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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)**

**EXERCISE OF OPTION UNDER NON-COMPETITION DEED  
DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO  
ACQUISITION OF 100% INTEREST IN TARGET COMPANY  
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE  
AND  
APPLICATION FOR WHITEWASH WAIVER**

**Independent Financial adviser to the Company**



**TC Capital**  
**天財資本**

Reference is made to the circular of the Company dated 31 October 2014 in relation to the Non-competition Deed which has been approved in the extraordinary general meeting of the Company on 17 November 2014. Under the Non-competition Deed, the Controlling Shareholders are allowed to pursue New Business Opportunity (i.e. the opportunity to engage in a business which is or may be in competition, directly or indirectly, with the business of the Group) after they have fulfilled certain notification and best-effort requirements as set out in the Non-competition Deed. Further, the Controlling Shareholders have undertaken to, inter alia, grant the Company the Option to acquire the New Business Opportunity upon the terms which are not less favourable than those of the acquisition by the Controlling Shareholders in the first instance.

The Independent Board Committee (comprising the Independent non-executive Directors only) has recently evaluated the feasibility of exercising the Option to acquire the Target Company and has decided that acquisition of the Target Company from Tianrui Group Company would be in the interest of the Company. Upon negotiation, the Company and Controlling Shareholders have agreed that the Company may issue Consideration Shares as consideration for acquiring 100% equity interest in the Target Company.

On 9 September 2015 (after trading hours), the Company and Tianrui Group Company entered into the Acquisition Agreement, pursuant to which Tianrui Group Company conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares, which represent 100% equity interest of the Target Company as at the Acquisition Completion, at the consideration of RMB842,016,891, to be settled by the allotment and issue of the Consideration Shares by the Company to Yu Kuo, a wholly-owned subsidiary of Tianrui Group Company, credited as fully paid, at the Issue Price upon Acquisition Completion. The Consideration Shares will be issued under the Specific Mandate to be approved at the EGM.

As one or more of the applicable percentage ratios of the Listing Rules in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Yu Kuo, which is an indirect wholly-owned subsidiary of Tianrui Group Company which is owned as to 70% by Chairman Li, directly holds approximately 39.57% of the entire issued share capital of the Company. Chairman Li, Mrs Li, Tianrui Group Company and Yu Kuo are connected persons of the Company under the Listing Rules. Accordingly the entering into of the Acquisition Agreement shall also constitute a connected transaction of the Company under the Listing Rules and the transactions contemplated under the Acquisition Agreement, including the issue of the Consideration Shares, are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As at the date of this announcement, Yu Kuo, which is an indirect wholly-owned subsidiary of Tianrui Group Company which is owned as to 70% by Chairman Li, directly holds approximately 39.57% of the entire issued share capital of the Company. Under the Takeovers Code, Wan Qi is presumed to be acting in concert with Yu Kuo as Wan Qi is holding more than 20% of the entire issued share capital of the Company. As such, Yu Kuo and Wan Qi are presumed to be acting in concert under the Takeovers Code and the aggregate number of Shares held by them is 1,639,400,000, representing approximately 68.28% of the entire issued share capital of the Company.

After the completion of the Acquisition and assuming no other changes to the issued share capital of the Company, Yu Kuo and Wan Qi (being a party which is presumed to be acting in concert with Yu Kuo under the Takeovers Code) will hold approximately 73.93% of the Company's then enlarged issued share capital. Despite the fact that Yu Kuo and Wan Qi hold in aggregate more than 50% of the entire issued share capital of the Company, as the shareholding of Yu Kuo itself will increase from 39.57% to 50.33% as a result of the Acquisition, pursuant to Rule 26.1 of the Takeovers Code, Yu Kuo will be required to make a mandatory general offer for all the issued shares in the share capital of the Company not already owned or agreed to be acquired by Yu Kuo and parties acting or presumed to be acting in concert with it unless the Whitewash Waiver is obtained from the Executive. An application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Independent Board Committee, comprising all the independent non-executive Directors, for the purpose of making a recommendation to the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Specific Mandate, has been established in compliance with Rule 14A.41 of the Listing Rules and Rule 2.8 of the Takeovers Code. The Board notes that under Rule 2.8 of the Takeovers Code, an independent board committee established for this purpose should comprise all non-executive Directors who have no direct or indirect interest in the Acquisition, the Whitewash Waiver and the Specific Mandate. Chairman Li, a non-executive Director, indirectly owns 70% shareholding interest in Yu Kuo and is therefore considered to have a material interest in the Acquisition, the Whitewash Waiver and the Specific Mandate. Accordingly, Chairman Li is not offered membership of the Independent Board Committee. As approved by the Independent Board Committee, TC Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Whitewash Waiver and the Specific Mandate.

