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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)

CLARIFICATION ANNOUNCEMENT TO

- (1) THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019,
- (2) THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019,
- (3) THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020 AND
- (4) THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

We refer to (i) the interim report of China Shanshui Cement Group Limited (the “**Company**”) for the six months ended 30 June 2019, (ii) the annual report of the Company for the year ended 31 December 2019, (iii) the interim report of the Company for the six months ended 30 June 2020 and (iv) the annual report of the Company for the year ended 31 December 2020 (together, the “**Historical Annual Report and Interim Report Disclosures**”) in relation to, amongst others, the interests of (i) Tianrui Group Company Limited (“**Tianrui**”), the Company’s substantial shareholder and (ii) China Bohai Bank Co., Ltd. Dalian Branch (“**Bohai Bank**”) in the shares of the Company (the “**Shares**”) which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Company has disclosed in the section headed “Share Capital and Shareholdings of Substantial Shareholders and the Directors – 2. Shareholding of Substantial Shareholders – (1) Shareholdings of substantial shareholders” of the Historical Annual Report and Interim Report Disclosures, that as at the end of each of their relevant reporting period, (i) Tianrui is interested in 951,462,000 Shares of the Company (representing 21.85% of the issued Shares) and (ii) Bohai Bank has a security interest in 791,000,000 Shares of the Company (representing 18.17% of the issued Shares) held by Tianrui, being the 791,000,000 Shares of the Company held by Tianrui which were pledged by it in favour of Bohai Bank as guarantee for a bank loan provided by Bohai Bank, as notified by Tianrui to the Company on 22 March 2016.

On 9 June 2021, it came to the attention of the board of directors (the “**Board**”) of the Company that Bohai Bank made Form 2 filings on 8 June 2021, and the Board became aware of the changes to and the incomplete disclosure of the information regarding pledges made by Tianrui. Based on the Form 2 filings as described above, subsequent to the first pledge of 791,000,000 Shares of the Company by Tianrui to Bohai Bank as guarantee for a loan on 22 March 2016, (i) on 25 April 2019, Tianrui has further pledged the remaining 160,462,000 Shares of the Company (representing 3.69% of the issued Shares) held by it to Bohai Bank as guarantee for a loan pursuant to a loan agreement entered into between Tianrui (as the borrower) and Bohai Bank (as the lender) on 7 March 2019, resulting in the fact that, as at 25 April 2019, the 951,462,000 Shares of the Company (representing 21.85% of the issued Shares) held by Tianrui were fully pledged to Bohai Bank; and (ii) on 3 June 2021, Tianrui continued to pledge all of the Shares of the Company held by it, in the aggregate of 951,462,000 Shares (representing 21.85% of the issued Shares), to Bohai Bank as guarantee for a loan pursuant to the amended loan agreement entered into between Tianrui and Bohai Bank.

The Company noted that Bohai Bank neither filed Form 2 on 25 April 2019, nor filed Form 2 within three days of the date of the relevant event on 3 June 2021; in addition, Tianrui has failed to file Form 2 for its subsequent pledges on 25 April 2019 and 3 June 2021, and did not notify the Company, so that the Company could not make full and accurate disclosures in its annual reports and interim reports.

In light of the above development, the Board would like to clarify and restate the disclosure on Bohai Bank’s interest in the Shares as at the end of each of the relevant reporting period in the section headed “Share Capital and Shareholdings of Substantial Shareholders and the Directors – 2. Shareholding of Substantial Shareholders – (1) Shareholdings of substantial shareholders” of the Historical Annual Report and Interim Report Disclosures as follows:

“As of each of 30 June 2019, 31 December 2019, 30 June 2020 and 31 December 2020 (as the case may be), the interests or short positions of persons, other than the Directors and Chief Executive of the Company, in the Shares and underlying shares of the Company, which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register maintained under section 336 of the SFO, were as follows:

Name of shareholder	Number of Ordinary Shares interested	Nature of interests	Percentage of Shares in issue
Bohai Bank ^(2b)	951,462,000 (L)	Security interest in shares	21.85%

Notes:

(2b) On 22 March 2016, Tianrui, the Company’s substantial shareholder, notified the Company that it has pledged 791,000,000 shares of the Company in favor of Bohai Bank for a bank loan. In addition, according to the Form 2 filed on 8 June 2021 by Bohai Bank, on 25 April 2019, Tianrui has pledged an additional 160,462,000 Shares held by it in favour of Bohai Bank pursuant to a loan agreement entered into between Tianrui (as the borrower) and Bohai Bank (as the lender) on 7 March 2019. The aggregate of 951,462,000 Shares which were pledged to Bohai Bank as described above represent all of the Shares of the Company held by Tianrui.”

The above information does not affect other information contained in the Historical Annual Report and Interim Report Disclosures and save as disclosed above, all other information in the Historical Annual Report and Interim Report Disclosures remains unchanged.

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

Hong Kong, 14 June 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. CHANG Zhangli, Ms. WU Ling-ling and Mr. HOU Jianguo; and three independent non-executive Directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan.