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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 OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

GROUP FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**3,480,143**	4,296,213
Gross profit	**838,894**	958,708
Gross profit margin	**24.1%**	22.3%
Profit	**230,746**	318,495
EBITDA	**1,086,037**	1,150,386
Profit attributable to owners of the Company	**245,811**	327,411
Basic earnings per share *(RMB)*	**0.10**	0.14

	As at 30 June 2015	As at 31 December 2014
	RMB'000	*RMB'000*
Total assets	**23,442,422**	24,663,875
Total liabilities	**16,302,553**	17,250,563
Equity attributable to owners of the Company	**7,177,582**	7,435,960

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Tianrui Group Cement Company Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**our**" or "**we**") for the six-month period ended 30 June 2015, together with the comparative figures for the six-month period ended 30 June 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	4, 5	**3,480,143**	4,296,213
Cost of sales		**(2,641,249)**	(3,337,505)
Gross profit		**838,894**	958,708
Other income	6	**201,581**	201,881
Selling and distribution expenses		**(147,491)**	(190,108)
Administrative expenses		**(146,196)**	(145,741)
Other expenses		**(6,932)**	(8,075)
Finance costs	7	**(424,155)**	(380,328)
Profit before tax		**315,701**	436,337
Income tax expense	8	**(84,955)**	(117,842)
Profit and total comprehensive income for the period	9	**230,746**	318,495
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**245,811**	327,411
Non-controlling interests		**(15,065)**	(8,916)
		230,746	318,495
Earnings per share			
Basic *(RMB)*	11	**0.10**	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2015** *RMB'000* **(unaudited)**	As at 31 December 2014 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**12,657,529**	12,732,279
Deposits paid	13	**526,358**	2,664,193
Prepaid lease payments		**818,693**	824,284
Mining rights		**265,056**	267,328
Goodwill		**272,311**	272,311
Other intangible assets		**6,926**	7,359
Interest in an associate		**—**	—
Deferred tax assets		**58,030**	58,497
		14,604,903	16,826,251
CURRENT ASSETS			
Inventories		**1,011,993**	1,331,028
Loan receivables		**—**	—
Trade and other receivables	14	**2,205,882**	2,106,064
Amounts due from a related party		**3,778**	458,635
Restricted bank balances	15	**4,361,883**	2,968,595
Cash and bank balances	16	**1,253,983**	973,302
		8,837,519	7,837,624
CURRENT LIABILITIES			
Trade and other payables	17	**2,542,153**	4,813,115
Amounts due to a related party		**—**	—
Income tax payables		**211,890**	162,863
Short-term debentures	18	**3,296,446**	2,296,446
Mid-term debentures — due within one year	20	**900,000**	700,000
Borrowings — due within one year	19	**4,885,931**	4,825,815
Obligations under finance leases		**53,543**	51,652
Financial guarantee contracts		**8,388**	9,320
		11,898,351	12,859,211
NET CURRENT LIABILITIES		**(3,060,832)**	(5,021,587)
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,544,071**	11,804,664

	Notes	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
CAPITAL AND RESERVES			
Issued capital		**19,505**	19,505
Share premium and reserves		**7,158,077**	7,416,455
Equity attributable to owners of the Company		**7,177,582**	7,435,960
Non-controlling interests		**(37,713)**	(22,648)
TOTAL EQUITY		**7,139,869**	7,413,312
NON-CURRENT LIABILITIES			
Borrowings — due after one year	19	**220,000**	220,000
Mid-term debentures	20	**1,847,995**	1,792,595
Long-term corporate bonds	21	**2,029,079**	2,029,079
Other payables		**8,400**	8,400
Deferred tax liabilities		**50,652**	57,997
Deferred income		**180,129**	180,854
Obligations under finance leases		**48,678**	84,328
Provision for environmental restoration		**19,269**	18,099
		4,404,202	4,391,352
		11,544,071	11,804,664

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan 467500, the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sale of cement and clinker.

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015, the Group's current liabilities exceeded its current assets by RMB3,060,832,000. The Group's current liabilities mainly included trade and other payables, short-term debentures and borrowings.

In view of these circumstances, the Directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The condensed consolidated financial statements have been prepared on a going concern basis. In the opinion of the Directors of the Company, the Group should be able to continue as a going concern in the coming twelve months taking into consideration of various measures to improve its financial position which include, but are not limited to, the following:

(i) Unutilized banking facilities of RMB2,956,000,000 in aggregate which have been obtained before 30 June 2015.

(ii) On 1 June 2015, the Group obtained an approval from the National Association of Financial Market Institutional Investors (中國銀行間交易商協會) to issue ultra short-term financing debentures in an aggregate amount of RMB2,000,000,000 with a term of two years. The lead underwriter was China Bohai Bank Co., Ltd. The Group issued two tranches of ultra short-term debentures of RMB1,000,000,000 on 9 June 2015 and 26 June 2015 with a maturity of 270 days, respectively. The Directors are of view that the Group is able to identify investors and re-issue the ultra short-term financing debentures of RMB2,000,000,000 before 30 April 2016 when the two tranches of ultra short-term financing debentures mentioned above have been fully repaid.

Taking into account of the aforesaid presently obtained banking facilities, amount of notes issued and internally generated funds of the Group, the Directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future and therefore the condensed consolidated financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are mandatorily effective for the current interim period.

Amendments to IAS 19	Defined Benefit Plans, Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the interpretation and amendments to IFRSs mentioned above in the current interim period has no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

4. REVENUE

Revenue represents the amount received and receivable for goods sold to external customers, net of sales tax.

An analysis of the Group's revenue for the period is set out below:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of cement	**3,208,892**	3,937,122
Sales of clinker	**271,251**	359,091
	3,480,143	4,296,213

5. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by the chief executive officer (being the chief operating decision maker) in order to allocate resources to the operating segments and to assess their performance.

The Group's chief executive officer reviews the operating results and financial information of each manufacturing plant for the purposes of resource allocation and performance assessment. Hence, each manufacturing plant is an operating segment. The nature of products and production process of each manufactory plant are the same and they are operated under similar regulatory environment and applied similar distribution methods. However, customers in different regions are of different economic characteristics. Therefore, the Group has aggregated the operating segments and presented the following two reportable segments based on the regions in which the Group operates: Central China and Northeastern China.

