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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer 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 and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CHINA TIANRUI GROUP CEMENT COMPANY LIMITED
中國天瑞集團水泥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1252)

CONNECTED TRANSACTION **AMENDED DEED OF NON-COMPETITION UNDERTAKING**

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



TC Capital
天財資本

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 25 of this circular.

A notice convening the EGM to be held at 15/F, Tower 1-B, Lvdiyuansheng International Building, Jinshuidong Road No.49, Zheng Dong New District, Zhengzhou City, Henan Province, PRC on Monday, 17 November 2014 at 4:30 p.m. is set out on pages 33 to 34 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of 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 less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

31 October 2014

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DEFINITIONS

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

“Amended Non-competition Deed”	the amended deed of non-competition undertaking entered into by the Controlling Shareholders in favour of the Company on 16 October 2014
“associate”	has the meaning ascribed to the term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or a public holiday in Hong Kong or the PRC) on which licensed banks are generally open for business in Hong Kong or the PRC during normal business hours
“Chairman Li”	Li Liufa (李留法), the founder, chairman and a Controlling Shareholder of the Group
“Company”	China Tianrui Group Cement Company Limited (中國天瑞集團水泥有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules (i.e. any person (including a holder of depositary receipts) who is group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the issuer or who is or are in a position to control the composition of a majority of the board of directors of the issuer) and, in the context of this circular, refers to Chairman Li, Mr. Li Xuanyu (李玄煜), Yu Kuo, Yu Qi and/or Holy Eagle
“Current Non-competition Deed”	the deed of non-competition undertaking entered into by the Controlling Shareholders in favour of the Company on 9 December 2011
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among other things, the Amended Non-competition Deed

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time and “member(s) of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	independent board committee of the Company comprising Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang, being all independent non-executive Directors, to advise the Independent Shareholders in respect of the Amended Non-competition Deed
“Independent Financial Adviser” or “TC Capital”	TC Capital Asia Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Amended Non-competition Deed
“Independent Shareholder(s)”	Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Amended Non-competition Deed
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with any of our Directors, chief executives, substantial shareholders or any of our subsidiaries or any of their associates
“Latest Practicable Date”	30 October 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Ruiping Power”	Pingdingshan Ruiping Power Company Limited (平頂山瑞平煤電有限公司), a company incorporated in the PRC with limited liability

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
“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
“Tianrui Cement”	Tianrui Group Cement Company Limited (天瑞集團水泥有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Tianrui Foundry”	Tianrui Group Foundry Company Limited (天瑞集團鑄造有限公司), a company established in the PRC with limited liability and a subsidiary of Tianrui Group
“Tianrui Group”	Tianrui Group Company Limited (天瑞集團有限公司), a company established in the PRC with limited liability and a company held as to 51.25% and 48.75% by Chairman Li and Li Xuanyu, respectively
“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

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. Li Jiangming

Independent Non-executive Directors:

Mr. Kong Xiangzhong

Mr. Wang Ping

Mr. Du Xiaotang

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

31 October 2014

To the Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION
AMENDED DEED OF NON-COMPETITION UNDERTAKING**

INTRODUCTION

Reference is made to the announcement dated 16 October 2014 regarding the Amended Non-competition Deed. The purpose of this circular is to provide you with, amongst others, (a) further details of the Amended Non-competition Deed; (b) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Amended Non-competition Deed; (c) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Amended Non-competition Deed; and (d) information on the notice of EGM for approving the Amended Non-competition Deed.

LETTER FROM THE BOARD

BACKGROUND

Reference is made to the deed of non-competition undertaking which was entered into by the Controlling Shareholders in favour of the Company on 9 December 2011 (the “**Current Non-competition Deed**”). Pursuant to the Current Non-competition Deed, the Controlling Shareholders have jointly and severally, unconditionally and irrevocably undertaken to the Company (for itself and for the benefit of its subsidiaries) that other than the clinker business of Ruiping Shilong, he or it would not, and would procure that his or its affiliates (except any member of the Group) would not, during the relevant restricted period set out in the Current Non-competition Deed (the “**Restricted Period**”), directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in, acquire, hold, form partnerships or joint ventures in, or extend any loans to (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of the Group from time to time.

The Restricted Period refers to the period commencing from the date of the Current Non-competition Deed (namely, 9 December 2011) and shall expire on the earlier of:

- (i) the first anniversary of the date on which the Controlling Shareholders and his or its affiliates cease to have any interest in the issued share capital of the Company;
- (ii) the date on which the shares of the Company cease to be listed on the Stock Exchange; and
- (iii) the date on which the Controlling Shareholders individually or jointly cease to (a) exercise or control 30% or more of the voting rights at shareholders’ meetings of, or (b) be the single largest shareholder of, the Company.

Under the Current Non-competition Deed, the Controlling Shareholders have further undertaken that during the Restricted Period, if an opportunity to engage in a business which is or may be in competition, directly or indirectly, with the business of the Group (the “**New Business Opportunity**”) is presented or offered to them or their associate(s), they shall immediately give written notice to the Company of the New Business Opportunity containing all relevant information necessary for the Company to consider whether to pursue the New Business Opportunity, including the nature, required investment and acquisition cost of the New Business Opportunity. The Controlling Shareholders or their associate(s) shall also use their best efforts to procure the New Business Opportunity to be first referred to the Company and/or its subsidiaries on fair and reasonable terms and assist the Company or any member of the Group to obtain the New Business Opportunity on the same terms given to them or conditions more favourable or otherwise acceptable to the Company. Even if the Company decides to decline the New Business Opportunity after the Controlling Shareholders or their associate(s) have fulfilled such notification and best-effort requirements, the Controlling Shareholders are still not allowed to pursue the New Business Opportunity.

