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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)**

### **RESIGNATION OF AUDITOR**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Shanshui Cement Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company announces that on 17 July 2018, the Board and its audit committee received a letter from KPMG tendering its resignation as the auditor of the Company with immediate effect (the “**Resignation of the Auditor**”).

As stated in its resignation letter, KPMG resigned after taking into account various factors, including among others, the issues raised by KPMG relating to the Group’s financial records, the relevant communications between KPMG and the former Board and its audit committee, the matters set out in the Company’s announcement dated 11 July 2018, the status of the incomplete audit for the year ended 31 December 2017 and the recent letters to KPMG from the Company’s “ex-management”.

In light of the above circumstances, KPMG decided to cease to act as the Company’s auditor due to constraints on its ability to maintain objectivity.

KPMG has confirmed that, apart from the reasons as mentioned above, there are no circumstances that it considered should be brought to the attention of the shareholders of the Company.

The Board also confirmed that save as the reasons disclosed above, it is not aware of any other matters in respect of or arising from the Resignation of the Auditor that need to be brought to the attention of the shareholders and creditors of the Company. The Board is investigating the matters raised and is taking appropriate actions accordingly, including the appointment of a successor auditor.

The Board would like to take this opportunity to express its sincere gratitude to KPMG for its professional services rendered to the Group during the past period. The Company is seeking a new audit firm to act as its auditor and will keep the shareholders and creditors of the Company informed once an appointment is made.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares and debt securities of the Company on the Stock Exchange will remain suspended until further notice.

**Shareholders of the Company and potential investors 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, 20 July 2018

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. CHANG Zhangli and Ms. WU Ling-ling; and two independent non-executive Directors, namely Mr. CHANG Ming-cheng and Mr. LI Jianwei.*