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		Segment profit	
	For the six months ended 30 June		For the six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Central China	**2,648,992**	3,118,171	**283,695**	375,046
Northeastern China	**831,151**	1,178,042	**36,037**	70,650
Total	**3,480,143**	4,296,213	**319,732**	445,696
Unallocated corporate administrative expenses			**(4,031)**	(9,359)
Profit before tax			**315,701**	436,337

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before tax before unallocation of corporate administrative expenses (including directors' emoluments).

6. OTHER INCOME

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Value-added tax refund	**103,138**	111,728
Incentive subsidies	**1,356**	10,635
Foreign exchange gain, net	**1,016**	9,513
Interest on bank deposits	**34,616**	19,808
Rental income	**900**	900
Release of deferred income	**726**	3,771
Gain on sales of scrap	**51,371**	24,038
Gain on disposal of property, plant and equipment	**1,330**	437
Reversal of allowance for bad and doubtful debts	**1,647**	271
Others	**5,481**	20,780
	201,581	201,881

7. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**140,417**	160,619
Finance leases	**3,624**	4,826
Bills discounted with recourse	**17,295**	64,373
Short-term debentures	**114,480**	36,057
Mid-term debentures	**105,813**	59,781
Long-term debentures	**71,000**	70,606
Imputed interest on other payables	**491**	464
	453,120	396,726
Less: amounts capitalized	**(28,965)**	(16,398)
	424,155	380,328

The borrowing costs on general borrowing pool capitalized are calculated by applying a capitalization rate of 6.47% per annum for the period ended 30 June 2015 (2014: 7.09% per annum).

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")		
— current year	**85,234**	120,041
— under-provision in prior years	**6,599**	3,368
	91,833	123,409
Deferred tax	**(6,878)**	(5,567)
	84,955	117,842

No provision for Hong Kong taxation has been made during the current interim period as the Group's income neither arisen in nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "PRC EIT Law") and Implementation Regulation of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**333,481**	321,590
Amortization of prepaid lease payments	**7,577**	6,766
Amortization of mining rights, included in cost of sales	**4,689**	4,914
Amortization of other intangible assets	**434**	451
Total depreciation and amortization	**346,181**	333,721
Cost of inventories recognized as an expense	**2,641,249**	3,337,505
Staff costs including retirement benefit	**190,614**	190,726

10. DIVIDENDS

According to the resolution passed on the 2014 Annual General Meeting of the Company, the Company paid the 2014 final dividend of RMB0.06 per share and special dividend of RMB0.15 per share for the year ended 31 December 2014 on 17 June 2015, representing a total dividend distribution of RMB504,189,000.

The board of directors of the Company do not recommend dividend for the six months ended 30 June 2015.

11. EARNINGS PER SHARE

The basic earnings per share attributable to owners of the Company for the each of reporting period is calculated based on the following data:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company *(in thousands)*	**245,811**	327,411
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share *(in thousands)*	**2,400,900**	2,400,900

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB1,571,000 (for the six months ended 30 June 2014: RMB857,000) for cash proceeds of RMB2,901,000 (for the six months ended 30 June 2014: RMB1,294,000), resulting in a gain on disposal of RMB1,330,000 (for the six months ended 30 June 2014: RMB437,000).

In addition, during the current interim period, the Group paid approximately RMB260,302,000 (for the six months ended 30 June 2014: RMB218,458,000) mainly for the construction and improvement of clinker production lines and cement production lines in order to expand the production capacity of the Group.

As at 30 June 2015, the carrying amount of buildings, whose certificates of ownership were still being applied, was approximately RMB842,312,000 (31 December 2014: RMB855,864,000).

13. DEPOSITS PAID

As at 30 June 2015 and 31 December 2014, the amounts represent deposits paid for acquisition of business, and acquisition of property, plant and equipment and land use rights.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2015	As at 31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**472,525**	551,418
Less: allowance for bad and doubtful debts	**(50,560)**	(52,207)
	421,965	499,211
Bills receivables	**316,759**	314,801
Advances to suppliers	**1,177,039**	1,028,054
Value-added tax refund receivables	**85,202**	20,403
Prepayment for various tax	**174,927**	80,044
Prepaid lease payments	**15,154**	19,270
Other receivables	**14,836**	144,281
	2,205,882	2,106,064

Bills receivables amounted to RMB129,745,000 as at 30 June 2015 (31 December 2014: RMB107,633,000) were discounted to banks to obtain borrowings.

Generally, the Group did not make credit sales to customers, except for sales made to major construction contractors and strategic customers with an average credit period of 180 days.

The aged analysis of the Group's trade receivables and bills receivables (net of allowance) from the goods delivery date to the end of each reporting period is as follows:

	As at 30 June 2015	As at 31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 90 days	**498,066**	621,197
91–180 days	**182,867**	152,453
181–360 days	**48,167**	37,262
Over 1 year	**9,624**	3,100
Total	**738,724**	814,012

Before accepting any new credit customers, the Group assesses the potential customer's credit quality and determines credit limits for individual customers. The credit limits and credit periods granted to customers are reviewed on a customer-by-customer basis. Over 90% of trade receivables and bills receivables that are neither past due nor impaired are regarded as due from customers with good credit quality under the internal assessment process adopted by the Group.

15. PLEDGED BANK BALANCES

Restricted bank balances represent deposits pledged to banks as at 30 June 2015 for (i) securing bank borrowings granted to the Group amounting to RMB942,050,000, and (ii) issuing trade facilities such as bills payables and bank guarantee amounting to RMB3,419,833,000.

Restricted bank balances represent deposits pledged to banks as at 31 December 2014 for (i) securing bank borrowings granted to the Group amounting to RMB561,400,000, and (ii) issuing trade facilities such as bills payables and bank guarantee amounting to RMB2,407,195,000.

The restricted bank balances carried interest at market rates of 0.35% to 4.1% per annum as at 30 June 2015 (31 December 2014: 0.35% to 3.3% per annum).

16. CASH AND BANK BALANCES

The amounts represent cash and bank balances held by the Group. As at 30 June 2015, bank balances carried interest at market rates of 0.01% and 0.42% per annum (31 December 2014: 0.01% and 0.42% per annum).