LETTER FROM THE BOARD

The Company has been informed by the Controlling Shareholders that they have been approached by third parties with New Business Opportunities on a number of previous occasions. However, in compliance with their undertakings under the Current Non-competition Deed, the Controlling Shareholders have refrained from engaging in any of such previous New Business Opportunities. The Controlling Shareholders are of the view that the restriction under the Current Non-competition Deed on the Controlling Shareholders not to pursue a New Business Opportunity even after the Company decides to decline it is unnecessarily burdensome. By comparison, it is not uncommon for companies listed on the Stock Exchange to allow their controlling shareholders to pursue New Business Opportunities after they have complied with certain procedures. Such a practice would also provide listed companies with the flexibility of acquiring and/or participating in the New Business Opportunities at a later but more appropriate time.

Recently, representations have been made to the Controlling Shareholders in respect of a few New Business Opportunities which the Controlling Shareholders consider would be beneficial to the Company. The Controlling Shareholders have notified and explored with the Company the possibility of the Company taking on such New Business Opportunities. However, the potential counterparties prefer to deal with the Controlling Shareholders rather than the Company (which is listed on the Stock Exchange) due to confidentiality and timing concerns. As such, the Company has not been able to conduct proper due diligence and explore further on such New Business Opportunities. As a result, the Company does not consider it appropriate to take on such New Business Opportunities at this stage. On the other hand, the Company considers that it would be unfortunate to lose the opportunity of acquiring and/or participating in such new business at a later stage.

AMENDED NON-COMPETITION DEED

On 16 October 2014, the Controlling Shareholders and the Company entered into the Amended Non-competition Deed to amend the Current Non-competition Deed to allow the Controlling Shareholders to pursue a New Business Opportunity subject to certain restrictions and an option in favor of the Company over the business subsequently developed by the Controlling Shareholders (the “**Option**”).

Under the Amended Non-competition Deed, during the Restricted Period, if a New Business Opportunity is presented or offered to the Controlling Shareholders and/or their respective associate(s), after they have fulfilled the notification and best-effort requirements as set out in the Current Non-competition Deed, they are allowed to pursue the New Business Opportunity only if they have received a notice from the Company that the Company would not pursue the New Business Opportunity.

The Controlling Shareholders have further undertaken that during the Restricted Period, without the Company’s prior written consent, they and/or their respective associate(s) (except any member of the Group) shall not transfer or dispose of any business (the “**New Business**”) subsequently developed from the New Business Opportunity or any interest in the New Business to any third party, or create any mortgage, pledge, lien or any other encumbrance or third party’s rights over the New Business or any interest in it.

LETTER FROM THE BOARD

The Controlling Shareholders have also granted the Company the Option to acquire the New Business or any interest in it in accordance with (a) commercial terms which (i) will not be less favourable than those applicable to the acquisition of the same New Business Opportunity by the Controlling Shareholders in the first instance, provided that the Company shall reimburse the Controlling Shareholders for the acquisition costs (including tax expenses, financing costs, professional fees and travelling expenses) incurred by them in respect of their acquisition of such New Business Opportunity; and (ii) have been opined by an independent financial adviser of the Company as being normal commercial terms arrived at in the ordinary course of business of the Company, fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (b) any requirement under the Listing Rules in relation to the acquisition of the New Business and any interest in it. The Company is entitled to exercise the Option at any time during the Restricted Period.

In the Amended Deed of Non-competition, the Controlling Shareholders have further undertaken:

- (a) to procure all relevant information relating to the implementation of the above-mentioned provisions of the Amended Non-competition Deed in their possession or the possession of their respective associate(s) (except any member of the Group) to be provided to the Company for its assessment of the New Business Opportunity;
- (b) in relation to any information which the Controlling Shareholders and/or their associates are subsequently provided with by the potential counterparties prior to any acquisition, purchase or undertaking of a New Business Opportunity by them and/or their associates (the “**Acquisition**”), to provide such information to the Company and/or procure that such information be provided to the Company as soon as practicable after their receipt of the same;
- (c) to make best endeavours to facilitate the Company to carry out all necessary due diligence on the New Business Opportunity after their Acquisition (if any) of a New Business Opportunity;
- (d) for as long as they have not disposed of the New Business, to provide the Company with the business and financial information of the New Business after the Acquisition at least on a semi-annual basis to enable the Company to closely monitor the status of the New Business; and
- (e) to allow, subject to any confidentiality obligation to any third party, the representatives of the Company or its auditors to have access to such financial and corporate records as may be necessary for them to determine whether the Controlling Shareholders and/or their respective associate(s) (except any member of the Group) have complied with the above-mentioned provisions of the Amended Non-competition Deed.

The Controlling Shareholders (for themselves and on behalf of their respective associate(s) (except any member of the Group)) have also acknowledged that the Company may be required by the relevant laws, regulations, the Listing Rules or any request from any

LETTER FROM THE BOARD

regulator to disclose, from time to time, information relating to the matters under the Amended Non-competition Deed, including the disclosure by public announcement(s) or in the annual report(s) of the Company of the decisions made by the Company to pursue or decline any New Business Opportunity and, have consented to such disclosure to the extent necessary to comply with such requirements.

There is no change to the remaining material terms of the Current Non-competition Deed under the Amended Non-competition Deed.

The Amended Non-competition Deed shall take effect upon the Company having obtained the approval of Independent Shareholders in respect of the execution of the Amended Non-competition Deed in accordance with the Listing Rules. If such condition is not fulfilled on or before 30 June 2015 or such later date as may be agreed by the parties, the Amended Non-competition Deed shall terminate with immediate effect and the Current Non-competition Deed shall continue to be effective and binding on the parties.

