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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)

INSIDE INFORMATION

This announcement is made by China Shanshui Cement Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Shandong Shanshui Cement Group Company Limited (a wholly-owned subsidiary of the Company, “**Shandong Shanshui**”) issued medium-term notes, ultra short term bonds and other note in China approved by National Association of Financial Market Institutional of Investors (“**NAFMII**”).

NAFMII requires the debt issuers to publish, among other things, financial information from time to time. Pursuant to the disclosure requirement as stipulated by NAFMII, the Board hereby announces the unaudited combined financial results of Shandong Shanshui for the nine months ended 30 September 2017 prepared in accordance with the PRC Generally Accepted Accounting Principles (the “**PRC GAAP**”).

Shareholders and investors of the Company should note that the financial information of Shandong Shanshui in this announcement is prepared and approved by the management of Shandong Shanshui in accordance with the PRC GAAP and has not been audited. The Company prepares its financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). There are certain differences in terms of accounting treatments between the PRC GAAP and the IFRS.

Consolidated Balance Sheet (Unaudited)

30 September 2017

Prepared by: Shandong Shanshui Cement Group Company Limited

Unit: RMB

Item	30 September 2017	31 December 2016	Item	30 September 2017	31 December 2016
Current assets:			Current liabilities:		
Cash and cash equivalents	928,567,997.00	547,147,199.72	Short term borrowings	1,652,300,000.00	1,617,600,000.00
Bills receivable	693,879,026.44	211,910,944.90	Trade payable	3,240,096,878.43	3,516,905,910.21
Trade receivable	1,430,485,277.02	1,402,137,317.56	Funds received in advance	1,268,979,254.36	566,697,340.80
Prepayments	358,440,588.63	417,411,677.53	Staff remuneration payable	37,131,058.36	34,885,608.83
Other receivables	3,887,774,123.34	3,565,207,350.65	Taxes payable	158,300,277.71	-67,691,805.29
Inventories	1,649,397,810.15	1,421,540,165.81	Interests payable	837,308,655.48	555,988,293.87
Other current assets	45,726,707.04	103,690,196.75	Dividends payable	50,684.20	50,684.20
Total current assets	8,994,271,529.62	7,669,044,852.92	Other payables	1,360,826,693.50	1,145,561,092.54
			Non-current liabilities due within one year	2,485,210,975.01	2,037,450,000.00
			Other current liabilities	6,283,566,300.00	7,000,000,000.00
Non-current assets:			Total current liabilities	17,323,770,777.05	16,407,447,125.16
Available-for-sale financial assets	801,806,731.41	800,101,059.41	Non-current liabilities:		
Long-term equity investment	319,826,711.19	114,678,260.98	Long term borrowings	817,145,454.00	1,464,654,545.00
Fixed assets	16,868,288,707.11	17,720,031,434.57	Long term payables	1,243,092,942.69	1,150,438,846.30
Construction in progress	372,248,094.50	326,748,684.23	Specific payables	365,258,435.04	376,480,206.95
Construction materials	32,847,887.27	57,215,458.40	Deferred income tax liabilities	-12,993,872.87	54,807,942.33
Disposals of fixed assets	303,011.06	-	Other non-current liabilities	-3,325,482.25	-
Intangible assets	3,114,386,025.69	3,015,960,505.02	Total non-current liabilities	2,409,177,476.61	3,046,381,540.58
Goodwill	1,372,633,724.53	1,372,633,724.53	Total liabilities	19,732,948,253.66	19,453,828,665.74
Long-term deferred expenses	22,841,642.48	19,080,983.98	Owners' equity (or shareholders' equity):		
Deferred income tax assets	212,568,557.32	194,333,837.71	Paid-in capital (share capital)	3,623,028,752.47	3,623,028,752.47
Other non-current assets	63,139,611.16	59,195,829.78	Capital reserves	294,667,467.53	293,138,213.53
Total non-current assets	23,180,890,703.72	23,679,979,778.61	Surplus reserves	361,119,810.51	361,119,810.51
			Retained profit	5,568,883,664.07	5,073,066,557.22
Total assets	32,175,162,233.34	31,349,024,631.53	Total equity attributable to shareholders of the parent company	9,847,699,694.58	9,350,353,333.73
			Minority interests	2,594,514,285.10	2,544,842,632.06
			Total owners' equity (or shareholders' equity)	12,442,213,979.68	11,895,195,965.79
			Total liabilities and owners' equity	32,175,162,233.34	31,349,024,631.53

Consolidated Income Statement (Unaudited)

