been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group, save for the Framework Agreement disclosed in the circular dated 8 November 2013, the Clinker Supply Framework Agreement dated 25 March 2014 with respect to the purchase of clinker by the Group and the Limestone Supply Framework Agreement dated 25 March 2014 with respect to sale of limestone as disclosed in the announcement dated 25 March 2014.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its advice for inclusion in this circular:

Name	Qualification
TC Capital	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, TC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name and opinion in the form and context in which it appears.

As at the Latest Practicable Date, TC Capital did not have any shareholding in the Company or any other member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any other member of the Group.

9. EXPERT'S INTERESTS IN ASSETS

As at the Latest Practicable Date, the expert referred to in the paragraph named "Qualification and Consent of Expert" above does not have any interest in any assets which have been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Yu Chunliang, Ms. Kwong Yin Ping Yvonne and Mr. Li Jiangming. Ms. Kwong Yin Ping Yvonne is a Fellow of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters and principal place of business of the Company is at No. 63 Guangcheng Road East, Ruzhou City, Henan Province, PRC.
- (c) The place of business in Hong Kong registered under Part 16 of the Companies Ordinance (Cap 622) is at Room 2005A, 20/F., Lippo Centre Tower 2, 89 Queensway, Admiralty, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Chen & Associates (in association with Wilson Sonsini Goodrich & Rosati, P.C.) at Unit 1001, 10/F Henley Building, 5 Queen's Road Central, Hong Kong during normal business hours on any business day for a period of 10 business days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the prospectus of the Company dated 14 December 2011 and the annual reports of the Company for the three years ended 31 December 2013;
- (c) 2011 Clinker Supply Framework Agreement;
- (d) 2012 Clinker Supply Framework Agreement;
- (e) the Clinker Supply Framework Agreement;
- (f) the Limestone Supply Framework Agreement;

- (g) letter from the Independent Board Committee, the text of which is set out in this circular;
- (h) the letter from TC Capital, the text of which is set out in this circular; and
- (i) the written consent of TC Capital referred to in the paragraph headed “Qualification and Consent of Expert” above.

This Appendix II serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 2,400,900,000 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 240,090,000 Shares, which represents 10% of the entire issued share capital of the Company as at the date of passing the resolution.

3. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Any repurchase of Shares will be made out of the profits of the Company or out of a fresh issue of Shares made for the purpose of the purchase or, if authorized by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company, or if authorized by the Articles and subject to the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as reflected in the latest audited financial statements of the Company. The Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company.

5. SHARE PRICES

The Shares are trading on the Stock Exchange and the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 months preceding the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
April	2.25	1.97
May	2.29	2.13
June	2.30	2.00
July	2.45	2.00
August	2.25	2.00
September	2.45	2.15
October	2.40	2.20
November	2.37	2.08
December	2.43	2.05
2014		
January	2.42	2.11
February	2.33	2.13
March	2.30	2.00
April (up to the Latest Practicable Date)	2.29	2.07

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Company, Chairman Li and Mr. Li Xuanyu, who are the Controlling Shareholders of the Company through their interest in Yu Kuo, are interested in 950,000,000 Shares, representing approximately 39.57% of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding interest of Chairman Li and Mr. Li Xuanyu in the Company would be increased to approximately 43.96% of the issued share capital of the Company. Such increase would give rise to an obligation for Yu Kuo and its respective associates to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code.

The Directors do not have any present intention to exercise the power to repurchase the Shares to the extent which will trigger the mandatory offer requirement pursuant to the Takeovers Code or which will reduce the aggregate amount of the share capital of the Company in public hands to less than 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company did not purchase any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

8. GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their Associates has any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and applicable laws of the Cayman Islands.

No Connected Person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such Connected Person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

APPENDIX III PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Particulars of the Directors proposed to be re-elected at the AGM are set out as follows:

Mr. Li Liufa (李留法), aged 56, is a non-executive Director and the chairman of our Board. He is the founder of our Group. Mr. Li was appointed as a non-executive Director on 2 July 2011 and was re-elected as a non-executive Director on 18 May 2012. Chairman Li is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Chairman Li has extensive experience in the cement industry. He was a non-executive Director of Sanmenxia Tianyuan Aluminum from March 2006 to July 2008. Chairman Li was the representative of Henan province in the Tenth National People's Congress in March 2003, the Eleventh National People's Congress in March 2008 and the Twelfth National People's Congress in March 2013. Chairman Li obtained his executive MBA degree from Peking University (北京大學) in 2006. Chairman Li was named "Model Worker of Henan Province (河南省勞動模範)" in 1999. In January 2005, he was awarded "Henan Province Excellent Entrepreneur (河南省優秀民營企業家)" by the People's Government of Henan Province.