INTERNAL REVIEW PROCESS

Upon receipt of the written notice of any New Business Opportunity, a Board committee comprising only the independent non-executive Directors will review, consider and decide whether (i) the New Business Opportunity would constitute a restricted business set out in the Current Non-competition Deed (“**Restricted Business**”); and (ii) it is in the interest of the Group and the Shareholders as a whole to pursue the New Business Opportunity or permit the Controlling Shareholders or their associate(s) to pursue the New Business Opportunity.

In assessing whether or not to pursue the New Business Opportunity, the independent non-executive Directors should consider all factors they consider relevant, including feasibility studies, estimated profitability, market, commercial and counterparty risks, compliance with the business strategy of the Group, possible synergy with the Group’s operation, the financial resources available to the Group and the qualifications and/or eligibility the Group has at that time, as well as the relevant legal, regulatory and contractual requirements, with a view to arriving at a decision which is in the best interest of the Group and the Shareholders as a whole. Such Board committee may appoint financial advisors or professional experts to provide advice, at the cost of the Company, on whether to pursue or decline any New Business Opportunity.

In addition, if the Controlling Shareholders undertake the Acquisition after the Company declines the New Business Opportunity, a Board committee comprising the independent non-executive Directors only will review whether to exercise the Option at least on an annual basis and its decision (including the basis thereof) will be disclosed in the annual reports of the Company.

LETTER FROM THE BOARD

The undertakings provided by the Controlling Shareholders under the Current Non-competition Deed in relation to the provision of information regarding their compliance with the Current Non-competition Deed remain unchanged under the Amended Non-competition Deed. Such undertakings include:

- (a) the Controlling Shareholders shall allow, and shall procure that the relevant associates (excluding any member of the Group) allow, the Directors and auditors of the Company to review, at least on an annual basis, compliance of the non-competition undertakings by the Controlling Shareholders;
- (b) the Controlling Shareholders shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the non-competition undertakings;
- (c) the Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the non-competition undertakings either through the annual report, or by way of announcement to the public; and
- (d) the Controlling Shareholders shall provide the Company with a confirmation annually, for inclusion by the Company in its annual report, as to their compliance with the non-competition undertakings.

POTENTIAL COMPETITION BETWEEN THE NEW BUSINESS AND THE BUSINESS OF THE GROUP

Recognizing that the competition may exist between the New Business and the business of the Group for such period until the Company decides to exercise the Option, as disclosed above, the measures that are available to or will be adopted by the Company under the Amended Non-competition Deed to address such potential competition include:

- (1) certain post-Acquisition undertakings provided by the Controlling Shareholders in favour of the Company:
 - (a) during the Restricted Period, without the Company's prior written consent, the Controlling Shareholders and/or their respective associate(s) (except any member of the Group) shall not transfer or dispose of any New Business subsequently developed from the New Business Opportunity or any interest in the New Business to any third party, or create any mortgage, pledge, lien or any other encumbrance or third party's rights over the New Business or any interest in it;
 - (b) for as long as the Controlling Shareholders have not disposed of the New Business, they shall provide the Company with the business and financial information of the New Business after the Acquisition at least on a semi-annual basis to enable the Company to closely monitor the status of the New Business; and

LETTER FROM THE BOARD

- (c) the Controlling Shareholders shall make best endeavours to facilitate the Company to carry out all necessary due diligence on the New Business Opportunity after their Acquisition (if any) of a New Business Opportunity; and
- (2) the provision that the Company is entitled to exercise the Option on terms which are not less favourable than the terms of Acquisition by the Controlling Shareholders in the first instance.

The above-mentioned undertakings provided by the Controlling Shareholders will enable the Company to closely monitor the New Business and decide whether to exercise the Option. They will also provide the Company with control over the New Business to the extent that the Company is entitled to decide whether to allow the Controlling Shareholders to dispose of the New Business to third parties. The provisions relating to the terms on which the Company can exercise the Option will prevent the Controlling Shareholders from benefitting from the New Business Opportunity at the expenses of the Company or developing the New Business to the detriment of the interest of the Company.

In addition, among the post-Acquisition internal review process of the Company, a Board committee comprising the independent non-executive Directors only will review whether to exercise the Option at least on an annual basis and its decision (including the basis thereof) will be disclosed in the annual reports of the Company. Such internal review process will preclude any interference by the Controlling Shareholders with the independent non-executive Directors' decision-making process regarding the acquisition of the New Business and provide the independent Shareholders with access to the information on such decision-making process and means to review such decisions.

Furthermore, before the Company decides to exercise the Option, the Board will convene meetings on a regular basis to review and, if considered fit, adjust the strategies for the development and management of the Company's own business operations, leveraging on the information acquired from the due diligence on the New Business and/or periodic disclosure by the Controlling Shareholders. Chairman Li and Mr. Li Jiangming will abstain from the relevant Board meetings so that such review will be conducted independently of the Controlling Shareholders. The Board considers that such measures will provide the Company with the benefit of enhancing its own business operations with the information of the New Business which otherwise could not be obtained if the New Business Opportunity is pursued by third parties other than the Controlling Shareholders.

Based on the above, the Board considers that sufficient measures are in place to protect the Company's interest from the potential competition from the New Business.