January to September 2017

Prepared by: Shandong Shanshui Cement Group Company Limited

Unit: RMB

Item	January to September 2017	January to September 2016
I. Total operating revenue	10,727,393,707.49	8,052,169,709.36
Including: Revenue from operations	10,727,393,707.49	8,052,169,709.36
II. Total cost of sales	9,940,722,164.65	8,566,778,120.20
Including: Operating cost	7,447,450,707.65	6,559,439,139.33
Business tax and surcharges	204,863,655.22	57,911,502.85
Selling expenses	426,204,936.86	339,434,697.71
Administrative expenses	1,269,125,145.08	1,041,841,857.22
Finance costs	600,845,546.51	588,889,491.70
Impairment losses on fixed assets	-7,767,826.67	-20,738,568.61
Add: Investment income	22,077,101.82	885,734.74
III. Profit from operations	808,748,644.66	-513,722,676.10
Add: Non-operating income	178,732,033.41	108,036,022.49
Less: Non-operating expense	23,460,038.61	11,185,970.75
Including: Loss from disposal of non-current assets	865,717.85	342,151.98
IV. Total profit	964,020,639.46	-416,872,624.36
Less: Income tax expenses	218,580,343.41	-74,951,245.60
V. Net profit	745,440,296.05	-341,921,378.76
Net profit attributable to the owner of the parent company	695,768,643.02	-334,929,845.77
Minority interests	49,671,653.03	-6,991,532.99
VI. Other comprehensive income	-	-
VII. Total comprehensive income	745,440,296.05	-341,921,378.76
Total comprehensive income attributable to owners of the parent company	695,768,643.02	-334,929,845.77
Total comprehensive income attributable to minority shareholders	49,671,653.03	-6,991,532.99

Consolidated Cash Flow Statement (Unaudited)
January to September 2017

Prepared by: Shandong Shanshui Cement Group Company Limited

Unit: RMB

Item	January to September 2017	January to September 2016	January to September 2017	January to September 2016
Item	Item	Item	Item	Item
I. Cash flow from operating activities:				
Cash received from sales of goods and provision of services	12,464,736,485.77	9,467,525,233.29	338,236,621.05	130,883,213.09
Tax rebates received	76,706,033.54	47,282,443.33	53,246,112.67	2,149,887.61
Other cash received from activities related to operation	741,809,219.84	891,475,482.35	391,482,733.72	133,033,100.70
Sub-total of cash inflows from operating activities	13,283,251,739.15	10,406,283,158.97	-388,643,383.72	-123,390,475.70
Cash paid for goods purchased and service rendered	8,158,727,896.07	6,061,748,591.54	234,700,000.00	453,781,281.05
Cash paid to and on behalf of employees	1,069,590,383.11	873,427,064.52	53,432,786.45	26,941,988.06
Taxes paid	1,151,325,101.05	744,557,406.58	288,132,786.45	480,723,269.11
Other cash paid for activities relating to operation activities	936,620,535.23	750,648,693.57	1,113,327,862.83	1,481,908,951.05
Sub-total of cash outflow from operating activities	11,316,263,915.46	8,430,381,756.21	266,023,330.80	553,417,186.09
Net cash flows from operating activities	1,966,987,823.69	1,975,901,402.76	-	26,022,701.78
II. Cash flow from investment activities:				
Cash received from disposal of investments	-	4,700,000.00	30,620,192.33	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,839,350.00	3,187,625.00	1,409,971,385.96	2,061,348,838.92
Other cash received relating to investment activities	-	1,755,000.00	-1,121,838,599.51	-1,580,625,569.81
Sub-total of cash inflow from investment activities	2,839,350.00	9,642,625.00	-13,270.81	8,050.02
Effect on cash and cash equivalents due to changes in foreign exchange rates				
IV. Net increase in cash and cash equivalents			456,492,569.65	271,893,407.27
Add: Balance of cash and cash equivalents at the beginning of the period			472,075,427.35	226,793,853.14
VI. Balance of cash and cash equivalents at the end of the period			928,567,997.00	498,687,260.41

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
Liu Yiu Keung, Stephen
Chairman

Hong Kong, 8 November 2017

As at the date of this announcement, the Board comprises 4 executive directors, namely, LIU Yiu Keung, Stephen (YEN Ching Wai, David as his alternate), LI Zhiqiang, LI Heping and HWA Guo Wai, Godwin; and 5 independent non-executive directors, namely, HO Man Kay, Angela, LAW Pui Cheung, WONG Chi Keung, CHING Siu Ming and LO Chung Hing.