The Circular containing, among others: (1) details of the Acquisition, the Whitewash Waiver and the Specific Mandate; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Acquisition, Whitewash Waiver and Specific Mandate; (3) a letter of advice by the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the Acquisition, the Whitewash Waiver and the Specific Mandate, will be published in due course. As the Company may not be able to issue the Circular within 21 days from the date of this announcement as required under Rule 8.2 of the Takeovers Code, the Company will apply to the Executive for an extension for the despatch of the circular. Further announcement(s) will be made by the Company as appropriate.

**Warning: Shareholders and potential investors should note that the Acquisition is subject to the fulfilment of a number of conditions, and accordingly, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares.**

## DISCLOSEABLE AND CONNECTED TRANSACTION

### The Acquisition

#### *Acquisition Agreement*

*Date:* 9 September 2015 (after trading hours)

*Parties:* (a) the Company; and  
(b) Tianrui Group Company

#### *Assets to be acquired*

Tianrui Group Company conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares which represent 100% equity interest of the Target Company.

## *Conditions of the Acquisition*

The Acquisition is conditional upon, among others:

- (a) the Company being reasonably satisfied with the results of such enquiries, investigations and due diligence reviews of the business affairs, operations and financial position of the Target Company by the Company or any of its officers, employees, agents, professional advisers or other agents as the Company in its discretion deems necessary, desirable or appropriate to undertake;
- (b) the Independent Shareholders having approved at the EGM (i) the entering into of the Acquisition Agreement; (ii) the allotment and issue of the Consideration Shares; (iii) all other transactions contemplated under the Acquisition Agreement; and (iv) the Whitewash Waiver, in accordance and in compliance with the Listing Rules;
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange, and such approval shall not be revoked prior to the Acquisition Completion;
- (d) the warranties under the Acquisition Agreement remaining true and accurate in all respects and not misleading in any respect as of the date of the Acquisition Completion by reference to the facts and circumstances subsisting thereat;
- (e) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Acquisition Agreement or which is reasonably likely to materially and adversely affect the right of the Company to own the legal and beneficial title to the Sale Shares, free from encumbrances, following the Acquisition Completion;
- (f) save for the approvals and consents referred to in (b) and (c) above, all necessary approvals and consents required to be obtained by any of the parties to the Acquisition Agreement from any authority or other third party in respect of the Acquisition Agreement and/or the transactions contemplated thereunder having been obtained unconditionally and irrevocably, or where such approval or consent is given subject to conditions, on such conditions as are acceptable to the Company;
- (g) the conditions contained in the Acquisition Agreement having been satisfied or waived in accordance with the terms therein;
- (h) Tianrui Group Company having complied with all its obligations under the Acquisition Agreement which are required to be complied with before Acquisition Completion;
- (i) the Whitewash Waiver has been granted with respect to the Acquisition;
- (j) Tianrui Group Company has become and remains as the registered owner of the Sale Shares which shall be free from any encumbrances prior to the Acquisition Completion;
- (k) Tianrui Group Company has contributed a further RMB200,000,000 to the Target Company as its registered capital.

If the conditions above are not satisfied or waived on or before the Long-Stop Date, the Acquisition Agreement shall lapse automatically, without prejudice to the rights and liabilities of any party accrued prior to such lapse.

Notwithstanding anything to the contrary, the conditions set out in (b) and (i) above may not be waived.

#### *Consideration*

The consideration for the Sale Shares is RMB842,016,891 which has been calculated with reference to, among others, (1) the net asset value of the Target Company as being RMB642,016,891 as of 31 August 2015 according to the audited accounts prepared in accordance with PRC GAAP; (2) the undertaking of Tianrui Group Company to contribute a further RMB200,000,000 to the Target Company as registered capital; and (3) the total consideration of RMB1,035,000,000 paid by Tianrui Group Company to acquire the Sale Shares in the first instance, which includes RMB985,000,000 paid by Tianrui Group Company in acquisition of 100% equity interest from the then shareholders of the Target Company and RMB50,000,000 paid by Tianrui Group Company in settlement of a bank loan owed by the Target Company.

The issuance of Consideration Shares instead of cash as the consideration for Acquisition does not require cash outflow from the Company and would not strain the Company's working capital which allows sufficient and healthy cashflow for financing the Company's other projects.

The Board (excluding the independent non-executive Directors whose views will be set out in the Circular after considering the advice of the Independent Financial Advisor) is of the view that the consideration for the Acquisition and other terms of the Acquisition Agreement are fair and reasonable and was determined after arm's length negotiation between the parties and would be in the interest of the Company and the Shareholders as a whole.

#### *Issue Price*

The consideration for the Acquisition will be settled by allotment and issue of the Consideration Shares to Yu Kuo (an indirect wholly-owned subsidiary of Tianrui Group Company), credited as fully paid, at the Issue Price upon Acquisition Completion.

The Issue Price shall represent the average closing price for the 5 consecutive trading days immediately preceding the date of the Acquisition Agreement. Based on the closing prices for the 5 consecutive trading days immediately preceding the date of the Acquisition Agreement, the Issue Price shall be HK\$1.95. An exchange rate of HK\$1 for RMB0.83 shall be adopted for calculating the number of the Consideration Shares to be issued.