17. TRADE AND OTHER PAYABLES

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Trade payables	**877,525**	2,356,074
Bills payables	**710,000**	1,306,000
Construction cost and retention payables	**358,809**	341,655
Advances from customers	**213,867**	196,124
Other tax payables	**11,636**	63,093
Other payables — current	**9,450**	18,900
Payables for mining rights	**8,300**	8,300
Accrued interest	**339,043**	299,615
Other payables and accrued expenses	**13,523**	223,354
	2,542,153	4,813,115

The average credit period on purchases of goods is 90 days.

The aged analysis of the Group's trade payables and bills payables from the goods receipt date to the end of each reporting period is as follows:

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Within 1–90 days	**1,096,535**	2,175,460
91–180 days	**150,201**	1,279,763
181–365 days	**281,693**	153,732
Over 1 year	**59,096**	53,119
Total	**1,587,525**	3,662,074

18. SHORT-TERM DEBENTURES

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Short-term debentures	**3,296,446**	2,296,446

The short-term debentures as at 30 June 2015 include (i) the short-term debentures of RMB500,000,000 issued on 22 January 2015 through the lead underwriter, Huaxia Bank Company Limited, with a maturity of one year, (ii) the short-term debentures of RMB500,000,000 issued on 27 May 2015 through the lead underwriter, China Everbright Bank Company Limited, with a maturity of one year, (iii) the short-term debentures of RMB300,000,000 issued on 8 June 2015 through the lead underwriter, Ping An Bank Company Limited, with a maturity of one year, and (iv) two tranches of ultra short-term debentures of RMB1,000,000,000 issued on 9 June 2015 and 26 June 2015 respectively through the lead underwriter, Bohai Bank Co., Ltd., with a maturity of 270 days. These short-term debentures carried interest at fixed rates of 8.0%, 5.2%, 7.75%, 5.99% and 6.0% per annum, respectively.

The Directors consider that the carrying amounts of the short-term debentures recognized in the condensed consolidated financial statements approximate to their fair values.

19. BORROWINGS

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Bank borrowings		
— fixed-rate	**2,483,000**	3,221,000
— variable-rate	**2,493,185**	1,720,265
	4,976,185	4,941,265
Bank borrowings relating to bills discounted with recourse	**129,746**	104,550
	5,105,931	5,045,815
Secured	**2,326,043**	3,235,815
Unsecured	**2,779,888**	1,810,000
	5,105,931	5,045,815

The borrowings are repayable as follows:

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
On demand or within one year	**4,885,931**	4,825,815
More than one year, but not exceeding two years	**175,000**	65,000
More than two years, but not exceeding five years	**45,000**	155,000
	5,105,931	5,045,815
Less: amount due within one year shown under current liabilities	**(4,885,931)**	(4,825,815)
Amount due after one year	**220,000**	220,000

During the current interim period, the Group obtained new bank loans amounting to RMB2,675,023,000 (30 June 2014: RMB2,285,649,000). The loans carried interest at variable market rates of 4.85% to 11.2% (30 June 2014: 5.4% to12%). The Directors consider that the carrying amounts of the borrowings recognized in the condensed consolidated financial statements approximate to their fair values.

20. MID-TERM DEBENTURES

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Mid-term debentures	**2,747,995**	2,492,595
Less: due within one year	**(900,000)**	(700,000)
Due after one year	**1,847,995**	1,792,595

The mid-term debentures as at 30 June 2015 include (i) those of RMB500,000,000 issued on 18 September 2012, RMB400,000,000 issued on 3 April 2013 and RMB400,000,000 issued on 9 August 2013 with maturities of three years, carrying interest at fixed rates of 5.9%, 7.0%and 7.0% per annum respectively, (ii) the 2014 third tranche of debentures of RMB500,000,000 issued on 24 September 2014 with a maturity of two years, carrying interest at a fixed rate of 8.6% per annum, (iii) the 2015 first tranche of debentures of RMB500,000,000 issued on 9 January 2015 with a maturity of three years, carrying interest at a fixed rate of 8.5% per annum, and (iv) the small and medium-sized enterprise private debentures of RMB89,500,000 issued on 19 September 2014, RMB110,500,000 issued on 24 October 2014 and RMB250,000,000 issued on 25 April 2014 with maturities of three years, carrying interest at fixed rates of 9.5%, 9.5% and 9.0% per annum.

The Directors consider that the carrying amounts of the mid-term debentures recognized in the condensed consolidated financial statements approximate to their fair values.

21. LONG-TERM CORPORATE BONDS

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Long-term corporate bonds	**2,029,079**	2,029,079

The amounts as at 30 June 2015 represent: (i) the issuance of long-term corporate bonds in an aggregate principal amount of RMB2,000,000,000 on 6 February 2013, with a term of five years and a rate of 7.10% per annum, with an option to further extend for three years subject to the approval of the bondholders. These long-term corporate bonds were issued through the lead underwriter, HUAXI Securities Co., Ltd (華西證券有限責任公司), to non-specific buyers. These long-term corporate bonds are guaranteed by two subsidiaries of Tianrui Group Company Limited (天瑞集團股份有限公司) ("Tianrui Group"), namely Tianrui Group Foundry Company Limited (天瑞集團鑄造有限公司) ("Tianrui Foundry") and Tianrui Group Travel Development Company Limited (天瑞集團旅遊發展有限公司) ("Tianrui Travel"). The guarantees have been provided at no cost to the Group, and (ii) the issuance of long-term corporate bonds in an aggregate principal amount of HK$45,540,000 (equivalent to RMB35,925,000) on 2 December 2014, with a term of eight years and a rate of 6.5% per annum. These long-term corporate bonds were issued through the lead underwriter, Convoy Investment Services Limited, to non-specific buyers.

The Directors consider that the carrying amounts of the long-term debentures recognized in the condensed consolidated financial statements approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2015, economic growth in China slowed further and the cement industry was mired in the most difficult situation in years. National cement output dropped by 5.3% year-on-year, the largest decrease since the 21st century. Given the continued market downturn in the cement industry, as one of the largest enterprise groups in the cement industry, our Group has made great contributions to fulfil its industry responsibilities, respond to the relevant state departments and industry associations, strive to stagger production in coordination with other companies in the cement industry, and reduce disordered price competition.

