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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)

UPDATE ON THE OFFER TO PURCHASE FOR CASH 7.50% SENIOR NOTES DUE 2020

Reference is made to the announcements (the “**Announcements**”) of the Company dated 7 January 2016, 14 January 2016 and 14 March 2016 in relation to the Offer to Purchase US\$500,000,000 7.50% senior notes due 2020 (the “**Notes**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

As stated in the announcement of 14 March 2016, in relation to the Offer to Purchase, US\$484,971,000 of the principal amount of the Notes (the “**Tendered Notes**”), representing approximately 97.0% of the total aggregate principal amount of the Notes outstanding, were validly tendered, have not been withdrawn and remain eligible to receive the Consideration, which was defined in the Offer as a purchase price equal to US\$1,010 for each US\$1,000 principal amount of Tendered Notes plus accrued and unpaid interest and Additional Amounts (as defined in the Indentures), if any, to the date of purchase. However, due to circumstances beyond the Company’s control, the Consideration for the Tendered Notes has not yet been paid.

The Board wishes to update Shareholders and other stakeholders of the Company that:

- (i) The Company has effected payment or otherwise expects to pay the Consideration in full and without deduction for the Tendered Notes by three installments as described below:
 - (a) 5% of the purchase price of the Tendered Notes (the “**First Notes Payment**”) was paid out on 30 June 2016 (the “**First Payment Date**”);
 - (b) A further 30% of the purchase price of the Tendered Notes (the “**Second Notes Payment**”) is expected to be paid by no later than 15 July 2016 (the “**Second Payment Date**”); and

- (c) The remainder of the purchase price of the Tendered Notes plus all accrued and unpaid interest on the Tendered Notes (the “**Third Notes Payment**”) is expected to be paid by the earlier of (a) 31 October 2016 or (b) the date of receipt by the Company of the net proceeds of the proposed open offer and/or share placement described in the Company’s announcement dated 3 June 2016 (the “**Third Payment Date**”).

A “**Notes Payment**” shall mean any of the First Notes Payment, the Second Notes Payment or the Third Notes Payment and “**Notes Payments**” shall mean all of them. A “**Payment Date**” shall mean any of the First Payment Date, the Second Payment Date or the Third Payment Date.

- (ii) *Interest accrual.* Subsequent to the First and Second Notes Payment, for the avoidance of doubt, interest will continue to accrue on all of the Notes (and not just on the Tendered Notes only) as calculated based on 100% of the principal amount of the Notes until the Third Payment Date.
- (iii) *First and Second Notes Payment.* Notwithstanding payment of the First Notes Payment or the Second Notes Payment by not later than the relevant Payment Date, as the case may be, the Tendered Notes shall continue to be blocked under Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”) and holders shall retain their title to the Tendered Notes.
- (iv) *Third Notes Payment.* Upon payment of the Third Notes Payment by the Third Payment Date, and on condition that all Notes Payments were made in full and without deduction by each relevant Payment Date:
- (a) *Purchase and title transfer.* The Tendered Notes will be deemed purchased by the Company pursuant to the Offer on the date the Third Notes Payment is made; and
- (b) *Interest accrual.* The Tendered Notes will cease to accrue interest on and after the date the Third Notes Payment is made.
- (iv) *Unblocking.* All Tendered Notes will not be unblocked and released for trading under Euroclear and Clearstream.
- (v) *Reservation of Rights.* Holders of Notes shall reserve all their legal rights under the relevant Notes (including accrued interest).
- (vi) *Interest payment.* Based on the Company’s current financial condition, the Company will pay all the scheduled interest on all Notes outstanding on 10 September 2016.
- (vii) The Board confirms that as of the date of this announcement, there is no litigation relating to the Notes.

In addition, further announcements will be made by the Company as and when there are any material developments in this regard.

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

By Order of the Board
China Shanshui Cement Group Limited
LIU Yiu Keung Stephen
Chairman

Hong Kong, 30 June 2016

As at the date of this announcement, the board of directors of the Company comprises 2 executive directors, namely, LIU Yiu Keung Stephen (YEN Ching Wai, David as his alternate) and LI Heping; and 2 non-executive director, namely, HWA Guo Wai, Godwin and CHONG Cha Hwa; and 3 independent non-executive directors, namely, HO Man Kay Angela, LAW Pui Cheung and WONG Chi Keung.