REASONS FOR ENTERING INTO THE AMENDED NON-COMPETITION DEED

The Directors (excluding the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee contained in this circular) are of the view that the restriction under the Current Non-competition Deed on the Controlling Shareholders not to pursue a New Business Opportunity even after the Company decides to decline it is unnecessarily burdensome. On the other hand, the new procedures under the

LETTER FROM THE BOARD

Amended Non-competition Deed to allow the Controlling Shareholders and/or their associate(s) to pursue the New Business Opportunities on their own accord on terms not more favourable than the terms available to the Group if the Company does not have the ability or resources or does not wish to pursue such New Business Opportunities at the time, in conjunction with the restriction not to transfer the New Business to any third party without the Company's consent and the Option in favour of the Company to acquire the New Business, would reserve flexibility for the Group to acquire and/or participate in the New Business at a later but more appropriate time after the Company has conducted proper due diligence and completed all necessary steps required of it as a company listed on the Stock Exchange.

Based on the above, the Directors (excluding the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee contained in this circular) believe that the amended provisions under the Amended Non-competition Deed would enhance the procedures of referring new business opportunities relating to any Restricted Business to the Company and are in the interest of the Group and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Controlling Shareholders refers to Chairman Li, Mr. Li Xuanyu, Yu Kuo, Yu Qi and/or Holy Eagle. Chairman Li refers to Mr. Li Liufa (李留法) who is the founder of the Group and the chairman of the Board. Mr. Li Xuanyu (李玄煜) is the son of Chairman Li. The entire issued share capital of Yu Kuo is legally and beneficially owned by Holy Eagle and Yu Qi. The entire issued share capital of Holy Eagle is legally and beneficially owned by Chairman Li while the entire issued share capital of Yu Qi is legally and beneficially owned by Mr. Li Xuanyu (李玄煜). As at the Latest Practicable Date, Yu Kuo holds approximately 39.57% of the issued share capital of the Company. Each of Yu Kuo, Yu Qi and Holy Eagle is investment holding company. Chairman Li and Mr. Li Xuanyu are interested in different businesses such as foundry business, aluminum business, tourism and hotel business; and hold indirect equity interest in Ruiping Shilong which is involved in production, sale and distribution of clinker.

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

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Controlling Shareholders in aggregate control more than 30% of the issued share capital of the Company and thus are connected persons of the Company as defined under the Listing Rules. The entering into of the Amended Non-competition Deed constitutes a connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee has been formed to advise the Independent Shareholders on the Amended Non-competition Deed. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Amended Non-competition Deed.

Save for Chairman Li and Mr. Li Jiangming (李江銘) who is the younger brother of Chairman Li's wife and the uncle of Mr. Li Xuanyu (Chairman Li's son), all of the Directors have confirmed that none of them has any material interest in the Amended Non-competition Deed; and therefore no Director (except Chairman Li and Mr. Li Jiangming (李江銘)) are required to abstain from voting at the meeting of the Board to approve the Amended Non-competition Deed.

EGM

A notice convening the EGM to be held at 15/F, Tower 1-B, Lvdiyuansheng International Building, Jinshuidong Road No.49, Zheng Dong New District, Zhengzhou City, Henan Province, PRC on Monday, 17 November 2014 at 4:30 p.m., at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Amended Non-competition Deed, is set out on pages 33 to 34 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of 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 less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

An ordinary resolution as set out in the notice of the EGM will be put to the vote of the Independent Shareholders by way of poll. An announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

In accordance with the Listing Rules, Yu Kuo, 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 Amended Non-competition Deed, will abstain from voting at the EGM for the resolutions in respect of the same.

RECOMMENDATION

Your attention is drawn to:

- (a) the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders;

LETTER FROM THE BOARD

- (b) the letter from the Independent Financial Adviser set out on pages 16 to 25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and
- (c) additional information set out in the appendix of this circular.

Having taken into account the factors as disclosed in the section headed “Reasons for entering into the Amended Non-competition Deed” above, the Directors (excluding the independent non-executive Directors whose views are set out in the section headed “Letter from the Independent Board Committee” of this circular) consider that the terms of the Amended Non-competition Deed are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Amended Non-competition Deed.

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



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. Du Xiaotang

31 October 2014

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
AMENDED DEED OF NON-COMPETITION UNDERTAKING

We refer to the circular of the Company dated 31 October 2014 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the Amended Non-competition Deed and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. TC Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 13 of this circular which contains information about the Amended Non-competition Deed;
- (b) the letter from the Independent Financial Adviser set out on pages 16 to 25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and
- (c) additional information set out in the appendix of this circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Amended Non-competition Deed and the advice and recommendations of the Independent Financial Adviser and taken into account the principal factors and reasons considered by the Independent Financial Adviser, we are of the opinion that the terms of the Amended Non-competition Deed are fair and reasonable and 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 ordinary resolution to be proposed at the EGM to approve the Amended Non-competition Deed.

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

Kong Xiangzhong
*Independent Non-executive
Director*

Wang Ping
*Independent Non-executive
Director*

Du Xiaotang
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



TC Capital Asia Limited
天財資本亞洲有限公司

31 October 2014

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

Dear Sir/Madam,

CONNECTED TRANSACTION AMENDED DEED OF NON-COMPETITION UNDERTAKING

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Amended Non-competition Deed. Details of the terms of the Amended Non-competition Deed are set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular of the Company dated 31 October 2014 (the “**Circular**”) issued to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Background and terms of the Amended Non-competition Deed are set out in the Board Letter in the Circular. Our role as the independent financial adviser is to give our opinion as to whether the terms of the Amended Non-competition Deed are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and whether the entering into of the Amended Non-competition Deed is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Controlling Shareholders in aggregate control more than 30% of the issued share capital of the Company and thus are connected persons of the Company as defined under the Listing Rules. The entering into of the Amended Non-competition Deed constitutes a connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. As set out in the Board Letter, Yu Kuo, 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 Amended Non-competition Deed, will abstain from voting in respect of the ordinary resolution at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang, has been formed to advise the Independent Shareholders as to whether the terms of the Amended Non-competition Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as an independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the continuing connected transactions (details of which were set out in the circulars of the Company dated 25 April 2014) and major and continuing connected transactions (details of which were set out in the circular of the Company dated 8 November 2013). Apart from normal professional fees paid to us in connection with such appointments, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Current Non-competition Deed; (ii) the Amended Non-competition Deed; (iii) the prospectus of the Company dated 14 December 2011; and (iv) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and represented by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company, the Controlling Shareholders and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions in respect of the Amended Non-competition Deed, we have taken into consideration the following principal factors and reasons:

1. Background of the Current Non-competition Deed

Pursuant to the Current Non-competition Deed, the Controlling Shareholders have jointly and severally, unconditionally and irrevocably undertaken to the Company (for itself and for the benefit of its subsidiaries) that other than the clinker business of Ruiping Shilong, he or it would not, and would procure that his or its affiliates (except any member of the Group) would not, during the relevant restricted period set out in the Current Non-competition Deed (the “**Restricted Period**”), directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in, acquire, hold, form partnerships or joint ventures in, or extend any loans to (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of the Group from time to time.

As set out in the Board Letter, the Restricted Period refers to the period commencing from the date of the Current Non-competition Deed (i.e. 9 December 2011) and shall expire on the earlier of: (i) the first anniversary of the date on which the Controlling Shareholders and his or its affiliates cease to have any interest in the issued share capital of the Company; (ii) the date on which the shares of the Company cease to be listed on the Stock Exchange; and (iii) the date on which the Controlling Shareholders individually or jointly cease to (a) exercise or control 30% or more of the voting rights at shareholders’ meetings of, or (b) be the single largest shareholder of, the Company.

Under the Current Non-competition Deed, the Controlling Shareholders have further undertaken that during the Restricted Period, if an opportunity to engage in a business which is or may be in competition, directly or indirectly, with the business of the Group (the “**New Business Opportunity**”) is presented or offered to them or their associate(s), they shall immediately give written notice to the Company of the New Business Opportunity containing all relevant information necessary for the Company to consider whether to pursue the New Business Opportunity, including the nature, required investment and acquisition cost of the New Business Opportunity. The Controlling Shareholders or their associate(s) shall also use their best efforts to procure the New Business Opportunity to be first referred to the Company and/or its subsidiaries on fair and reasonable terms and assist the Company or any member of the Group to obtain the New Business Opportunity on the same terms given to them or conditions more favourable or otherwise acceptable to the Company. Even if the Company decides to decline the New Business Opportunity after the Controlling Shareholders or their associate(s) have fulfilled such notification and best-effort requirements, the Controlling Shareholders are still not allowed to pursue the New Business Opportunity.

2. Reasons for entering into the Amended Non-competition Deed

We are advised by the Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in the Circular after considering the advice from the Independent Financial Adviser) that the restriction under the Current Non-competition Deed on the Controlling Shareholders not to pursue a New Business Opportunity even after the Company decides to decline it is unnecessarily burdensome. As set out in the Board Letter, the Company has been informed by the Controlling Shareholders that they have been approached by third parties with New Business Opportunities on a number of previous occasions. However, in compliance with their undertakings under the Current Non-competition Deed, the Controlling Shareholders have refrained from engaging in any of such previous New Business Opportunities. On the other hand, the new procedures under the Amended Non-competition Deed to allow the Controlling Shareholders and/or their associate(s) to pursue the New Business Opportunities on their own accord on terms not more favourable than the terms available to the Group if the Company does not have the ability or resources or does not wish to pursue such New Business Opportunities at the time, in conjunction with the restriction not to transfer the New Business to any third party without the Company's consent and the option in favour of the Company to acquire the New Business subsequently developed by the Controlling Shareholders (the "**Option**") would reserve flexibility for the Group to acquire and/or participate in the New Business at a later but more appropriate time after the Company has conducted proper due diligence and completed all necessary steps required of it as a company listed on the Stock Exchange. Based on the above, we are of the view that the entering into of the Amended Non-competition Deed is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Amended Non-competition Deed

Pursuant to the Amended Non-competition Deed, during the Restricted Period, if a New Business Opportunity is presented or offered to the Controlling Shareholders and/or their respective associate(s), after they have fulfilled the notification and best-effort requirements as set out in the Current Non-competition Deed, they are allowed to pursue the New Business Opportunity only if they have received a notice from the Company that the Company would not pursue the New Business Opportunity.

The Controlling Shareholders have further undertaken that during the Restricted Period, without the Company's prior written consent, they and/or their respective associate(s) (except any member of the Group) shall not transfer or dispose of any business (the "**New Business**") subsequently developed from the New Business Opportunity or any interest in the New Business to any third party, or create any mortgage, pledge, lien or any other encumbrance or third party's rights over the New Business or any interest in it.

The Controlling Shareholders have also granted the Company the Option to acquire the New Business or any interest in it in accordance with (a) commercial terms which (i) will not be less favourable than those applicable to the acquisition of the same New Business Opportunity by the Controlling Shareholders in the first instance, provided that the Company shall reimburse the Controlling Shareholders for the acquisition costs (including

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

tax expenses, financing costs, professional fees and travelling expenses) incurred by them in respect of their acquisition of such New Business Opportunity; and (ii) have been opined by an independent financial adviser of the Company as being normal commercial terms arrived at in the ordinary course of business of the Company, fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (b) any requirement under the Listing Rules in relation to the acquisition of the New Business and any interest in it. The Company is entitled to exercise the Option at any time during the Restricted Period.