— According to the website of Digital Cement (数字水泥), in the first half of 2015, cement output across Henan province decreased by approximately 8.0% year-on-year to approximately 77.4 million tonnes. On the other hand, in the first half of 2015, the Group sold 12.1 million tonnes of cement in Henan region, representing a decrease of 13.6% as compared to the same period of 2014.

— According to the website of Digital Cement (数字水泥), in the first half of 2015, cement output across Liaoning province was approximately 19.8 million tonnes, representing a decrease of approximately 23.0% year-on-year. On the other hand, in the first half of 2015, the Group sold 2.8 million tonnes of cement in Liaoning region, representing a decrease of 28.2% as compared to the same period of 2014.

In the first half of 2015, while striving to stagger production and reduce disordered price competition, we adopted various measures to lower production costs and enhance business efficiency, including the expansion of centralized procurement of supplies, implementation of delicacy management, and endeavor to further reduce energy consumption during production, which effectively alleviated the pressure on gross profit margin arising from the decrease in the selling price of cement due to the market downturn.

— In the first half of 2015, our gross profit margin was 24.1%, representing an increase of 1.8 percentage point ("ppt") from 22.3% in the same period of last year.

In the first half of 2015, 1.4 million tonnes of clinker was sold externally, representing a decrease of 0.4 million tonnes from the sales of 1.8 million tonnes in the same period of 2014. During the same period, more clinker produced by us was utilised to satisfy our internal demand for cement production.

We recorded revenue of RMB3,480.1 million for the first half of 2015, representing a decrease of RMB816.1 million or 19.0% as compared with the same period of 2014. The average selling price of our cement products was RMB215.1 per tonne, representing a decrease of RMB4.8 per tonne over the same period last year. Despite this, as we have effective implementation of various output maintaining and efficiency enhancing measures, we increased our gross profit margin from 22.3% in the same period of 2014 to 24.1% in the same period of 2015.

In the first half of 2015, we did not make new acquisition or purchase shares of any enterprises. On 21 August 2015 (after trading hours), the Company entered into the Definitive JV Memorandum with the JV Partners with respect to the contribution commitment to and the operation of the JV Finance Company whose principal business activity is to integrate internal and external financial resources, strengthen risk control, aggregate idle funds, decrease financing cost, accelerate turnover of capital to increase capital usage efficiency, effectively bring into play the existing financial and capital economies of scale of the Company and Tianrui Group Company Limited (天瑞集團股份有限公司) ("Tianrui Group") so as to cater for the financing needs of the Company and Tianrui Group Company. For further details, please refer to the announcement dated 23 August 2015.

BUSINESS ENVIRONMENT

In the first half of 2015, given the sluggish global economy, the Chinese government, after due consideration of the market conditions, implemented a series of measures to maintain its economic growth, including but not limited to measures such as the reductions in deposit and lending benchmark rates of financial institutions, decreases in deposit reserve requirement ratios of various types of financial institutions, acceleration of approvals for infrastructure projects, and active promotion of the PPP cooperation model (公共私營合作制). In the first half of 2015, national GDP increased 7.0% year-on-year, which largely met the target set by the Chinese government at the beginning of the year. Economic development also remained within a reasonable range, although this represented the lowest growth rate since 1990.

Weak macroeconomic growth was primarily due to the significant decrease in growth of investments closely related to cement demand. In the first half of 2015, China's fixed asset investments ("FAI") (excluding rural households) amounted to approximately RMB23.7 trillion, representing a decrease in investment growth from 17.3% in the same period of last year to 11.4%. Among this, investment in infrastructure (excluding production and supply of electricity, heat, gas and water) increased by 19.1%, representing a decrease of 6 ppt over the growth rate in the same period of 2014. Investment in property development nationwide increased by 4.6%, 9.5 ppt lower than the growth rate in the same period of 2014.

According to the Bureau of Statistics of relevant provinces or regions, in the first half of 2015, Henan, Liaoning, Anhui and Tianjin, the regions where we operate, registered GDP growth of 7.8%, 2.6%, 8.6% and 9.4% year-on-year respectively. Meanwhile, the FAI (excluding rural households) in Henan, Liaoning, Anhui and Tianjin increased by 15.7%, –13.3%, 13.5% and 13.5% respectively over the same period of 2014. In the same period of 2014, GDP growth of the four regions amounted to 8.8%, 7.2%, 9.3% and 10.3% year-on-year respectively. The figures indicated that in the first half of 2015, the lower FAI in Liaoning region in which the Group operates resulted in slower economic growth in the region. However, the economic growth rates in all other regions where we operate were higher than the national level.

CEMENT INDUSTRY

According to the website of Digital Cement (數字水泥), in the first half of 2015, cement output in China amounted to approximately 1.08 billion tonnes, representing a decrease of 5.3% over the same period of 2014; total profit of the industry reached approximately RMB13.27 billion, representing a decrease of approximately 61.5% over last year. The significant drop in total profit was mainly due to the decreasing sales volume and transaction price of cement. In the first half of 2015, cement output in Henan, the second largest province in China in terms of cement production, reached approximately 77.5 million tonnes, representing a year-on-year decrease of approximately 8.0%. Cement output in Liaoning was approximately 19.8 million tonnes in the first half of 2015, representing year-on-year decrease of approximately 23.0% over the same period of 2014. In the first half of 2015, cement output in Anhui and Tianjin decreased by approximately 1.3% and approximately 17.9% year-on-year respectively.

According to the website of Digital Cement (數字水泥), 15 new clinker production lines commenced operation in the first half of 2015, which increased the clinker production capacity by approximately 20.9 million tonnes per annum. Compared to the approximately 35.2 million tonnes of newly-added clinker production capacity in the same period of 2014, the growth rate decreased by approximately 40.0%. Investment in the cement industry nationwide was approximately RMB43.2 billion in the first half of 2015, representing a decrease of approximately 12.3% over the same period of 2014.

As the policy on the cement industry in China focuses primarily on the optimization of resources allocation and the maintenance of sustainable growth of the cement industry, the key tasks for the development of the cement industry going forward will lie in the stringent control of new capacity, elimination of obsolete capacity, and energy saving and emission reduction. The elimination of obsolete capacity and stricter approval on new capacity will improve demand and supply dynamics, resulting in a better business environment of the cement industry. Meanwhile, the Chinese government has been strongly supporting large and efficient cement enterprises and encouraging consolidation of the cement industry. With the Chinese government's encouragement and promotion, mergers and acquisitions led by major cement producers are expected to accelerate the consolidation of the cement industry.

