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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)

**AMENDMENTS TO THE DELISTING FRAMEWORK
UPDATES ON BUSINESS OPERATIONS AND THE
RESUMPTION PLAN
AND
CONTINUED SUSPENSION OF TRADING**

This announcement is made by China Shanshui Cement Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 and Rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (the “**Listing Rules**”).

Reference is made to the announcements of the Company dated 27 October 2017, 29 December 2017, 17 May 2018 and 29 May 2018 (the “**Announcements**”) relating to, amongst others, the proposed cancellation of listing of the Company by the Stock Exchange; the decision from the Listing Committee to uphold the Listing Department’s decision to commence procedures to cancel the Company’s listing but to extend from 30 June 2018 to 31 October 2018 the period during which the Company may (i) restore the public float and (ii) resolve the matters rendering it unsuitable for listing; and the Review Request made by the Company for reviewing the decision of the listing committee. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

AMENDMENTS TO THE DELISTING FRAMEWORK

The amendments to the delisting framework under the Listing Rules (“**Amendments**”) has come into effect on 1 August 2018 (the “**Effective Date**”), under which, the Stock Exchange may delist an issuer after a continuous trading suspension of 18 months. For issuers which are subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, such decision and notice period continue to have effect on the relevant issuer.

In the letter dated 17 May 2018, the Listing Committee informed the Company of its decision to uphold the Listing Department’s decision to commence the procedures to cancel the Company’s listing under Rule 6.01(2) and/or Rule 6.01(4) of the Listing Rules and extend from 30 June 2018 to 31 October 2018 the period during which the Company may (i) restore the public float and (ii) resolve the matters rendering it unsuitable for listing. The Company has sought the Listing (Review) Committee to review the above decision of Listing Committee and the review hearing by the Listing (Review) Committee is fixed for 21 August 2018. Following the Amendments being effective, the decision to cancel the Company’s listing and notice period imposed by the Listing Committee for delisting will continue to have effect on the Company under Rule 6.01A(2) (c) of the Listing Rules.

UPDATES ON BUSINESS OPERATIONS AND THE RESUMPTION PLAN

The Group’s business operations

Shandong Shanshui, along with its subsidiaries, is the major onshore subsidiary of the Company, contributing over 80% of revenue and profit to the Group for the year ended 31 December 2017 based on unaudited management accounts for the year ended 31 December 2017. Since its establishment, the new Board has been taking active and effective communications with the former management of Shandong Shanshui and other competent authorities with a view to rationalizing the control of Shandong Shanshui. As of today, the new Board maintains an active communication and is diligently identifying additional practical and workable solutions to rationalizing the control of Shandong Shanshui, including, amongst others, reorganising the board of directors of Shandong Shanshui. For more details, please refer to the announcement of the Company dated 27 July 2018 regarding the (1) election of executive directors and appointment of vice president of Shandong Shanshui; and (2) updates on the management of Shandong Shanshui.

On 26 June 2018, the Company published its unaudited management accounts for the year ended 31 December 2017, based on which, the Company has recorded revenue of approximately RMB14.9 billion, profit of approximately RMB696.2 million and net assets of approximately RMB4.2 billion for 2017 compared with revenue of approximately RMB11.3 billion, loss of approximately RMB978.9 million and net assets of approximately RMB3.3 billion for 2016. The current liabilities of the Company are recorded at approximately RMB19.6 billion for 2017, compared to RMB20.6 billion for 2016.

Update on the Resumption Plan

According to the letter dated 17 May 2018, the Listing Committee was of the view that the failure to restore the public float and to address the audit issues of the Company (the “**Audit Issues**”) individually or collectively, impacted the Company’s suitability for continued listing. Therefore, the Company has taken the following steps to satisfy the abovementioned resumption conditions raised by the Listing Committee.

Restore the Public Float

The new Board is communicating with various stakeholders of all the legal proceedings, which might take time to resolve and/or settle (as the case may be) due to the nature and complexity of such legal proceedings. The new Board will make an announcement once such proceedings are resolved/settled in a satisfactory manner.

The new Board plans to submit a proposal to the shareholders of the Company (the “**Shareholders**”) to grant an unconditional general mandate to allot shares not exceeding 20% of the aggregate number of issued shares of the Company (the “**Shares**”), subject to the passing of an ordinary resolution at the next annual general meeting of the Company (the “**AGM**”). In addition, the new Board also plans to submit a proposal to the Shareholders to grant a specific mandate to allot shares not exceeding 10% of the aggregate number of issued Shares, subject to the passing of a special resolution at the AGM. Further decisions will be made after the audited annual results for the year ended 31 December 2017 have been finalised.

Resolve the Audit Issues

The new Board further communicated with its former auditor, KPMG, to ascertain the reasons why the Company failed to publish its 2017 annual results by the deadline prescribed by the Listing Rules and has been proactive in resolving the Audit Issues in a timely manner. As a result of the new Board’s efforts, the Company published its unaudited 2017 management accounts on 26 June 2018 which indicated the Group’s improving operating performance and onshore debt structure.

In order to establish effective internal controls over financial reporting procedures, the new Board aims to take necessary actions, including but not limited to, improving supervision from senior management regarding the importance of complying with the Listing Rules, cultivating corporate credibility and high governance standards, monitoring compliance of internal control process, enhancing oversight of the financial reporting process, and maintaining effective two-way communication with the Company’s auditor.

Given KPMG tendered its resignation on 17 July 2018, the progress of restoring the public float of the Company and resolving the Audit Issues was affected to some degree. Nevertheless, the new Board is making its best endeavours to engage a new audit firm in an expedient manner to act as its auditor, and will keep the shareholders and creditors of the Company informed once the appointments of an audit firm and independent non-executive Director are made.

Appointment of Additional Advisers

The new Board has engaged Moelis & Company (“**Moelis**”) and Latham & Watkins (“**Latham**”) as its financial and legal adviser, respectively, to assist the Company in evaluating various strategic options and implementing a consensual solution for the offshore bonds that will ensure the continued stability of the Company. In addition, Moelis will be assisting the Company in evaluating possible solutions to resume trading on the Stock Exchange and in addressing any capital structure considerations. The appointment of these additional advisers further demonstrates the Company’s firm intent to optimise its operations going forward.

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, 1 August 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.