We have reviewed the terms of deed of non-competition as disclosed in the prospectuses of recent newly listed companies on the main board of the Stock Exchange for the last three months prior to and including the date of the Amended Non-competition Deed (i.e. from 17 July to 16 October 2014) and noted that it is not uncommon to have such referral mechanism for the relevant controlling shareholders to present any relevant new business opportunities to the listed companies as well as providing the controlling shareholders' right to pursue the new business opportunities should the issuer decided to decline such new business opportunities. Reference can be made to the prospectuses of Nga Chun Holdings Company Limited (1462.HK), Hua Hong Semiconductor Limited (1347.HK), CGN Meiya Power Holdings Co., Ltd. (1811.HK), ELL Environmental Holdings Limited (1395.HK), Jiashili Group Limited (1285.HK), China VAST Industrial Urban Development Company Limited (6166.HK) and China Rundong Auto Group Limited (1365.HK). Therefore, we are of the view that allowing the Controlling Shareholders and/or their respective associate(s) to pursue the New Business Opportunity if the Company decides to decline the New Business Opportunity after the Controlling Shareholders or their associate(s) have fulfilled such notification and best-effort requirements as set out in the Current Non-competition Deed is in line with market practice. Furthermore, if the Controlling Shareholders and/or their respective associate(s) were not allowed to pursue the New Business Opportunity after the Company decides to decline the New Business Opportunity, any New Business Opportunity rejected or not pursued by the Company and not captured by the Controlling Shareholders and/or their respective associate(s) under the terms of the Current Non-competition Deed may fall into the hands of the Group's competitors which may increase the extent of potential competition of the Group in future. The undertakings given by the Controlling Shareholders not to transfer or dispose of the New Business or any interest in the New Business to any third party, or create any mortgage, pledge, lien or any other encumbrance or third party's rights over the New Business or any interest in it without the Company's prior written consent during the Restricted Period and the Option granted by the Controlling Shareholder to the Company to acquire the New Business or any interest in it enable the Company to acquire and/or participate in the New Business Opportunity at a later stage after proper due diligence and assessment of the New Business Opportunity by the Company. We are of the view that such mechanisms provide sufficient protection in terms of monitoring and reducing, where necessary, the extent of the potential competition of business of the Group and also provide flexibility for the Group to acquire and/or participate in the New Business at a later but more appropriate time after the Company has conducted proper due diligence and completed all necessary steps required of it as a company listed on the Stock Exchange.

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As mentioned in the Board Letter, representations have been made recently to the Controlling Shareholders in respect of a few New Business Opportunities which the Controlling Shareholders consider would be beneficial to the Company. The Controlling Shareholders have notified and explored with the Company the possibility of the Company taking on such New Business Opportunities. However, the potential counterparties prefer to deal with the Controlling Shareholders rather than the Company (which is listed on the Stock Exchange) due to confidentiality and timing concerns. We are advised by Company that it is not within the capability and control of the Controlling Shareholders to force the potential counterparties to allow the Company to conduct further due diligence at the level that is required by a listed company. As such, the Company has not been able to conduct proper due diligence and explore further on such New Business Opportunities. As a result, the Company does not consider it appropriate to take on such New Business Opportunities at this stage. On the other hand, the Company considers that it would be unfortunate to lose the opportunity of acquiring and/or participating in such new business at a later stage.

We note that pursuant to the Amended Non-competition Deed, the Controlling Shareholders have further undertaken:

- (a) to procure all relevant information relating to the implementation of the above-mentioned provisions of the Amended Non-competition Deed in their possession or the possession of their respective associate(s) (except any member of the Group) to be provided to the Company for its assessment of the New Business Opportunity;
- (b) in relation to any information which the Controlling Shareholders and/or their associates are subsequently provided with by the potential counterparties prior to any acquisition, purchase or undertaking of a New Business Opportunity by them and/or their associates (the “**Acquisition**”), to provide such information to the Company and/or procure that such information be provided to the Company as soon as practicable after their receipt of the same;
- (c) to make best endeavours to facilitate the Company to carry out all necessary due diligence on the New Business Opportunity after their Acquisition (if any) of a New Business Opportunity;
- (d) for as long as they have not disposed of the New Business, to provide the Company with the business and financial information of the New Business after the Acquisition at least on a semi-annual basis to enable the Company to closely monitor the status of the New Business; and
- (e) to allow, subject to any confidentiality obligation to any third party, the representatives of the Company or its auditors to have access to such financial and corporate records as may be necessary for them to determine whether the Controlling Shareholders and/or their respective associate(s) (except any member of the Group) have complied with the above-mentioned provisions of the Amended Non-competition Deed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are of the view that the above undertakings given by the Controlling Shareholders can ensure that the Company has access to the same level of information on any New Business Opportunity as the Controlling Shareholders and that the Company will be able to take advantage of the post-Acquisition information updates to closely monitor the New Business and in-depth due diligence to make an informed decision as to whether and when to exercise the Option. This will improve transparency and information access by the Company which is in the interests of the Company and the Shareholders as a whole.

Furthermore, pursuant to the Amended Non-competition Deed, the terms of the acquisition of the New Business or any interest in it by the Company from the Controlling Shareholders under the Option will not be less favourable than those applicable to the acquisition of the same New Business Opportunity by the Controlling Shareholders in the first instance, provided that the Company shall reimburse the Controlling Shareholders for the acquisition costs (including tax expenses, financing costs, professional fees and travelling expenses) incurred by them in respect of their acquisition of such New Business Opportunity. We are of the view that the abovementioned no less favourable terms offer protection to the Company and safeguards the interests of the Shareholders as a whole.