FINANCIAL REVIEW

Revenue

For the first half of 2015, our total revenue was approximately RMB3,480.1 million, representing a year-on-year decrease of RMB816.1 million or 19.0% over the same period of 2014. The cement segment recorded revenue of approximately RMB3,208.9 million in the reporting period, representing a year-on-year decrease of RMB728.2 million or 18.5% over the same period of 2014. Sales revenue of our clinker products amounted to RMB271.2 million, representing a year-on-year decrease of RMB87.8 million or 24.5% over the same period of 2014. In other words, 92.2% of our total revenue was generated from the sales of cement and 7.8% was from the sales of clinker. In the first half of 2014, the corresponding figures were 91.6% and 8.4%.

In the first half of 2015, we sold 14.9 million tonnes of cement, representing a decrease of 3.0 million tonnes of cement sales over the same period of 2014 or a 16.8% drop year-on-year. The average selling price of cement decreased by RMB4.8 per tonne from the same period of 2014. Furthermore, we sold 1.4 million tonnes of of clinker in the first half of 2015, representing a sales decrease of 0.4 million tonnes over the same period of 2014 or a 22.2% drop year-on-year. The respective decreases in sales volumes of cement and clinker products were primarily due to the reduction in infrastructure investment in Henan and Liaoning where the Group operates.

In Henan and Anhui, we sold 12.1 million tonnes of cement, decreasing by 13.6% year-on-year. In Liaoning and Tianjin, we sold 2.8 million tonnes of cement, representing a year-on-year decrease of 28.2%.

Cost of Sales

In the first half of 2015, we continued our efforts in reducing unit production costs of cement and clinker by leveraging economies of scale and through centralized procurement. As a result, our unit production cost of cement further reduced. During the reporting period, our cost of sales was approximately RMB2,641.2 million, a year-on-year decrease of RMB696.3 million or 20.9% over the first half of 2014, mainly due to the decreases in bulk purchase prices of raw materials for the production of cement and clinker.

Our cost of sales mainly consists of the costs of raw materials, coal and electricity. In the first half of 2015, our costs of raw materials, coal and electricity as a percentage of cost of sales were 41.0%, 26.8% and 19.0%, respectively. During the period, our costs of raw materials, coal and electricity for the production of cement per tonne were RMB66.5, RMB43.4 and RMB30.8 respectively, representing decreases of RMB1.1, RMB11.0 and RMB0.1 respectively over the same period of 2014.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB838.9 million in the half year ended 30 June 2015, representing a decrease of RMB119.8 million or 12.5% from approximately RMB958.7 million in the same period of last year. Our gross profit margin increased to approximately 24.1% in the first half of 2015 from 22.3% in the same period of 2014. The increases in both gross profit and gross profit margin were primarily due to the further reduction in cost of sales through centralized procurement.

Other Income and Other Gains and Losses

Other income was approximately RMB201.6 million in the first half of 2015, representing a slight decrease of RMB0.3 million or 0.1% from approximately RMB201.9 million in the same period of 2014. The decrease was primarily due to the setting-off of the increases in interest income on bank deposits and revenue attributable to sales and the decreases in income from value-added tax refund and other income.

Selling and Distribution Expenses

Our selling and distribution expenses were approximately RMB147.5 million in the first half of 2015, representing a decrease of RMB42.6 million or 22.4% from approximately RMB190.1 million in the first half of 2014. The decrease was primarily due to the decreases in packaging expenses, transportation costs and other distribution costs as a result of the decrease in our cement sales volume.

Administrative Expenses

Administrative expenses were approximately RMB146.2 million in the half year ended 30 June 2015, representing an increase of RMB0.5 million or 0.4% from approximately RMB145.7 million in the half year ended 30 June 2014. The increase in administrative expenses were mainly due to the corresponding increase in the operation scale of the Company in the first half of this year over the same period of last year as a result of the Group's business acquisition completed in the second half of last year.

Finance Costs

Finance costs were approximately RMB424.2 million in the first half of 2015, representing an increase of RMB43.9 million or 11.6% from RMB380.3 million in the first half of 2014. The increase was primarily attributable to the increase in interest expenses paid for debentures and corporate bonds.

Profit before Tax

As a result of the foregoing, our profit before tax was approximately RMB315.7 million in the first half of 2015, representing a decrease of approximately RMB120.6 million or approximately 27.6% from approximately RMB436.3 million in the first half of 2014.

Income Tax Expenses

Our income tax expenses were approximately RMB85.0 million in the first half of 2015, representing a decrease of RMB32.8 million or 27.9% from approximately RMB117.8 million in the first half of 2014, which was mainly due to the decrease in profit before tax.

Profit Attributable to Owners of the Company and Net Profit Margin

As a result of the foregoing, our profit attributable to owners of the Company in the first six months of 2015 was approximately RMB245.8 million, representing a decrease of RMB81.6 million or 24.9% from approximately RMB327.4 million in the first six months of 2014. Net profit margin was 6.6% in the first six months of 2015, representing a decrease of 0.8 ppt from the same period of 2014.

FINANCIAL AND LIQUIDITY POSITION

Trade and Other Receivables

Trade and other receivables increased from RMB2,106.1 million as at 31 December 2014 to RMB2,205.9 million as at 30 June 2015, mainly due to the increases in trade receivables and bills receivables.

Inventories

Inventories decreased from RMB1,331.0 million as at 31 December 2014 to RMB1,012.0 million as at 30 June 2015, primarily due to the decrease in inventory procurement cost in the first six months of 2015.

Cash and Cash Equivalents

Cash and bank balance increased from RMB973.3 million as at 31 December 2014 to RMB1,254.0 million as at 30 June 2015, primarily due to the increase in cash inflows from operations during the period.

Trade and other payables

Trade and other payables decreased from RMB4,813.1 million as at 31 December 2014 to RMB2,542.2 million as at 30 June 2015, mainly due to the shortening of payment settling cycles of some of our major suppliers by the Group to obtain lower purchase prices in the first half of 2015.