Chairman Li had entered into an appointment letter with the Company for a term of three years from 31 December 2011 and received no remunerations from the Company for serving as non-executive Director. He is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Chairman Li is deemed to be interested in approximately 39.57% of the ordinary shares of the Company under the Securities and Futures Ordinance as at Latest Practicable Date, for further details of his interests in the shares of the Company, please refer to the section headed "Appendix I — 2. Disclosure of Interests" of this circular.

Mr. Tang Ming Chien (唐明千), aged 63, is a non-executive Director. Mr. Tang was appointed as a non-executive Director on 9 December 2011 and was re-elected as a non-executive Director on 18 May 2012. From December 1996 to December 2006, he was an executive Director of Winsor Industrial Corporation, Limited whose shares were previously listed on the Stock Exchange. Mr. Tang was a non-executive Director of Winsor Properties Holdings Limited (Stock Code: 01036), a company listed on the Stock Exchange, from August 2001 to May 2008. Mr. Tang is currently a director of South Enterprises Limited (新南企業有限公司), a private company principally engaged in the business of textile manufacturing. He graduated with a master's degree in fiber science and technology from the University of Leeds in the United Kingdom.

Mr. Tang had entered into an appointment letter with the Company for a term of three years from 31 December 2011 and received no remunerations from the Company for serving as non-executive Director. He is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Tang is deemed to be interested in approximately 28.71% of the ordinary shares of the Company under the Securities and Futures Ordinance as at Latest Practicable Date, for further details of his interests in the shares of the Company, please refer to the section headed "Appendix I — 2. Disclosure of Interests" of this circular.

Mr. Ma Chun Fung Horace (馬振峰) (formerly known as Ma Ka Keung (馬家強)), aged 43, is an independent non-executive Director and the chairman of the Audit Committee. He was appointed as an independent non-executive Director and the chairman of the Audit Committee on 9 December 2011 and was re-elected as an independent non-executive Director and the chairman of the Audit Committee on 18 May 2012.

APPENDIX III PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Ma is an experienced accountant with extensive experience in risk and internal control. Mr. Ma is a Certified Public Accountant (Practising) registered with the Hong Kong Institute of Certified Public Accountants (“HKICPA”), a fellow of the Association of Chartered Certified Accountants (“ACCA”), a Certified Internal Auditor registered with the Institute of Internal Auditors and holder of Certification of Control Self-Assessment of the Institute of Internal Auditors. Mr. Ma also holds various academic degrees, including master of science and bachelor of business administration, each conferred by the Chinese University of Hong Kong (香港中文大學). Mr. Ma has also obtained a bachelor’s degree in laws conferred by the University of London (倫敦大學) through its external programs.

Mr. Ma is currently the chief financial officer of S. Culture International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 1255) since 11 July 2013. Mr. Ma currently holds directorships in the following publicly listed companies:

Name of the company	Stock Code	Title
Ming Fai International Holdings Limited	Stock Exchange: 03828	Independent non-executive Director
China Saite Group Company Limited	Stock Exchange: 00153	Independent non-executive Director

Mr. Ma also had held directorships in the following publicly listed companies:

Name of the company	Stock Code	Title	Period
FAVA International Holdings Limited	Stock Exchange: 8108	Executive Director	September 2010 to October 2011
Dejin Resources Group Company Limited	Stock Exchange: 1163	Independent non-executive Director	June 2010 to June 2013
Universe International Holdings Limited	Stock Exchange: 1046	Independent non-executive Director	November 2008 to December 2013

Mr. Ma had entered into an appointment letter with the Company for a term of 1 year effective from 24 December 2013. Mr. Ma is entitled to an annual fee in a sum of HKD240,000 which has been determined by the Board with reference to the prevailing market conditions, his duties and responsibilities. He is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Ma does not hold any interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at Latest Practicable Date.