520,245,000 Consideration Shares will be allotted and issued, which represent approximately 21.67% of the issued share capital of the Company as at the date of this announcement and approximately 17.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price represents:

- (i) the closing price of HK\$1.95 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) the average closing price of HK\$1.95 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of 1.40% to the average closing price per Share of HK\$1.923 for the last 10 consecutive trading days up to and including the Last Trading Day.

The Issue Price was arrived at after negotiations between the Company and Tianrui Group Company with reference to, among others, the liquidity and recent trading performance of the Shares.

#### *Ranking of the Consideration Shares*

The Consideration Shares, when allotted and issued, will rank equally in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares.

#### *Mandate to issue the Consideration Shares*

The Consideration Shares will be allotted and issued under the Specific Mandate and is subject to the Independent Shareholders' approval.

#### *Application for listing*

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

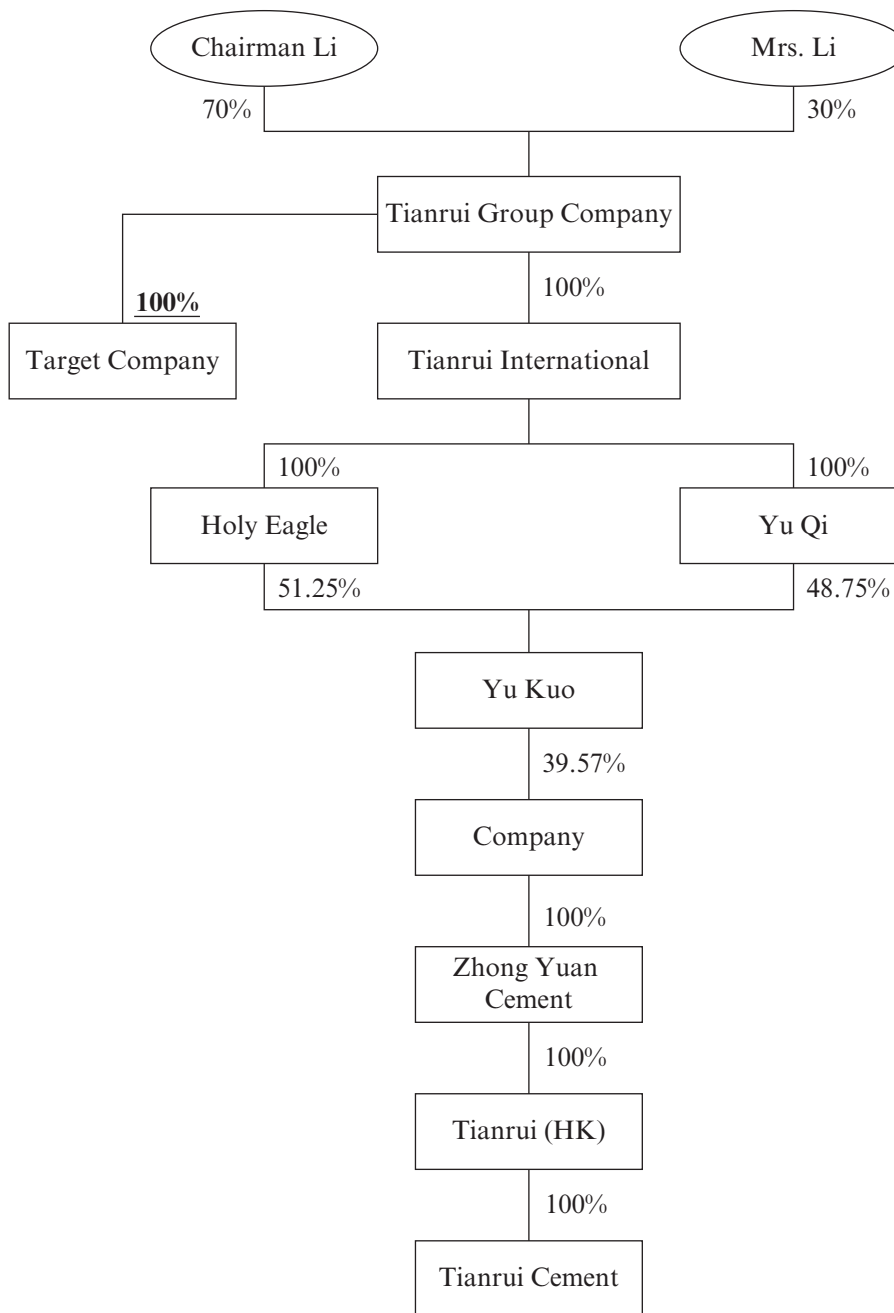
#### *Completion*

Subject to the fulfilment of the conditions of the Acquisition, Acquisition Completion shall take place on or before 31 December 2015 (“**Long Stop Date**”).

