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CHINA SHANSHUI CEMENT GROUP LIMITED

中國山水水泥集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 691)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, the Group is expected to record a significant decrease in net profit for the six months ending 30 June 2012 as compared with that for the corresponding period in 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of China Shanshui Cement Group Limited (the “**Company**”) wishes to inform the shareholders of the Company and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (together, the “**Group**”), the Group is expected to record a significant decrease in net profit for the six months ending 30 June 2012 as compared with that for the corresponding period in 2011.

The Board considers that such decrease is mainly attributable to the high sales price recorded in the first half of 2011 and macro-economic downturn in China. During the first half of 2012, despite the fact that cement price remained high and stable in Shandong and Liaoning, the core markets of the Group, and cement demand significantly rebounded in the second quarter, the overall cement price during the first half of 2012 was slightly dragged by the substantial decline in cement demand in the first quarter while sales are similar to the same period last year. Therefore, the Board expects that the net profit of the Group for the six months ending 30 June 2012 will decrease by not less than 40% compared with that of corresponding period last year.

As the first half of 2012 has not yet ended, the interim results of the Group for the six months ending 30 June 2012 are not yet available. The information contained in this announcement can only be treated as a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group which are recently available. The information contained in this announcement is not based on any figure or information that has been audited or reviewed by the auditors of the Company, and may be subject to possible adjustments. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ending 30 June 2012 which will be published in due course after the end of the period.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
ZHANG Caikui
Chairman

Hong Kong, 29 June 2012

As at the date hereof, the board of directors of the Company comprises 4 executive directors, namely ZHANG Caikui (Chairman), ZHANG Bin (Vice Chairman and General Manager), DONG Chengtian and YU Yuchuan; 2 non-executive directors, namely Homer SUN and JIAO Shuge; and 3 independent non-executive directors, namely SUN Jianguo, WANG Yanmou and WANG Jian.