Borrowings

Total borrowings and bonds (including corporate bonds) of the Group was approximately RMB13,179.5 million as at 30 June 2015, an increase of approximately RMB1,315.6 million from RMB11,863.9 million as at 31 December 2014. Borrowings due within one year and short-term bonds (including mid-term bonds due within one year) increased from RMB7,822.3 million as at 31 December 2014 to RMB9,082.4 million as at 30 June 2015. Borrowings due after one year (including mid-term, long-term bonds and corporate bonds) increased from RMB4,041.7 million as at 31 December 2014 to RMB4,097.1 million as at 30 June 2015. Approximately RMB6,679.4 million was debts at fixed rate due within one year.

The Group has been repaying the debts in accordance with the terms of the loan agreement. As at 30 June 2015, we had unutilized banking facilities of approximately RMB2,956.0 million.

Principal Sources of Liquidity

The Group's principal sources of liquidity have historically been cash generated from operations and borrowings or debts from banks and others. We have historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt service requirements. We anticipate these uses will continue to be our principal uses of cash in the future. We expect our cash flow will be sufficient to fund our ongoing business requirements. Meanwhile, we have decided to further broaden our financing channel to improve our capital structure.

GEARING RATIO, CURRENT RATIO, QUICK RATIO, DEBT EQUITY RATIO

As at 30 June 2015, our gearing ratio was 69.5%, representing a decrease of 0.4 ppt from 69.9% as at 31 December 2014. As at 30 June 2015, our current ratio was 0.7, representing an increase of 0.1 from 0.6 as at 31 December 2014; our quick ratio was 0.7, representing an increase of 0.2 from 0.5 as at 31 December 2014; our debt equity ratio was 2.3, largely the same level of 2.3 as at 31 December 2014.

Notes:

1. Gearing ratio = total liabilities/total assets X 100%

2. Current ratio = current assets/current liabilities

3. Quick ratio = (current assets – inventory)/current liabilities

4. Debt equity ratio = Total liabilities/equity interests, of which equity interests include minority interests or non-controlling interests

NET GEARING RATIO

As at 30 June 2015, our net gearing ratio was 105.4%, representing a decrease of 1.1 ppt from 106.5% as at 31 December 2014. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure during the first half of 2015 was approximately RMB329.8 million (for the first half of 2014: approximately RMB284.2 million) and capital commitment as at 30 June 2015 was approximately RMB394.7 million (as at 31 December 2014: approximately RMB468.3 million). Both capital expenditure and capital commitment were mainly related to the acquisition of business, the construction of production facilities and the acquisition of buildings, plant and machinery, motor vehicles, office equipment, construction in progress and mining rights. The Group funded capital expenditure by cash generated from operations and bank and other borrowings.

PLEDGE OF ASSETS

As at 30 June 2015, the carrying amount of assets of the Group pledged to secure bank borrowings amounted to approximately RMB3,079.2 million (as at 31 December 2014: approximately RMB2,752.9 million).

CONTINGENT LIABILITIES

As at 30 June 2015, other than the contingent liabilities arising from the provision of guarantee to third parties and related parties amounting to approximately RMB733.7 million (31 December 2014: approximately RMB733.7 million), we did not have other contingent liabilities. The guarantees provided to the related party have been provided pursuant to Tianrui Cement Guarantees, the details of which are set out in the section headed "Continuing connected transactions and connected transactions — (b) Mutual Guarantees" herein.

SIGNIFICANT INVESTMENTS, ACQUISITION OR DISPOSAL

In the first half of 2015, the Group did not make any significant investments, acquisition or disposal. On 21 August 2015 (after trading hours), the Company entered into the Definitive JV Memorandum with the JV Partners with respect to the contribution commitment to and the operation of the JV Finance Company whose principal business activity is to integrate internal and external financial resources, strengthen risk control, aggregate idle funds, decrease financing cost, accelerate turnover of capital to increase capital usage efficiency, effectively bring into play the existing financial and capital economies of scale of the Company and Tianrui Group Company so as to cater for the financing needs of the Company and Tianrui Group Company. For further details, please refer to the announcement dated 23 August 2015. As at the date of this announcement, the Company is considering appropriate acquisition and is in negotiation with relevant parties, the details of which will be disclosed in due course.

MATERIAL LITIGATION

During the period ended 30 June 2015, the Group was not involved in any material litigation or arbitration. To the best of the Directors' knowledge and belief, there is no outstanding or pending litigation or claim of material importance against the Group.

MARKET RISKS

Exchange Rate Risk

For the six-month period ended 30 June 2015 and the foreseeable subsequent period, the Group believes that the impact of exchange rate risk on the Group was and will be minimal, mainly because substantially all of our businesses are in mainland China, save for minimum foreign exchange risk in payment of external intermediary costs.

Interest Rate Risk

We are exposed to interest rate risk resulting from our long-term and short-term borrowings. We review our borrowings regularly to monitor our interest rate risk exposure, and will consider hedging significant interest rate exposure when necessary. As our exposure to interest rate risk relates primarily to our interest-bearing bank loans, our policy is to keep our borrowings at variable rates so as to minimize fair value interest rate risk, and to manage our interest rate risk exposure from all of our interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity Risk

We have established an appropriate liquidity risk management system of our short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in (both actual and forecast) cash flows. Our management also monitors the utilization of bank borrowings and ensures compliance with loan covenants.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had 8,642 employees (as at 31 December 2014: 8,624). As at 30 June 2015, staff costs (including remuneration) was approximately RMB190.6 million (for the same period of 2014: approximately RMB190.7 million). The remuneration policies, bonus and training programs for employees of the Group were implemented on an ongoing basis according to the policies disclosed in the 2014 Annual Report of the Company and no change has been made during the six-month period ended 30 June 2015.

PROSPECTS

In the first half of 2015, the Chinese government largely achieved its economic development target set at the beginning of the year through a series of austerity measures. On the other hand, we should realize that the overall economic development is exposed to significant downward pressure. We therefore believe that the Chinese government is likely to implement more simulative policies in 2015 to maintain adequate economic growth. The proposal and implementation of the three strategies — "One Belt, One Road", synergistic development among Beijing, Tianjin and Hebei and Yangtze River Economic Belt — will definitely usher in infrastructure projects and an increase in investment. These will effectively offset the downward pressure posed on cement demand and facilitate a smooth transition in such demand against the backdrop of low growth rates in the property and manufacturing sectors.