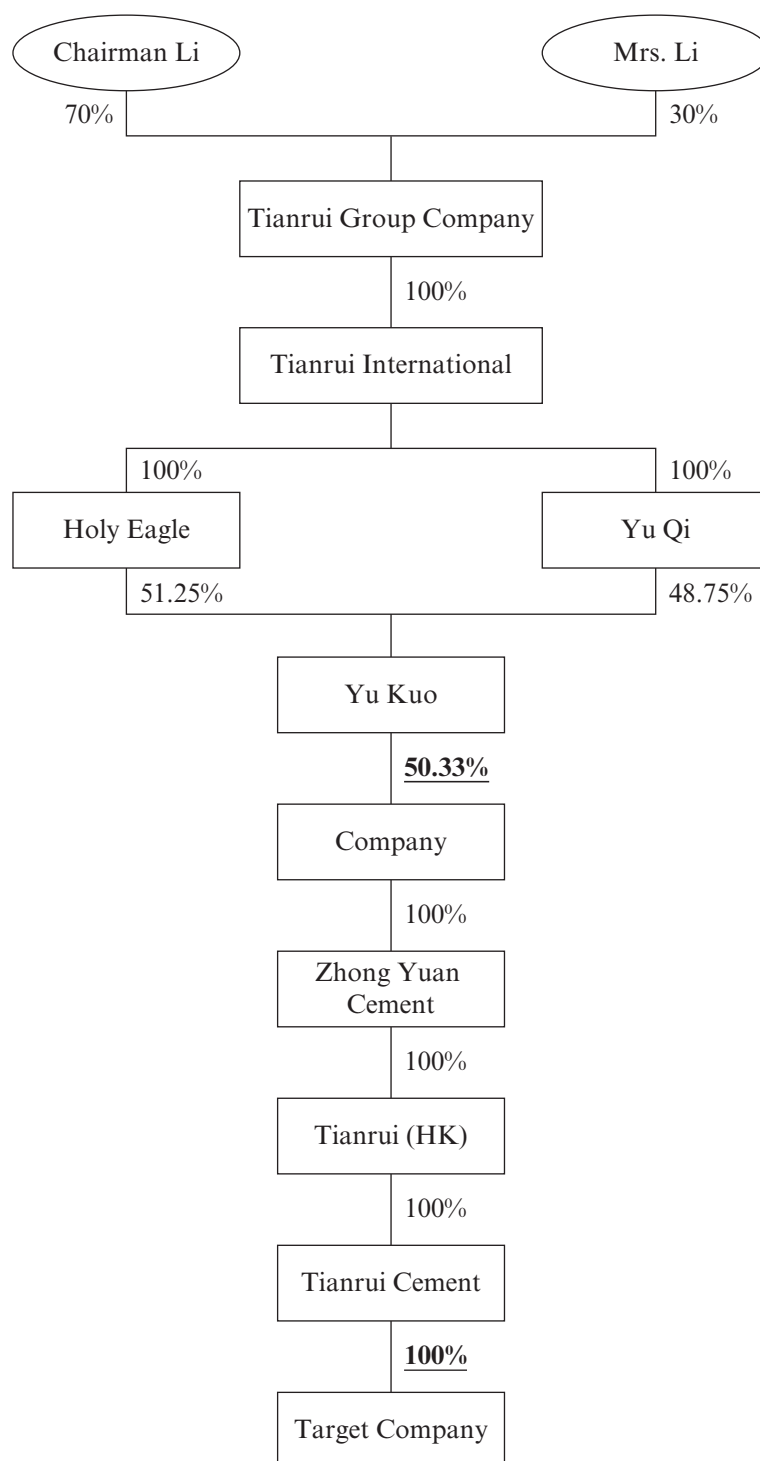
## CORPORATE STRUCTURE

The corporate structure immediately before and after the Acquisition completion is as follows:

### Immediately before Acquisition Completion



## Immediately after Acquisition Completion



## INFORMATION OF THE TARGET COMPANY

The Target Company was established in PRC in May 2007 as a limited liability company with a registered capital of RMB372,600,000 as at the date of this announcement. The Target Company is headquartered in Gongyi City, Henan Province, PRC and is principally engaged in the manufacture and sale of cement in Gongyi City of Henan Province. The Target Company owns a piece of land of 128,321 square meters in Zhi Tian town, Gong Yi City, Henan Province, upon which its principal factories and manufacture base are situated. The Target Company also holds mining licence with respect to limestone for cement manufacture (水泥用石灰岩). The limestone site is situated in Gong Yi City, Henan Province with an area of 2.5695 km<sup>2</sup> and its mining licence has a validity period from December 2013 to December



