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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)**

**ANNOUNCEMENT**

This announcement is made by China Tianrui Group Cement Company Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) announces that Zhejiang Zhongda Group International Trading Co., Ltd† (浙江中大集團國際貿易有限公司) (“Zhejiang Zhongda”) has recently filed a statement of claim (民事起訴狀) with the Hangzhou Intermediate People’s Court in Zhejiang Province (浙江省杭州市中級人民法院) (the “Court”) in relation to a civil action against (i) Sanmenxia Tianyuan Aluminum Company Limited † (三門峽天元鋁業股份有限公司) (“Sanmenxia Tianyuan Aluminum”), a subsidiary of Tianrui Group Company Limited† (天瑞集團有限公司) (“Tianrui Group”), (ii) Tianrui Group, a company jointed owned by Mr. Li Liufa and Mr. Li Xuanyu, a substantial shareholder of the Company, (iii) China Tianrui (Hong Kong) Company Limited † (中國天瑞(香港)有限公司) (“Tianrui HK”), a wholly-owned subsidiary of the Company, (iv) Tianrui Group Cement Company Limited † (天瑞集團水泥有限公司) (“Tianrui Cement”), a wholly-owned subsidiary of the Company and (v) Mr. Li Liufa, the chairman, non-executive director and substantial shareholder of the Company (the “Civil Action”).

The Civil Action relates to a distributorship agreement dated 15 July 2010 entered into between Zhejiang Zhongda and Sanmenxia Tianyuan Aluminum for the supply of aluminum ingot, and an irrevocable joint liability guarantee dated 20 July 2010 granted by Tianrui Group in favor of Zhejiang Zhongda to secure the performance of the aforesaid distributorship agreement. Pursuant to the statement of claim (民事起訴狀), Zhejiang Zhongda claimed (i) for a total of amount (including both overdue payment and liquidated damages) of approximately RMB129,139,986.21 against Sanmenxia Tianyuan Aluminum, (ii) that Tianrui Group shall assume joint liability guarantee in respect of the debts and obligations of Sanmenxia Tianyuan Aluminum, (iii) that Tianrui HK, Tianrui Cement and Mr. Li Liufa shall assume joint and several liabilities with Tianrui Group for its joint liability guarantee and (iv) for the legal costs of the Civil Action.

On 26 July 2012, the Court issued a civil ruling (民事裁定書) pursuant to which the Court has ordered to freeze a bank deposit of RMB129 million in the bank accounts of Sanmenxia Tianyuan Aluminum, Tianrui Group, Tianrui HK, Tianrui Cement and Mr. Li Liufa, or to seal up or detain property in the equivalent amount of the aforementioned parties.

The Court further issued an asset preservation notice (財產保全事項通知書) on or around 1 August 2012, pursuant to which the Court has ordered to preserve and freeze a bank deposit of RMB129 million in the bank account of Tianrui Group.

As at the date of the announcement, none of the bank deposits in the bank accounts of Tianrui HK or Tianrui Cement has been frozen; and none of the property of Tianrui HK or Tianrui Cement has been sealed up or detained.

As advised by the Company's PRC legal adviser, Tianrui HK and Tianrui Cement are not parties to the distributorship agreement or the irrevocable joint liability guarantee and therefore should not be held liable under the Civil Action. On this basis, the Company considers that the Civil Action does not affect the operation or financial position of the Group. In addition, the Company's PRC legal adviser also advised us that the Chairman, non-executive director and substantial shareholder of the Company, Mr. Li Liufa, is not a party to the distributorship agreement or the irrevocable joint liability guarantee and should not be held liable under the Civil Action in his personal capacity.

The Company will make further announcement(s) to keep its shareholders informed of further developments of the Civil Action as and when appropriate. Shareholders and potential investors are advised to exercise caution in dealing with the shares of the Company.

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

Hong Kong, 5 August 2012

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

***Chairman and Non-executive Director***

Mr. Li Liufa

***Executive Directors***

Mr. Li Heping, Mr. Liu Wenying and Mr. Yu Yagang

***Non-executive Director***

Mr. Tang Ming Chien

***Independent Non-executive Directors***

Mr. Wang Yanmou, Mr. Poon Chiu Kwok, Mr. Song Quanqi and Mr. Ma Chun Fung Horace

† denotes English translation of the name of a Chinese company, or vice versa, and is provided for identification purposes only