As set out in the Board Letter, upon receipt of the written notice of any New Business Opportunity, a Board committee comprising only the independent non-executive Directors will review, consider and decide whether (i) the New Business Opportunity would constitute a restricted business set out in the Current Non-competition Deed (“**Restricted Business**”); and (ii) it is in the interest of the Group and the Shareholders as a whole to pursue the New Business Opportunity or permit the Controlling Shareholders or their associate(s) to pursue the New Business Opportunity. In assessing whether or not to pursue the New Business Opportunity, the independent non-executive Directors should consider all factors they consider relevant, including feasibility studies, estimated profitability, market, commercial and counterparty risks, compliance with the business strategy of the Group, possible synergy with the Group’s operation, the financial resources available to the Group and the qualifications and/or eligibility the Group has at that time, as well as the relevant legal, regulatory and contractual requirements, with a view to arriving at a decision which is in the best interest of the Group and the Shareholders as a whole. In addition, a Board committee comprising the independent non-executive Directors only will review whether to exercise the Option at least on an annual basis if the Controlling Shareholders undertake the Acquisition after the Company declines the New Business Opportunity. We are of the view that the above internal review process provides the independent non-executive Directors a mechanism to assess and monitor the decision-making process of the Company regarding the acquisition of the New Business which safeguards the interests of the Shareholders as a whole.

As set out in the Board Letter, notwithstanding that potential competition may exist between the business of the Group and the New Business for such period until the Company decides to exercise the Option, there are measures available to or will be adopted by the Company under the Amended Non-competition Deed to address such potential competition which may include, among others, the undertakings given by the Controlling Shareholders (i) to facilitate the Company to carry out all necessary due diligence on the New Business Opportunity after their Acquisition (if any) of a New Business Opportunity; and (ii) to

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provide the Company with the business and financial information of the New Business after the Acquisition at least on a semi-annual basis to enable the Company to closely monitor the status of the New Business for as long as the Controlling Shareholders have not disposed of the New Business. Furthermore, for such period until the Company decides to exercise the Option, Board meeting will be convened regularly to adjust and enhance the business strategy of the Company's own business operation which is in competition with that of the Controlling Shareholders, with the benefit of the information acquired by way of due diligence on the New Business and/or periodic disclosure by the Controlling Shareholders as aforesaid. Chairman Li (being the chairman of the Group and one of the Controlling Shareholders) and Mr. Li Jiangming (being one of the joint company secretaries of the Company and the younger brother of Chairman Li's wife and the uncle of Mr. Li Xuanyu (being Chairman Li's son and one of the Controlling Shareholders)) will abstain from the relevant proceedings of such Board meetings, such that the Board can conduct the aforesaid review independently of the Controlling Shareholders. We are of the view that the above measures allow the Company to access to the business and financial information as well as facilitate the Company to carry out all necessary due diligence as required of the New Business and therefore provide the Company with the benefit of enhancing its business strategy of its own business operation which is in competition with that of the Controlling Shareholders with the knowledge of the operation of the New Business under the Controlling Shareholders before the Option is exercised. Such measures protect the interests of the Shareholders and the Company as a whole which otherwise could not be implemented if the New Business is acquired by parties other than the Controlling Shareholders.

Based on the above, we consider that the terms of the Amended Non-competition Deed are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Amended Non-competition Deed is in the interests of the Company and the Shareholders as a whole.

4. Further corporate governance measures

As set out in the Board Letter, the Company and/or the Controlling Shareholders will adopt or continue to adopt the following procedures under the Amended Non-competition Deed:

- (i) the Company will disclose in its annual reports the decision (including the basis thereof) of the review at least on an annual basis by a Board committee comprising the independent non-executive Directors only on whether to exercise the Option if the Controlling Shareholders undertake the Acquisition after the Company declines the New Business Opportunity;
- (ii) the Controlling Shareholders shall allow, and shall procure that the relevant associates (excluding any member of the Group) allow, the Directors and auditors of the Company to review, at least on an annual basis, compliance of the non-competition undertakings by the Controlling Shareholders;

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- (iii) the Controlling Shareholders shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the non-competition undertakings;
- (iv) the Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the non-competition undertakings either through the annual report, or by way of announcement to the public;
- (v) the Controlling Shareholders shall provide the Company with a confirmation annually, for inclusion by the Company in its annual report, as to their compliance with the non-competition undertakings; and
- (vi) the Controlling Shareholders (for themselves and on behalf of their respective associate(s) (except any member of the Group)) have also acknowledged that the Company may be required by the relevant laws, regulations, the Listing Rules or any request from any regulator to disclose, from time to time, information relating to the matters under the Amended Non-competition Deed, including the disclosure by public announcement(s) or in the annual report(s) of the Company of the decisions made by the Company to pursue or decline any New Business Opportunity and, have consented to such disclosure to the extent necessary to comply with such requirements.

We are of the view that the adoption of the above measures improve transparency regarding the compliance with the terms of the Amended Non-competition Deed by the Company and the Controlling Shareholders and promote good corporate governance practices and therefore safeguards the interests of the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that although the entering into of the Amended Non-competition Deed is not in the ordinary and usual course of business of the Group, the terms of the Amended Non-competition Deed are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Amended Non-competition Deed is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Amended Non-competition Deed and the transactions contemplated thereunder.

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

Note: Mr. Edward Wu of TC Capital Asia Limited is a responsible officer licensed under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities having over 13 years of experience in investment banking and corporate finance.