2043. All the limestone of the said limestone site is expected to be utilized for manufacture of cement for the Target Company after the Acquisition Completion. The Target Company has been awarded the National Certificate for the Manufacture of Industrial Products (全國工業產品生產許可證) by the PRC General Administration of Quality Supervision, Inspection and Quarantine (中華人民共和國國家質量監督檢驗檢疫總局) for a validity period expiring in May 2017. The Target Company's manufacture of 32.5 composite Portland cement (32.5級複合矽酸鹽水泥) has been certified as Nationwide Encouraged Recycling Technology (國家鼓勵的資源綜合利用) by Henan Development and Reform Commission (河南省發展和改革委員會) in December 2014. Tianrui Group Company has entered into a share transfer agreement dated 9 January 2015 with Henan Hongqi Coal Company Limited (河南紅旗煤業股份有限公司) (“**Henan Hongqi**”) and Gongyi Pingan Transport Company Limited (鞏義市平安運輸有限公司) (“**Gongyi Pingan**”), pursuant to which Tianrui Group Company agreed to purchase 90% and 10% equity interest in the Target Company from Henan Hongqi and Gongyi Pingan for a consideration of RMB940,000,000 and RMB45,000,000 respectively, subject to a further undertaking to settle a bank loan of RMB50,000,000 owed by the Target Company. As such, the total cost payable by Tianrui Group Company with respect to the Sale Shares was RMB1,035,000,000. As at the date of this announcement, Tianrui Group Company has become the registered owner of 90% equity interest in the Target Company while the transfer of 10% equity interest from Henan Hongqi to Tianrui Group Company is still pending completion. It is a condition precedent of the Acquisition Completion that Tianrui Group Company shall become the registered owner of 100% equity interest in the Target Company prior to the Acquisition Completion. Following the Acquisition Completion, the Target Company will become a subsidiary of the Company and its financials are expected to be consolidated into the accounts of the Company.

## FINANCIAL INFORMATION ON THE TARGET COMPANY

The financial information of the Target Company based on its audited financials according to the PRC GAAP is set out below.

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>	<b>For the Eight months ended 31 August 2015 (RMB)</b>
Net profit (loss) before and after tax	(114,536,104)	(151,419,787)	4,228,397

The audited consolidated total assets and the audited consolidated net assets of the Target Company as at 31 August 2015 are RMB787,450,487 and RMB642,016,891 respectively.

## INFORMATION ON THE PARTIES TO THE ACQUISITION

Tianrui International is a company incorporated in BVI and is principally engaged in investment holding indirectly wholly owned by Tianrui Group Company.

Tianrui Group Company is a company established in PRC with limited liability and held as to 70% by Chairman Li and 30% by Mrs. Li, who are interested in different businesses such as foundry business, aluminum business, tourism and hotel business; and hold indirect equity interest in Ruiping Shilong which is involved in the 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.

## NON-COMPETITION DEED AND REASONS FOR THE ACQUISITION

The Target Company is principally engaged in production and sale of cement in Gongyi City, Henan Province. The acquisition of the Target Company by Tianrui Group Company has been approved by the Independent non-executive Directors of the Company in accordance with the Non-competition Deed. The Independent non-executive Directors have duly evaluated the viability to exercise the Option under the Non-competition Deed and are of the view that the acquisition of the Target Company at this stage would help expand the Group's market share and market coverage in Henan Province as the Group's current operation has not yet covered Gongyi city. Further, the consideration of the Acquisition, which is lower than the consideration of RMB1,035,000,000 paid by Tianrui Group Company with respect to the acquisition of the Sale Shares in the first instance, is in compliance with the Non-competition Deed which provides that any acquisition by the Company upon the exercise of any Option will be on no less favourable terms than the acquisition by the Controlling Shareholders in the first instance.

## CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE ISSUE OF THE CONSIDERATION SHARES

The following table sets out the shareholding structure of the Company (based on the best knowledge of the Directors) (i) as at the date of this announcement; and (ii) immediately upon the Acquisition Completion (assuming that save for the issue of the Consideration Shares, there is no issue or repurchase of Shares by the Company from the date of this announcement to the date of the Acquisition Completion and there is no exercise of any options granted under the Share Option Scheme):

Yu Kuo and parties acting or presumed to be acting in concert	As at the date of this announcement		Upon Acquisition Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Yu Kuo <sup>(1)</sup>	950,000,000	39.57%	1,470,245,000	50.33%
Wan Qi <sup>(1)</sup>	<u>689,400,000</u>	<u>28.71%</u>	<u>689,400,000</u>	<u>23.60%</u>
Sub-total:	<u>1,639,400,000</u>	<u>68.28%</u>	<u>2,159,645,000</u>	<u>73.93%</u>
<b>Public Shareholders</b>				
PA Investment Funds SPC — PA Greater China Industrial Opportunities Fund Segregated Portfolio	237,600,000	9.90%	237,600,000	8.13%
Yue Xiu Investment Fund Series Segregated Portfolio Company	123,000,000	5.12%	123,000,000	4.21%
Other public Shareholders	<u>400,900,000</u>	<u>16.70%</u>	<u>400,900,000</u>	<u>13.73%</u>
Total	<u>2,400,900,000</u>	<u>100%</u>	<u>2,921,145,000</u>	<u>100%</u>

1. Wan Qi is a company incorporated in BVI with limited liability and is wholly-owned by Mr. Tang Ming Chien. Wan Qi and Mr. Tan Ming Chien are Independent Third Parties. Wan Qi is presumed to be acting in concert with Yu Kuo and other Controlling Shareholders under the Takeovers Code as it holds more than 20% interests in the Company.