APPENDIX III PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Yang Yongzheng (楊勇正) (“Mr. Yang”), aged 45, is an executive director, authorized representative of the Company and a member of the nomination committee with effect from 11 May 2013 and appointed as the chief operating officer of the Company on 1 October 2013. Mr. Yang has extensive experience in the cement industry and is primarily responsible for the daily production and operation of the Company and its subsidiaries (collectively the “Group”). Mr. Yang joined the Group in 2004, and has served as the deputy general manager of Shangqiu Tianrui Cement Company Limited (商丘天瑞水泥有限公司) and Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司), the general manager of Yingkou Tianrui Cement Company Limited (營口天瑞水泥有限公司) and the chairman and general manager of Liaoyang Tianrui Cement Company Limited (遼陽天瑞水泥有限公司) ever since. He was appointed as general manager of Tianrui Cement in 2012. Mr. Yang obtained his bachelor degree in Petroleum and Engineering from Henan University in 1991 and obtained his EMBA from Peking University in 2012. In June 2012, Mr. Yang was awarded “Advanced Worker in the Mining Industry and Building Material Industry of Small and Medium Enterprises in Liaoning Province” (遼寧省中小企業礦業建材行業先進工作者). Mr. Yang obtained the title of senior economist in December 2013.

Mr. Yang has entered into a service agreement with the Company for a term of three years with effect from 11 May 2013 subject to re-election in accordance with the articles of association of the Company. Mr. Yang is entitled to an annual fee in a sum of RMB700,000 which has been determined by the Board with reference to the prevailing market conditions, his duties and responsibilities. Mr. Yang does not hold any interest in the securities of the Company within the meaning of Part XV of the SFO as at Latest Practicable Date.

Mr. Xu Wuxue (徐武學) (“Mr. Xu”), aged 38, is an executive director, chief financial officer of the Company and a member of the remuneration committee with effect from 11 May 2013. Mr. Xu has 15 years of experience in finance and accounting. Mr. Xu joined the Group in 2006 and served as the deputy financial controller and head of the finance department of Tianrui Cement, and was appointed as the chief financial officer of Tianrui Cement on 9 January 2013. Before joining the Group, Mr. Xu served as an accountant of the finance department of Ruzhou Tongyong Casting Co., Ltd. (汝州市通用鑄造公司) and the deputy general manager and head of the finance department of Xingfeng Group Co., Ltd. (星峰集團有限責任公司). Mr. Xu graduated from Luoyang Industrial College (洛陽工業高等專科學校) majoring in finance, in 1996.

Mr. Xu has entered into a service agreement with the Company for a term of three years from 11 May 2013 subject to re-election in accordance with the articles of association of the Company. Mr. Xu is entitled to an annual fee in a sum of RMB600,000 which has been determined by the Board with reference to the prevailing market conditions, his duties and responsibilities. As at the Latest Practicable Date, Mr. Xu does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

APPENDIX III PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Wang Delong (王德龍) (“Mr. Wang”), aged 48, is an executive director of the Company with effect from 11 May 2013. Mr. Wang has also been appointed as the deputy chief executive officer of the Company. Mr. Wang has extensive experience in finance and investment sectors. Mr. Wang joined the Group in February 2013 and was appointed as a director of Tianrui Cement. Before joining the Group, Mr. Wang was the chief editor of Henan Rural Financial Newspaper (河南農村金融時報), deputy director of Pingdingshan sub-branch of Agricultural Bank of China (中國農業銀行農行平頂山市分行), chief of risk control department of Henan branch of Agricultural Bank of China (農行河南省分行), director of Kaifeng branch of Agricultural Bank of China (農行開封市分行), deputy general manager of Beijing Zehua Investment Group (北京澤華投資集團), chairman of the board of Henan Qingan Chemical High-tech Co., Ltd. (河南慶安化工高科技股份有限公司), a subsidiary of Beijing Zehua Investment Group, chairman of Zhejiang Qingan Chemical Co., Ltd. (浙江慶安化工有限公司), and chairman of Zhejiang Jiaxing Storage Terminal Co., Ltd. (浙江嘉興倉儲碼頭有限公司). In 1999, Mr. Wang graduated with the bachelor’s degree in political economics from the Zhengzhou University. Mr. Wang is a senior economist.

Mr. Wang has entered into a service agreement with the Company for a term of three years from 11 May 2013 subject to re-election in accordance with the articles of association of the Company. Mr. Wang is entitled to an annual fee in a sum of RMB600,000 which has been determined by the Board with reference to the prevailing market conditions, his duties and responsibilities. As at the Latest Practicable Date, Mr. Wang does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, none of the above Directors (i) has any other relationship with any Director, senior management or substantial or Controlling Shareholder of the Company; nor (ii) has held any position with the Company or any of its subsidiaries or any directorship in other listed public companies in the last three years. There is no other information which is required to be disclosed under Rules 13.51(2) of the Listing Rules, nor any other matters relating to the re-election of the above Directors that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of China Tianrui Group Cement Company Limited (the “Company”) will be held at 10:00 a.m. on Wednesday, 28 May 2014 at No. 63 Guangcheng Road East, Ruzhou City, Henan Province, PRC for the following purposes:

As ordinary business:

1. To review and consider the audited consolidated financial statements and the reports of the Directors and the independent auditor of the Company for the year ended 31 December 2013.
2. (i) To re-elect the following directors of the Company:
 - (a) To re-elect Mr. Li Liufa as a non-executive director;
 - (b) To re-elect Mr. Tang Ming Chien as a non-executive director;
 - (c) To re-elect Mr. Ma Chun Fung Horace as an independent non-executive director;
 - (d) To re-elect Mr. Yang Yongzheng as an executive director;
 - (e) To re-elect Mr. Xu Wuxue as an executive director; and
 - (f) To re-elect Mr. Wang Delong as an executive director.
- (ii) To authorise the board (the “Board”) of directors (the “Directors”) of the Company to fix the remuneration of the directors.
3. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company until the conclusion of the next annual general meeting and to authorise the Board of Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

(A) “**THAT**

- (i) subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees and Directors of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company; (c) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company; or (d) an issue of shares of the Company as scrip dividend or similar arrangement in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

(B) “**THAT**

- (i) subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (iii) below) of all powers of the Company to purchase or otherwise acquire shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Takeovers Code and the Listing Rules be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company which are authorised to be purchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- (C) “**THAT** conditional upon the passing of the resolutions set out in paragraphs 4(A) and 4(B) of the notice convening this AGM, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 4(A) of the notice convening this AGM be and is hereby extended by the addition thereto an amount of shares representing the aggregate nominal amount of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the Directors of the Company under the resolution set out in paragraph 4(B) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”
5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:
- (A) “**THAT**
- (i) to consider and approve the transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps for the three years ending 31 December 2016 at RMB360,000,000, RMB480,000,000 and RMB480,000,000, respectively, be and are hereby approved, ratified and confirmed;
 - (ii) all acts done and things executed and all such documents or deeds entered into in connection with or to give effect to the continuing connected transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps be and are hereby confirmed, approved and ratified, and the board of directors of the Company (“Board”) be and is hereby authorized to do all such acts and things and execute all such documents or deeds and to take all such steps as it considers necessary, desirable or expedient in connection with or to give effect to the continuing connected transactions pursuant to the Clinker Supply Framework Agreement within the Clinker Annual Caps and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of the Board, necessary or desirable.”
- (B) “**THAT**
- (i) conditional upon the passing of ordinary resolution no. 5(A) set out above, to consider and approve the transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps for the three years ending 31 December 2016 at RMB60,000,000, RMB60,000,000 and RMB60,000,000, respectively, be and are hereby approved, ratified and confirmed;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) all acts done and things executed and all such documents or deeds entered into in connection with or to give effect to the continuing connected transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps be and are hereby confirmed, approved and ratified, and the Board be and is hereby authorized to do all such acts and things and execute all such documents or deeds and to take all such steps as it considers necessary, desirable or expedient in connection with or to give effect to the continuing connected transactions pursuant to the Limestone Supply Framework Agreement within the Limestone Annual Caps and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of the Board, necessary or desirable.”

Notes:

- (a) The register of members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014 (both dates inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 23 May 2014.
- (b) Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjourned meeting.
- (c) Mr. Li Liufa, Mr. Tang Ming Chien and Mr. Ma Chun Fung Horace will retire from the office of director by rotation at the AGM and, being eligible, offer themselves for re-election as Directors at the AGM. The term of office of Mr. Yang Yongzheng, Mr. Xu Wuxue and Mr. Wang Delong will expire at the AGM. All of them, being eligible, will offer themselves for re-election as Directors at the AGM. Particulars of the above Directors are set out in the circular of the Company dated 25 April 2014.
- (d) In relation to proposed resolutions number 4(A) and 4(C), approval is being sought from the shareholders for the granting to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.

NOTICE OF ANNUAL GENERAL MEETING

- (e) In relation to proposed resolution number 4(B) above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules will be set out in the circular of the Company dated 25 April 2014.
- (f) In the case of joint holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, in person or by proxy, the vote of the joint holder whose name stands first in the register of members and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).
- (g) Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting at the Meeting if you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.

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

Hong Kong, 25 April 2014

As at the date hereof, the Board consists of:

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Mr. Yang Yongzheng, Mr. Xu Wuxue and Mr. Wang Delong

Non-executive Director

Mr. Tang Ming Chien

Independent Non-executive Directors

Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Ma Chun Fung Horace