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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by China Shanshui Cement Group Limited (the “**Company**”) on voluntary basis.

The Company has noted that Asia Cement Corporation (“**ACC**”, a substantial shareholder of Company holding approximately 20.96% issued share capital of the Company) issued an announcement on the Taiwan Stock Exchange on 7 March 2017 (the “**ACC Announcement**”) stating that the board of ACC has passed a resolution to authorize the entering into of a conditional agreement with the shareholders of China Shanshui Investment Company Limited (“**CSI**”, a substantial shareholder of Company holding approximately 25.09% issued share capital of the Company) for the acquisitions of the entire issued shares of CSI from its shareholders (“**Proposed CSI Acquisition**”).

The Company has received enquiries on the ACC Announcement from other stakeholders including creditors and banks. As at the date of this announcement, to the Company’s knowledge, information and belief having made all reasonable enquiries, there is no change in shareholders of CSI. Since the ACC Announcement has caused market confusion, the Company has requested the board of CSI to clarify the situation and further has instructed the Company’s legal counsel to issue a letter to ACC requesting clarification for its intention on the Proposed CSI Acquisition.

The Company would like to remind the shareholders and potential investors of the Company that:

- (i) ACC and China National Building Material Company Limited (“**CNBM**”) put forth a possible voluntary general offer (“**VGO**”) for all the shares of the Company on 20 July 2015 (as per the Company’s announcement dated 21 July 2015), despite repeated inquiries from the Company, no bona fide offer was ever proposed. The Company finally resorted to seeking a PUT UP or SHUT UP ruling from the Securities and Futures Commission, and such proposed VGO was terminated on 10 May 2016 (as per the Company’s announcement dated 11 May 2016). As a result of the unsuccessful VGO made by ACC in bad faith, the Company was significantly hindered in its ability to seek funding to address its financial needs and caused detrimental consequences on the Company.

- (ii) The Company commenced legal proceedings under HCA 2880 of 2015 in December 2015 against the former directors of the Company namely Zhang Caikui, Zhang Bin and Li Cheung Hung. On 17 December 2015, China Shanshui Cement Group (Hong Kong) Company Limited and China Pioneer Cement (Hong Kong) Company Limited (which are the wholly owned subsidiaries of the Company) were added as Plaintiffs and an additional of 5 former directors were added as Defendants in the Writ, Chang Zhangli (representing CNBM), Wu Ling-Ling (also known as Doris Wu), Lee Kuan-Chun (also known as Champion Lee), Zeng Xuemin (nominated by CNBM) and Shen Bing (nominated by ACC). Both of Wu Ling-Ling and Lee Kuan-Chun are representing ACC.

The Company's claims in HCA 2880 of 2015 are for (inter alia) (1) various injunctive reliefs, including restraining them from acting on the unlawfully altered articles of association of Shandong Shanshui Cement Group Co., Ltd; (2) an order for identifying the current whereabouts of or return the books, records, accounts or computer data or other documents etc., and (3) damages and/or equitable compensation as a result of the misconduct of the former directors.

On 7 April 2016, ACC and CNBM were joined as the additional defendants to the action premised on the conspiracy claim.

- (iii) On 4 November 2016, the Company has obtained a Worldwide Injunction against the Zhang Caikui and Zhang Bin with the effect of prohibiting them from disposing of their assets within Hong Kong up to the value of HK\$411 million which including their shareholding in CSI. The Worldwide Injunction remains in force and anyone assists Zhang Caikui and Zhang Bin in breaching the Worldwide Injunction may amount to contempt. As of the date of this announcement, the Company has not been approached by ACC with regards to Zhang Caikui and Zhang Bin's shareholding in CSI. Please refer to the Company's announcement dated 8 November 2016.
- (iv) On 17 January 2017, the Company made an announcement relating to a letter from CSI advising the Company that various individual shareholders holding in aggregate approximately 18.26% shareholding in CSI already had their shareholding pledged, and that their voting rights in CSI are in question. Please refer to the Company's announcement dated 17 January 2017.
- (v) On 27 January 2017, ACC made a requisition for an extraordinary general meeting of the Company to delay the resolution for approval of the placing of new shares of the Company which was put forward by the Company with an aim to restore the public float and resume trading in the shares of the Company.

Further announcements will be made by the Company in respect of the Proposed CSI Acquisition as and when appropriate.

In light of the numerous rumors and speculations, 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, 8 March 2017

As at the date hereof, the board of directors of the Company comprises 3 executive directors, namely LIU Yiu Keung, Stephen (YEN Ching Wai, David as his alternate), LI Heping and HWA Guo Wai, Godwin; and 1 non-executive director, namely CHONG Cha Hwa; and 5 independent non-executive directors, namely HO Man Kay, Angela, LAW Pui Cheung, WONG Chi Keung, CHING Siu Ming and LO Chung Hing.