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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 is a voluntary announcement made by the board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of China Shanshui Cement Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The Company is actively negotiating with the onshore creditors of Shandong Shanshui Cement Group Company Limited (“**Shandong Shanshui**”) in relation to the onshore debt of Shandong Shanshui and wishes to update the shareholders and holders of other securities of the Company and the public on the progress of the negotiation.

- As at 31 July 2018, the total onshore financing balance amounted to RMB9.4 billion, comprising bank loans of RMB4.9 billion and bonds of RMB4.5 billion. The onshore debt of Shandong Shanshui is summarised in Table 1.

Table 1 Summary

Unit: RMB million

	As at 1 January 2018	As at 31 July 2018	Amount of repayment from January to July 2018
Bank loans	5,094	4,888	206
Bonds	5,719	4,519	1,199
Total	10,813	9,407	1,406

- Cumulative repayment of onshore debt of Shandong Shanshui from January to July 2018 amounted to RMB1.4 billion, including bank loans of RMB200 million and principal of onshore bonds of RMB1.2 billion.
- In terms of onshore debt:

As at 31 July 2018, the balance of onshore bonds amounted to RMB4.5 billion. The amount of each type of bonds is set out in Table 2.

1. Shandong Shanshui approached 48 bondholders, involving bonds with principal amount of approximately RMB6.5 billion, accounting for approximately 95% of the outstanding defaulted bonds.
2. Shandong Shanshui entered into contracts with a total of 41 bondholders, involving bonds with principal amount of approximately RMB3.9 billion.
3. Negotiations have been conducted with 6 bondholders, but contracts in relation thereto have yet to be entered into.
4. In particular, a settlement was agreed on by China Merchants Bank on 31 July 2018 in relation to bonds in the amount of RMB1.27 billion, the details of which are set out in Table 3.

Table 2 Onshore debt

Unit: RMB million

No.	Type of bonds	Issue size	Balance as at 31 July 2018	Amount of repayment from January to July 2018
1	Medium term notes	13 山水 MTN1	1,800	231
2		14 山水 MTN001	1,000	71
3		14 山水 MTN002	1,200	94
4	Ultra-short term debentures	15 山水 SCP001	2,000	606
5		15 山水 SCP002	800	197
Total		<u>6,800</u>	<u>4,519</u>	<u>1,199</u>

Table 3 Bonds held by China Merchants Bank*Unit: RMB million*

No.		Type of bonds	Amount
1	Medium term notes	13 山水 MTN1	400
2		14 山水 MTN001	300
3		14 山水 MTN002	240
4	Ultra-short term debentures	15 山水 SCP001	190
5		15 山水 SCP002	140
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	Total		<u>1,270</u>

CONTINUED SUSPENSION OF TRADING

Trading in the shares and debt securities of the Company on The Stock Exchange of Hong Kong Limited 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, 2 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.