## ANNOUNCEMENT OF TIANRUI CEMENT FOR THE FIRST QUARTER OF 2015

The Company would like to draw the attention of Shareholders to the announcement of the Company dated 30 April 2015 in relation to the summary of financial statements of Tianrui Cement, a wholly-owned subsidiary of the Company, for the year 2014 (audited) and for the first quarter of 2015 (unaudited) (“**Subsidiary Results**”). Pursuant to Rule 10 of the Takeovers Code, the Subsidiary Results will constitute profit forecasts which would be required by Rule 10.3(d) of the Takeovers Code to be examined, repeated and reported on in the document sent to the Shareholders.

The Company has published the Interim Results on 26 August 2015. The Interim Results are to be included in the Circular which will be despatched after the Interim Results are announced. As such, when the Circular is despatched, the Interim Results would cover a period beyond those covered by the Subsidiary Results. The Interim Results to be included in the Circular would fall under Rule 10.9 of the Takeovers Code and separate reporting on the Interim Results and Subsidiary Results under Rule 10.3(d) of the Takeover Code will not be required.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Listing Rules in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Yu Kuo, which is an indirect wholly-owned subsidiary of Tianrui Group Company which is owned as to 70% by Chairman Li, directly holds approximately 39.57% of the entire issued share capital of the Company. Chairman Li, Mrs. Li, Tianrui Group Company and Yu Kuo are all connected persons of the Company under the Listing Rules. Accordingly the entering into of the Acquisition Agreement shall also constitute a connected transaction of the Company under the Listing Rules and the transactions contemplated under the Acquisition Agreement, including the issue of the Consideration Shares, are subject to the requirements of reporting, announcement and Independent Shareholders’ approval under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, for the purpose of making a recommendation to the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Specific Mandate, has been established in compliance with Rule 14A.41 of the Listing Rules and Rule 2.8 of the Takeovers Code. The Board notes that under Rule 2.8 of the Takeovers Code, an independent board committee established for this purpose should comprise all non-executive Directors who have no direct or indirect interest in the Acquisition, the Whitewash Waiver and the Specific Mandate. Chairman Li, a non-executive Director, indirectly owns 70% shareholding interest in Yu Kuo and is therefore considered to have a material interest in the Acquisition, the Whitewash Waiver and the Specific Mandate. Accordingly, Chairman Li was not offered membership of the Independent Board Committee. As approved by the Independent Board Committee, TC Capital has been appointed as the Independent Financial Advisor to the Independent Board Committee with respect to the Acquisition, the Specific Mandate and the Whitewash Waiver.

Save for Chairman Li and Mr. Li Jiangming (李江銘), an executive Director who is the younger brother of Mrs. Li, all of the Directors have confirmed that none of them has any material interest in the Acquisition; 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 Acquisition.

## **TAKEOVERS CODE IMPLICATIONS**

As at the date of this announcement, Yu Kuo, which is an indirect wholly-owned subsidiary of Tianrui Group Company which is owned as to 70% by Chairman Li, directly holds approximately 39.57% of the entire issued share capital of the Company. Under the Takeovers Code, Wan Qi is presumed to be acting in concert with Yu Kuo as Wan Qi is holding more than 20% of the entire issued share capital of the Company. As such, Yu Kuo and Wan Qi are presumed to be acting in concert under the Takeovers Code and the aggregate number of Shares held by them is 1,639,400,000, representing approximately 68.28% of the entire issued share capital of the Company.

After the completion of the Acquisition and assuming no other changes to the issued share capital of the Company, Yu Kuo and Wan Qi (being a party which is presumed to be acting in concert with Yu Kuo under the Takeovers Code) will hold approximately 73.93% of the Company's then enlarged issued share capital. Despite the fact that Yu Kuo and Wan Qi hold in aggregate more than 50% of the entire issued share capital of the Company, as the shareholding of Yu Kuo itself will increase from 39.57% to 50.33% as a result of the Acquisition, pursuant to Rule 26.1 of the Takeovers Code, Yu Kuo will be required to make a mandatory general offer for all the issued shares in the share capital of the Company not already owned or agreed to be acquired by Yu Kuo and parties acting or presumed to be acting in concert with it unless the Whitewash Waiver is obtained from the Executive. An application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Controlling Shareholders will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

Yu Kuo, Wan Qi (being a party which is presumed to be acting in concert with Yu Kuo under the Takeovers Code) and the parties who are acting in concert with Yu Kuo will abstain from voting at the EGM to approve the Acquisition Agreement and the Whitewash Waiver. Save as aforesaid, none of the Shareholders has any material interest in the transactions contemplated under the Acquisition Agreement, nor is interested in or involved in the Acquisition or the Whitewash Waiver and is therefore are not required to abstain from voting at the EGM.

