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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)

US\$500,000,000 7.5% SENIOR NOTES DUE 2020

(Stock code: 5880)

**ANNOUNCEMENT IN RESPECT OF PUBLICATION OF
UNAUDITED MANAGEMENT ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the announcements made by the board (the “**Board**”) of directors (the “**Directors**”) of China Shanshui Cement Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 March 2018 and 25 May 2018, relating to, among other things, the delay in the publication of the final results for the year ended 31 December 2017 (the “**2017 Annual Results**”) and change of Directors.

Since the establishment of the new Board on 23 May 2018, the Board has taken necessary steps to implement the remedial measures to rectify the failure to publish an announcement in relation to the 2017 Annual Results no later than three months after the end of the financial year of the Company (i.e. on or before 31 March 2018). The Board has taken active communications with the auditor of the Company (the “**Auditor**”) who has recommenced the audit work on the 2017 Annual Results. Based on the information currently available, it is expected that the announcement in relation to the 2017 Annual Results will be published at the end of July 2018 or in the middle of August 2018.

In order to keep the shareholders of the Company (the “**Shareholders**”) and the public informed of the Group’s financial performance and position, the Board wishes to set forth below the preliminary unaudited financial information of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 <i>RMB'000</i> (Unaudited)	2016 <i>RMB'000</i> (Audited)
Turnover	14,915,720	11,284,193
Cost of sales	<u>(10,296,978)</u>	<u>(8,808,192)</u>
Gross profit	4,618,742	2,476,001
Other revenue	318,433	182,300
Other net expenses	(189,041)	(340,540)
Selling and marketing expenses	(556,305)	(486,954)
Administrative expenses	<u>(2,083,428)</u>	<u>(1,592,646)</u>
Profit/(loss) from operations	2,108,401	238,161
Finance costs	(995,264)	(1,030,649)
Share of profits less losses of associates	<u>7,485</u>	<u>(36,807)</u>
Profit/(loss) before taxation	1,120,622	(829,295)
Income tax	<u>(424,463)</u>	<u>(149,566)</u>
Profit/(loss) for the year	<u>696,159</u>	<u>(978,861)</u>
Attributable to:		
Equity shareholders of the Company	767,944	(738,281)
Non-controlling interests	<u>(71,785)</u>	<u>(240,580)</u>
Profit/(loss) for the year	<u>696,159</u>	<u>(978,861)</u>
Profit/(loss) per share		
– Basic (<i>RMB</i>)	<u>0.23</u>	<u>(0.22)</u>
– Diluted (<i>RMB</i>)	<u>0.23</u>	<u>(0.22)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2017

	2017 RMB'000 (Unaudited)	2016 RMB'000 (Audited)
Profit/(loss) for the year	696,159	(978,861)
Other comprehensive income/(expenses) for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Remeasurements of net defined benefit obligations	–	18,400
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	294,278	(214,974)
Available-for-sale securities: net movement in the fair value reserve	424	(645)
Other comprehensive income/(expenses) for the year	294,702	(197,219)
Total comprehensive income/(expenses) for the year	990,861	(1,176,080)
Attributable to:		
Equity shareholders of the Company	1,062,646	(935,500)
Non-controlling interests	(71,785)	(240,580)
Total comprehensive income/(expenses) for the year	990,861	(1,176,080)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	31 December 2017 <i>RMB'000</i> (Unaudited)	31 December 2016 <i>RMB'000</i> (Audited)
Non-current assets		
Fixed assets		
– Property, plant and equipment	16,750,120	17,716,429
– Land lease prepayments	2,237,020	2,293,955
	<u>18,987,140</u>	<u>20,010,384</u>
Intangible assets	609,889	512,565
Goodwill	14,223	14,223
Other financial assets	152,862	474,065
Investments in associates	298,893	256,559
Deferred tax assets	108,380	134,329
Other long-term assets	292,725	198,342
	<u>20,464,112</u>	<u>21,600,467</u>
Current assets		
Inventories	1,507,588	1,452,355
Trade and bills receivable	1,858,436	1,533,881
Other receivables and prepayments	694,166	968,950
Restricted bank deposits	431,767	88,003
Cash and cash equivalents	314,346	276,500
	<u>4,806,303</u>	<u>4,319,689</u>
Current liabilities		
Short-term bank loans	4,678,199	3,485,050
Current portion of other borrowings	1,736,722	2,770,909
Current portion of long-term bonds	5,977,435	7,193,863
Trade and bills payable	3,237,292	3,726,792
Other payables and accrued expenses	3,879,957	3,298,938
Current taxation	113,447	77,632
	<u>19,623,052</u>	<u>20,553,184</u>
Net current liabilities	<u>(14,816,749)</u>	<u>(16,233,495)</u>
Total assets less current liabilities	<u>5,647,363</u>	<u>5,366,972</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2017

	31 December 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current liabilities		
Long-term bank loans	112,400	1,589,200
Other borrowings less current portion	403,840	4,546
Long-term bonds less current portion	397,047	—
Defined benefit obligations	150,384	156,773
Deferred income	259,270	273,298
Long-term payables	19,907	20,444
Deferred tax liabilities	58,156	66,472
	1,401,004	2,110,733
NET ASSETS	4,246,359	3,256,239
CAPITAL AND RESERVES		
Share capital	227,848	227,848
Share premium	4,654,010	4,654,010
Share capital and Share premium	4,881,858	4,881,858
Other reserves	(720,524)	(1,783,170)
Total equity attributable to equity shareholders of the Company	4,161,334	3,098,688
Non-controlling interests	85,025	157,551
TOTAL EQUITY	4,246,359	3,256,239

The Board wishes to emphasise that the preliminary unaudited financial information set out above is extracted directly from the latest unaudited management accounts of the Group and subject to, among others, further review by the Company and any potential adjustments that might be proposed by the Auditor and has not been reviewed by the audit committee of the Board, nor has it been reviewed or audited by the Auditor. The preliminary unaudited financial information above is not based on any data or information that has been audited, reviewed or approved by the Auditor, the audit committee of the Board and the Company. The Board cannot guarantee the preliminary unaudited financial information set out above truly reflects the financial performance and condition of the Group and such information might be misleading if any potential adjustments have not been taken into account.

Shareholders and potential investors should exercise extreme caution when considering the preliminary unaudited financial information disclosed above and when dealing in the shares of the Company.

CONTINUED SUSPENSION OF TRADING IN THE SHARES AND DEBT SECURITIES

At the request of the Company, trading in the shares and debt securities of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 16 April 2015 due to the insufficiency of the public float of the Shares.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company.

By Order of the Board
China Shanshui Cement Group Limited
Chang Zhangli
Chairman

Hong Kong, 26 June 2018

As at the date hereof, the board of directors of the Company comprises two executive directors, namely CHANG Zhangli and WU Ling-ling; and three independent non-executive directors, namely CHANG Ming-cheng, LIN Shei-yuan and LI Jianwei.