The Group is one of the 12 national key cement enterprises recognized by the Chinese government and one of the five cement enterprises designated by the Ministry of Industry and Information Technology. The Group is encouraged to undertake mergers and consolidation of the cement market in central China. To encourage the consolidation of the cement industry, the Chinese government provides designated enterprises with supports such as tax incentives and special projects or financing approvals. Given the lower cement demand and intensifying competition, we will, leveraging our edges and favorable policies, seize opportunities and continue to consolidate our leading position in Henan and Liaoning through organic growth and selective acquisitions.

Furthermore, we will further expand centralized procurement of supplies, strengthen delicacy management and enhance production utilization rate to further reduce unit production cost and maintain our leading position in other markets. We believe that the maintenance and improvement of such cost advantages will enable the Group to enjoy healthier profitability in Henan and Liaoning cement markets than that of our major competitors. To widen our market coverage, we shall also make strategic acquisitions as and when appropriate.

CORPORATE GOVERNANCE AND OTHER IMPORTANT INFORMATION

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance. The principle of the Company's corporate governance is to implement effective internal control measures and to increase the transparency of the Board and accountability to all shareholders.

For the period of six months ended 30 June 2015, the Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. The Company had been in compliance with all code provisions set out in the Corporate Governance Code throughout the six months ended 30 June 2015.

COMPLIANCE WITH MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiry with the Directors, all of them confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

During the six months ended 30 June 2015 and as at the date of this announcement, we entered into the following connected transactions or continuing connected transactions (as defined under the Listing Rules).

(a) Purchase of Clinker and Sale of Limestone

Reference is made to our circular dated 25 April 2014 which contains details of the transactions disclosed herein. Unless stated otherwise, capitalized terms used in this paragraph (a) shall have the same meanings as those used in the circular referred to above.

On 25 March 2014, China Tianrui Group Cement Company Limited ("Tianrui Cement"), a wholly owned subsidiary of the Company, and Pingdingshan Ruiping Shilong Cement Company Limited ("Ruiping Shilong"), a company which Mr. Li Liufa ("Chairman Li") controls more than 30% of the voting power at its general meetings entered into the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement. The transactions under both the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement constitute continuing connected transactions under the Listing Rules.

Pursuant to the Clinker Supply Framework Agreement, the aggregate annual caps of the transactions under the agreement are RMB360,000,000, RMB480,000,000 and RMB480,000,000 for each of the three years ending 31 December 2014, 2015 and 2016 respectively. Pursuant to the Limestone Supply Framework Agreement, the annual caps of the transactions under the agreement are RMB60,000,000 for each of the three years ending 31 December 2016.

For the six months ended 30 June 2015, Tianrui Cement purchased clinker from Ruiping Shilong with transaction value of approximately RMB78.5 million.

For the six months ended 30 June 2015, Tianrui Cement sold limestone to Ruiping Shilong with transaction value of approximately RMB6.5 million.

(b) Mutual Guarantees

Reference is made to our circular dated 8 November 2013 which contains details of the transactions disclosed herein. Unless stated otherwise, capitalized terms used in this paragraph (b) shall have the same meanings as those used in the circular referred to above.

On 30 October 2013, Tianrui Cement and Tianrui Group Company Limited ("Tianrui Group"), a company controlled by Chairman Li, entered into a framework agreement in relation to the provision of mutual guarantees (the "Framework Agreement"). The transactions under the Framework Agreement constitute continuing connected transactions under the Listing Rules.

The annual caps for Tianrui Group Guarantee (i.e the guarantees provided by Tianrui Group to Tianrui Cement) are RMB5,200 million for the first 12 months and RMB6,000 million for the second 12 months. The annual caps for Tianrui Cement Guarantee (i.e the guarantees provided by Tianrui Cement to Tianrui Group) are RMB2,200 million for the first 12 months and RMB3,000 million for the second 12 months.

As of 30 June 2015, according to the Framework Agreement and as approved by a special committee, Tianrui Cement (including its subsidiaries) provided guarantees of RMB1,432 million in aggregate (whether released or not) to Tianrui Group (including its subsidiaries), while Tianrui Group (including its subsidiaries) provided guarantees of RMB2,245 million in aggregate (whether released or not) to Tianrui Cement (including its subsidiaries).

(c) Definitive JV Memorandum

Reference is made to our announcement dated 23 August 2015 which contains details of the transactions disclosed herein. Unless stated otherwise, capitalized terms used in this paragraph (c) shall have the same meanings as those used in the announcement referred to above.

On 21 August 2015 (after trading hours), the Company entered into the Definitive JV Memorandum with the JV Partners with respect to the contribution commitment to and the operation of the JV Finance Company whose principal business activity is to integrate internal and external financial resources, strengthen risk control, aggregate idle funds, decrease financing cost, accelerate turnover of capital to increase capital usage efficiency, effectively bring into play the existing financial and capital economies of scale of the Company and Tianrui Group Company so as to cater for the financing needs of the Company and Tianrui Group Company. For further details, please refer to the announcement dated 23 August 2015. The contribution commitment of the JV Partners and Tianrui Cement to the JV Finance Company are RMB195,000,000 and RMB105,000,000 respectively, and the equity interest owned by the JV Partners and Tianrui Cement in the JV Finance Company amounted to 65% and 35% respectively. The JV Partners were connected person of the Company and the entering into the Definitive JV Memorandum constitutes a connected transaction of the Company under the Listing Rules.

SUPPLEMENTARY DISCLOSURE RELATING TO 2014 ANNUAL REPORT

Reference is made to the Annual Report for the year ended 31 December 2014 (the "2014 Annual Report") published by the Company on the websites of the Stock Exchange and the Company on 29 April 2015, respectively. Unless the context otherwise requires, capitalized terms used in this paragraph shall have the same meanings as those defined in the 2014 Annual Report.

Share Option Scheme

In relation to the disclosure in the paragraph headed "Share Option Scheme" on page 28 of the 2014 Annual Report, the Board hereby provides the following additional information which should be included in the 2014 Annual Report:

- The purpose of the Share Option Scheme is to provide person(s) and parties working for the interests of our Group with an opportunity to obtain an equity interest in our Company, thus linking their interests with the interests of our Group and thereby providing them with an incentive to work better for the interests of our Group.