## **SHARE DEALING BY THE CONTROLLING SHAREHOLDERS**

Under paragraph 3(a) of Schedule VI of the Takeovers Code, the Executive will not normally waive an obligation under Rule 26 of the Takeovers Code if the person to whom the new securities are to be issued or any person acting in concert with him has acquired voting rights in the Company in the 6 months prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company (which would include informal discussions) in relation to the proposed issue of new securities.

Reference is made to the announcement of the Company dated 8 April 2015 in relation to the Equity Transfer which was completed on 31 March 2015 for the purpose of family wealth restructuring. Pursuant to the Equity Transfer, Mrs. Li acquired 30% shares in Tianrui Group Company which wholly owns Yu Kuo, while Mr. Li Xuanyu (Mrs. Li's son) ceased to have any interest in the issued share capital of the Company through his disposal of all his interest in Tianrui Group Company to Chairman Li and Mrs. Li. The Executive has granted a waiver

pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code of the obligation on the part of Mrs. Li to make a general offer for the shares of the Company arising as a result of the Equity Transfer. The Company, Chairman Li, Mrs. Li and Mr. Li Xuanyu have confirmed that, the Equity Transfer took place before any negotiations, discussions or the reaching of understandings or agreements with Directors of the Company in relation to the Acquisition and hence, does not fall within the ambit of paragraph 3(a) of Schedule VI of the Takeovers Code as referred to above.

Except for the Equity Transfer, each of the Controlling Shareholders (including Yu Kuo) and the parties which are, or are presumed to be acting in concert with the Controlling Shareholders (i.e. Wan Qi and Mr. Tang Ming Chien) and parties acting in concert with any of them have not acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of, voting rights in the Company in the six months prior to and up to and including the date of this announcement.

As at the date of this announcement and except for the Equity Transfer, each of the Controlling Shareholders has confirmed that:

- (i) neither the Controlling Shareholders nor parties acting in concert with any of them has received an irrevocable commitment from anyone to vote for the Acquisition and/or the Whitewash Waiver;
- (ii) neither the Controlling Shareholders nor parties acting in concert with any of them holds any convertible securities, warrants or options of the Company;
- (iii) neither the Controlling Shareholders nor any person acting in concert with any of them has entered into outstanding derivative in respect of securities in the Company;
- (iv) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of Yu Kuo or the Company and which might be material to the Acquisition and/or the Whitewash Waiver;
- (v) there are no agreements or arrangements to which any of Controlling Shareholders is party which relate to the circumstances in which any of them may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition and/or the Whitewash Waiver (save as the conditions precedent to the Acquisition); and
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Controlling Shareholders or any person acting in concert with any of them has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

An application will be made to the Executive to approve the Whitewash Waiver notwithstanding the Equity Transfer in April 2015.

## **DIRECTORS' CONFIRMATION**

In compliance with Rule 9.3 of the Takeovers Code, all directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of our knowledge, opinions expressed in the announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in the announcement misleading.

## GENERAL INFORMATION

The Circular containing, among others: (1) details of the Acquisition, the Whitewash Waiver and the Specific Mandate; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Acquisition, Whitewash Waiver and Specific Mandate; (3) a letter of advice by the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the Acquisition, the Whitewash Waiver and the Specific Mandate, will be despatched in due course. The Company may not be able to issue the Circular within 21 days from the date of this announcement as required under Rule 8.2 of the Takeovers Code and the Company will apply to the Executive for an extension for the despatch of the Circular. Further announcement(s) will be made by the Company as appropriate.

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the contexts otherwise require:

“Acquisition”	the acquisition by the Company of the Sale Shares under the Acquisition Agreement
“Acquisition Agreement”	the share purchase agreement in relation to the Acquisition entered into between the Company and Tianrui Group Company on 9 September 2015
“Acquisition Completion”	the completion of the Acquisition
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
“BVI”	the British Virgin Islands
“Chairman Li”	Mr. Li Liufa, the chairman, non-executive director and one of the Controlling Shareholders of the Company
“Circular”	the circular to be dispatched to the Shareholders with respect to the Acquisition, Whitewash Waiver and Specific Mandate
“Company” or “Listco”	China Tianrui Group Cement Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules