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 Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Private Capital Asia Corp	Interests in controlled corporation (3)	Long Position Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Chase & Co.	Interests in controlled corporation (3)	Long Position Short position	200,600,000 33,433,340	8.36 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

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).

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, save and except for the indirect equity interest of Chairman Li in Ruiping Shilong which is engaged in manufacturing and selling clinker in certain areas in Henan province.

Ruiping Shilong is a limited liability company incorporated in the PRC, of which 40% is owned by Tianrui Cement (the Company’s wholly-owned subsidiary) and 60% is owned by Ruiping Power. Ruiping Power is held by Tianrui Foundry (indirectly and jointly wholly-owned by Chairman Li and Mr. Li Xuanyu (Chairman Li’s son)) as to 40% and by an Independent Third Party as to 60%. As such, Ruiping Shilong is a connected person of the Company as defined under the Listing Rules.

Ruiping Shilong is engaged in manufacturing and selling clinker in certain areas of Henan province, so its business competes with the Company’s clinker operation in those areas.

As the 60% shareholder of Ruiping Power (being an Independent Third Party) has a pre-emptive right to acquire the 40% equity interest in Ruiping Power held by Tianrui Foundry, it is not practicable for Tianrui Foundry to transfer such interest to the Group. Even if the Controlling Shareholders could inject their 40% shareholding in Ruiping Power to the Company, the impact to the Company's consolidated financial results would be distorted by the financial performance of the power generation business which is Ruiping Power's principal business.

As at the Latest Practicable Date, the Directors held the view that the Group is financially and operationally independent from Ruiping Shilong. Furthermore, the competition between Ruiping Shilong and the Company is not material for the following principal reasons:

- (i) sale of clinker is not the Group's core business. Most of the clinker the Group produces is used to produce the Group's own cement and only a small portion is sold to external customers;
- (ii) the scale of Ruiping Shilong's clinker operation is relatively small compared with that of the Group; and
- (iii) the Controlling Shareholders only indirectly hold a minority interest in Ruiping Shilong and do not control the board of directors of Ruiping Shilong.

The Controlling Shareholders currently have no intention to inject their indirect interest in Ruiping Shilong into 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 ("**Framework Agreement**"), the clinker supply framework agreement dated 25 March 2014 with respect to the purchase of clinker by the Group ("**Clinker Supply Framework Agreement**") 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 ("**Limestone Supply Framework Agreement**"), the salient nature of which are as follows:

- (i) On 30 October 2013, Tianrui Cement and Tianrui Group entered into the Framework Agreement for a term of 24 months from the date on which all the conditions precedent thereto are fulfilled (i.e. 27 November 2013) ("**Term**"). Pursuant to the Framework Agreement, Tianrui Group, an associate of Chairman Li, has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to Tianrui Cement or its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them ("**Tianrui Group Guarantee**"). According to the same agreement, Tianrui Cement has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to Tianrui Group or its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them ("**Tianrui Cement Guarantee**"). The annual caps for the Tianrui Cement Guarantee is RMB2,200 million and RMB3,000 million for the first 12 months and the second 12 months of the Term respectively. The annual caps for the Tianrui Group Guarantee is RMB5,200 million and RMB6,000 million for the first 12 months and the second 12 months of the Term respectively.
- (ii) On 25 March 2014, Tianrui Cement (as purchaser) and Ruiping Shilong (as supplier) entered into the Clinker Supply Framework Agreement for a term commencing from 25 March 2014 to 31 December 2016, which 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 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 three years ending 31 December 2016 shall not exceed RMB360,000,000, RMB480,000,000 and RMB480,000,000 respectively.

- (iii) On 25 March 2014, Ruiping Shilong (as purchaser) and Tianrui Cement (as supplier) entered into the Limestone Supply Framework Agreement for a term commencing from 25 March 2014 to 31 December 2016, which 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. 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 three years ending 31 December 2016 will not exceed RMB60,000,000, RMB60,000,000 and RMB60,000,000 respectively.

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 14 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) the Current Non-competition Deed;
- (d) the Amended Non-competition Deed;
- (e) the service contracts with the Directors referred to in paragraph headed "6. Service Contracts" above;
- (f) letter from the Independent Board Committee, the text of which is set out in this circular;
- (g) the letter from TC Capital, the text of which is set out in this circular; and
- (h) the written consent of TC Capital referred to in the paragraph headed "Qualification and Consent of Expert" above.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China Tianrui Group Cement Company Limited (the “**Company**”) will be held at 15/F, Tower 1-B, Lvdiyuansheng International Building, Jinshuidong Road No.49, Zheng Dong New District, Zhengzhou City, Henan Province, PRC on Monday, 17 November 2014 at 4:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Amended Non-competition Deed entered into by the Controlling Shareholders in favour of the Company on 16 October 2014 to amend the Current Non-competition Deed entered into by the Controlling Shareholders in favour of the Company on 9 December 2011 (a copy of which is tabled at the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification) be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorized to do all such things and acts as he/she may in his/her discretion considers as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Amended Non-competition Deed and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the Amended Non-competition Deed, and the taking of all necessary actions to implement the Amended Non-competition Deed.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (a) The register of members of the Company will be closed from Thursday, 13 November 2014 to Monday, 17 November 2014 (both dates inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the EGM, 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 Wednesday, 12 November 2014.
- (b) Any shareholder of the Company entitled to attend and vote at the EGM 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 EGM or any adjourned meeting.
- (c) In the case of joint holders of any share, any one of such joint holders may vote at the EGM, 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 EGM, 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).
- (d) Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting at the EGM 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, 31 October 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. Li Jiangming

Independent Non-executive Directors

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