- The Directors may at their absolute discretion grant Options to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to our Company or our Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to our Company or our Group and each of the persons mentioned above is referred to as an "Eligible Person".

- As at the date of the 2014 Annual Report, the total number of Shares issued upon exercise of all Options granted under the Share Option Scheme must not in aggregate exceed 3% of the Shares of the Company (or its subsidiaries) as at the Listing Date (being 72,027,000 shares, representing 3% of the issued shares of the Company as at the date of the 2014 Annual Report).

- Unless approved by Shareholders in general meeting at which the relevant Eligible Person and his or her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Person (including exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the "Individual Limit") at such time.

- The Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary (i.e. 12 December 2021) of the Adoption Date (the "Scheme Period"), The Eligible Person may accept the offer within 21 days from the date of offer (or such other period as may be determined by the Board), provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the scheme has been terminated in accordance with its terms.

- When the duplicate letter comprising acceptance of the Option is duly signed by the Eligible Person, it should be submitted together with the remittance of HK$1 in favor of our Company, as a consideration for the grant irrespective of the number of Shares in respect of which the Option is accepted.

- The subscription price in respect of any particular Option shall be such price as the Board may at its absolute discretion determine at the time of the grant of the relevant Option (the "Subscription Price"), but in any case the Subscription Price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

Continuing Connected Transactions

In relation to the disclosure in the paragraph headed "Connected Transaction and Continuing Connected Transactions — (b) Purchase of Clinker and Sale of Limestone" on page 29 of the 2014 Annual Report, the Board hereby provides the following additional information which should be included in the 2014 Annual Report:

- As disclosed in the circular of the Company dated 25 April 2014 (the "Circular"), the principal terms of the Clinker Supply Framework Agreement entered into by Tianrui Cement (as purchaser) and Ruiping Shilong (as supplier) are: Tianrui Cement will purchase the clinker from Ruiping Shilong according to it own needs. 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. For further details, please refer to the paragraph headed "1. Clinker Supply Framework Agreement" on page 8 of the Circular.

- As disclosed in the Circular, the principal terms of the "Limestone Supply Framework Agreement" entered into by Ruiping Shilong (as purchaser) and Tianrui Cement (as supplier) are: Tianrui Cement will sell the limestone to Ruiping Shilong according to its own needs. The prices 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. For further details, please refer to the paragraph headed "2. Limestone Supply Framework Agreement" on page 11 of the Circular.

- The background and purpose for entering into the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement are: with the continuous development of the Group, it is expected that the demand for clinker, a major intermediate product of cement, will increase. In light of its proximity of the Group, it has been able to provide a stable supply of clinker with low transportation costs over the past years. As such, the Group intended to satisfy its clinker demand by entering into the Clinker Supply Framework Agreement with Ruiping Shilong. In addition, in view of the Group's ability to increase its limestone output and efficiency requirements, both parties intended to enter into the Limestone Supply Framework Agreement for mutual benefits as limestone demand from Ruiping Shilong increased, and Ruiping Shilong is located in the proximity of the Group.

- The Board hereby confirms that the auditors' letter relating to the above continuing connected transactions has been submitted to the Stock Exchange pursuant to Rule 14A.56 and 14A.57 of the Listing Rules.

In relation to the disclosure in the paragraph headed "Connected Transaction and Continuing Connected Transactions — (c) Mutual guarantees" on page 30 of the 2014 Annual Report, the Board hereby provides the following additional information which should be included in the 2014 Annual Report:

- As disclosed in the circular of the Company dated 8 November 2013 (the "Circular of Mutual Guarantees"), according to the Framework Agreement entered into by Tianrui Cement and Tianrui Group (the "Framework Agreement"): (a) Tianrui Group, an associate of Chairman Li, has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by Tianrui Cement or its subsidiaries ("Tianrui Group Guarantee"); (b) meanwhile, Tianrui Cement has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by Tianrui Group or its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) ("Tianrui Cement Guarantee"). On the same date as the Framework Agreement, Chairman Li, the ultimate controlling shareholder of Tianrui Cement, entered into the Counter Guarantee Agreement with Tianrui Cement, pursuant to which Chairman Li has agreed to indemnify Tianrui Cement or its subsidiaries by means of the Counter Guarantee for any amount that it would have to pay in accordance with each Tianrui Cement Guarantee under the Framework Agreement ("Counter Guarantee"). For details on Tianrui Group Guarantee, Tianrui Cement Guarantee and Counter Guarantee, please refer to the paragraph headed "Major Terms of Framework Agreement and the Transactions Contemplated Thereunder" on page 4 of the Circular of Mutual Guarantees.

- The background and purpose for entering into the Framework Agreement was that: (a) it is common commercial practice in China that the lenders require the provision of guarantees as security for granting loans to borrowers. In particular, for a privately-owned company like Tianrui Cement, the PRC banks oftentimes require the provision of the third-party guarantee for granting a loan; (b) since 2012, Chinese banks have further tightened lending requirements, particularly with respect to lending to those companies with rapid expansion and high leverage; (c) the Group's business is capital-intensive, with a need of financing; (d) with respect to the Tianrui Cement Guarantee, the risks involved in assisting the financing of Tianrui Group are manageable, which is reflected by the provision of indemnity by both Tianrui Group and Chairman Li for any amount payable by Tianrui Cement. For details on the purposes of and reasons for the above transactions, please refer to the paragraph headed "Reasons for and Benefits of the Framework Agreement" on page 8 of the Circular of Mutual Guarantees.

- The Board hereby confirms that the auditors' letter relating to the above continuing connected transactions has been submitted to the Stock Exchange pursuant to Rule 14A.56 and 14A.57 of the Listing Rules.

The additional information mentioned above did not affect other information contained in the 2014 Annual Report.

INTERIM DIVIDEND

The Directors did not recommend the declaration of any interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2015. The financial information in the condensed consolidated financial statements of the interim results have not been audited or reviewed by the auditors of the Company.

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

Hong Kong, 26 August 2015

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

Chairman and Non-executive Director
Mr. Li Liufa

Executive Directors
Mr. Yang Yongzheng, Mr. Li Jiangming and Mr. Xu Wuxue

Independent Non-executive Directors
Mr. Kong Xiangzhong, Mr. Du Xiaotang and Mr. Wang Ping