“Consideration Shares”	520,245,000 new Shares to be allotted and issued by the Company to the shareholders of Target Company at the Issue Price as consideration of the Acquisition pursuant to the Acquisition Agreement
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and refers to each of the Controlling Shareholders (i.e. Chairman Li, Mrs. Li, Tianrui Group Company, Holy Eagle, Yu Qi, Tianrui International and Yu Kuo) in the context of this announcement
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Acquisition Agreement and the respective transactions contemplated thereunder and the Whitewash Waiver
“Equity Transfer”	has the meaning ascribed to it in the announcement of the Company dated 8 April 2015
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“Group”	the Company and its subsidiaries prior to completion of the Acquisition
“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, which is wholly owned by Tianrui International
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee, comprising all the non-executive Directors (other than Chairman Li, the non-executive Director, being considered having a material interest in the Acquisition Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver) formed to advise the Independent Shareholders as to whether (1) the terms and conditions of the Acquisition Agreement and all transactions contemplated thereunder (including issue and allotment of the Consideration Shares under the Specific Mandate) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and (2) the terms and conditions of the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole

“Independent Financial Adviser”	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 Acquisition, the Whitewash Waiver and the Specific Mandate
“Independent Shareholders”	Shareholders other than (i) Yu Kuo, (ii) Wan Qi (a party which is presumed to be acting in concert with Yu Kuo under the Takeovers Code), (iii) parties that are acting in concert with Yu Kuo and (iv) those who are interested or involved in the Acquisition or the Whitewash Waiver
“Independent Third Party”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and its Connected Persons
“Interim Results”	The interim results for the six months ended 30 June 2015 of the Company which have been published on 26 August 2015
“Issue Price”	HK\$1.95 per Consideration Share
“Last Trading Day”	9 September 2015, being the last day on which the Shares were traded on the Stock Exchange prior to the release of the Announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2015 or such later date as the Company and Tianrui Group Company may agree in writing pursuant to the Acquisition Agreement
“Mrs. Li”	Ms. Li Fengluan, the spouse of Chairman Li and one of the Controlling Shareholders of the Company
“New Business Opportunity”	has the meaning ascribed to it in the circular of the Company dated 31 October 2014
“Non-competition Deed”	the revised non-competition deed approved in the extraordinary general meeting of the Company on 17 November 2014
“Option”	has the meaning ascribed to it in the circular of the Company dated 31 October 2014
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this circular
“PRC GAAP”	the PRC generally accepted accounting policy
“Relevant Securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code



“RMB”	Renminbi, the lawful currency of the PRC
“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
“Sale Shares”	100% of the equity interests of the Target Company as at the Acquisition Completion
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 12 December 2011, the principal terms of which are set out in the section headed “Statutory and General Information — D. Other Information” in Appendix VI to the prospectus of the Company dated 14 December 2011
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Specific Mandate”	the specific mandate to allot and issue the Consideration Shares to be sought from the Independent Shareholders at the EGM to satisfy the consideration of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any undertaking in relation to which another undertaking is its parent undertaking under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“Target Company”	Henan Yongan Cement Company Limited (河南永安水泥有限責任公司), a company established in the PRC with limited liability
“Tianrui Cement”	Tianrui Group Cement Company Limited (天瑞集團水泥有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Tianrui Group Company”	Tianrui Group Company Limited (天瑞集團有限公司), a company established in the PRC with limited liability and a company held as to 70% and 30% by Chairman Li and Mrs. Li respectively, one of our Controlling Shareholders

“Tianrui (HK)”	China Tianrui (Hong Kong) Company Limited (中國天瑞(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Tianrui International”	Tianrui (International) Holding Company Limited (天瑞(國際)控股有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Tianrui Group Company
“Wan Qi”	Wan Qi Company Limited, a company incorporated in the BVI with limited liability, which holds approximately 28.71% of the issued share capital of the Company and is wholly owned by Mr. Tang Ming Chien as at the date of this announcement
“Whitewash Waiver”	waiver as may be granted by the Executive in favour of each of the Controlling Shareholders (i.e. Chairman Li, Mrs. Li, Tianrui Group Company, Holy Eagle, Yu Qi, Tianrui International and Yu Kuo) in respect of their obligations to extend a general offer to acquire the issued Shares (excluding the issued Shares which are owned or agreed to be acquired by them) in accordance with Note 1 on Dispensation from Rule 26 of the Takeovers Code as a result of the Acquisition Completion
“Yu Kuo”	Yu Kuo Company Limited (煜闊有限公司), a company incorporated in the BVI with limited liability, which is an intermediate controlling shareholder of the Company holding 39.57% of the issued share capital of the Company and the issued share capital of which is owned as to 51.25% by Holy Eagle and 48.75% by Yu Qi
“Yu Qi”	Yu Qi Company Limited (煜祺有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Tianrui International
“Zhong Yuan Cement”	Zhong Yuan Cement Company Limited (中原水泥有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

*For illustration purpose, amounts in RMB have been translated into HK\$ at HK\$1.00 = RMB0.83 in this announcement.*

\* *For identification purposes only*

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

Ruzhou City, Henan Province, PRC, 9 September 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. Xu Wuxue and Mr. Li Jiangming

*Independent Non-executive Directors*

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