

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**(1) WITHDRAWAL OF THE PROPOSAL FOR
SPECIFIC MANDATE**

**(2) PROPOSAL OF ADJOURNMENT OF ANNUAL GENERAL
MEETING IN ORDER TO CONSIDER AND APPROVE
THE AUDITED ACCOUNTS AND REPORTS**

The Board included in the AGM Notice a special resolution to be proposed at the AGM for the Shareholders to approve the granting of a specific mandate, details of which are set out in the AGM Notice. Following further consultation and consideration, as the Board does not have any specific information (including the terms of the proposed share issuance, use of proceeds, identities of investors and identities of placing agents/underwriters) in relation to the proposed specific mandate at this stage for the Shareholders to consider and therefore vote on such resolution on an informed basis, the Board passed a resolution on 16 August 2018 to withdraw such resolution. Accordingly, and subject to the consent at the AGM being obtained, this resolution will not be submitted at the AGM for Shareholders to vote on.

Having taken into account the circumstances and the advice of the Company's Cayman Islands legal advisers, the Board takes the view that it is in the best interests of the Company to recommend that the Shareholders consider and vote on all of the resolutions set out in the AGM Notice (except for Resolution 6 which as referred to above is to be withdrawn) at the AGM and that the chairman of the AGM then propose a resolution to adjourn the AGM. Further, the Board proposes that the Audited Accounts and Reports be considered and approved by the Shareholders at the adjourned AGM. If the Shareholders (or their duly appointed proxies) present at the AGM approve adjourning the AGM, the AGM will be adjourned until such time and place as may be determined by the Board following preparation of the Audited Accounts and Reports. At least 21 days' notice (being the same period as required under the Articles for convening an AGM) of the reconvening of the adjourned AGM shall be given. The Company will issue a notice of the reconvening of the adjourned AGM, a supplemental circular together with a corresponding form of proxy and the Audited Accounts and Reports to the Shareholders for the purposes of reconvening the adjourned AGM.

Reference is made to (i) the notice of annual general meeting of the Company dated 10 August 2018 (the “**AGM Notice**”); (ii) the circular of the Company to its Shareholders dated 10 August 2018 in respect of certain matters to be considered and voted on at the AGM (the “**Circular**”); and (iii) the form of proxy designed to be used for annual general meeting of the Company dated 10 August 2018 (the “**Proxy Form**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the AGM Notice, the Circular and the Proxy Form.

The Company understands that paragraph E.1.3 of Appendix 14 to the Listing Rules, which requires a 20 clear business days notice period, is a code provision. The Company notes that Appendix 14 of the Listing Rules also provides that the issuer may deviate from any code provisions but needs to give considered reasons in its annual reports, corporate governance report and interim reports. As the Articles require a 21-day notice period, which is in compliance with Appendix 13 of the Listing Rules and Cayman Islands law, the Company chose to deviate from paragraph E.1.3 of Appendix 14 to the Listing Rules mainly due to the consideration of the requirement under paragraph 12.1 of the Articles (i.e. 15-month interval between two annual general meetings) and because the appointment of Moore Stephens could not be finalised until 10 August 2018. The Company will include the abovementioned reasons for deviation from paragraph E.1.3 of Appendix 14 to the Listing Rules in its annual reports, corporate governance report and interim reports in due course.

WITHDRAWAL OF RESOLUTION 6

The Board gave notice to convene the AGM at 10:00 a.m. on 31 August 2018 to consider and, if thought fit, pass with or without amendments, the resolutions set out in the AGM Notice. Amongst the resolutions set out in the AGM Notice, the Board proposed a special resolution at the AGM for the Shareholders to approve the granting of a specific mandate (“**Resolution 6**”) to retain optionality for the Company to increase the public float of the Company as part of the Company’s contemplated resumption plan. This proposal was also mentioned in the Company’s announcement dated 1 August 2018. Following further consultation and consideration, as the Board does not have any specific information (including the terms of the proposed share issuance, use of proceeds, identities of investors and identities of placing agents/underwriters) in relation to the proposed specific mandate at this stage for the Shareholders to consider and therefore vote on such resolution on an informed basis, the Board passed a resolution on 16 August 2018 to withdraw Resolution 6. Accordingly, and subject to the consent at the AGM being obtained, this resolution will not be submitted at the AGM for Shareholders to vote on. The remaining resolutions set out in the AGM Notice will be considered and voted on at the AGM. The Board will continue to explore the proposed share issuance under specific mandate and intend to seek Shareholders’ approval (subject to the Stock Exchange’s review) once such specific information is available.

Save for Resolution 6 (being item 8 under the “Resolutions” column of the Proxy Form), the Proxy Form will still be valid to be used in respect of all other resolutions set out in the AGM Notice and for submission to the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited. However, given the withdrawal of Resolution 6, the boxes relating to Resolution 6 (being item 8 under the “Resolutions” column of the Proxy Form) should be left blank and any votes casting on such resolution shown on the Proxy Form will be disregarded.

PROPOSAL OF ADJOURNMENT OF THE AGM

Pursuant to the AGM Notice, the AGM of the Company will be held at Meeting Room, 3/F, Shandong Shanshui Cement Group Company Limited, Shanshui Industrial Park, Gushan Town, Changqing District, Jinan City, Shandong Province, PRC on Friday, 31 August 2018 at 10:00 a.m.. Considering paragraphs 12.1 and 28.4 of the Company's Articles of Association (the "**Articles**"), which provide that,

- *"12.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse (or such longer period as the Exchange may authorise) between the date of one annual general meeting of the Company and that of the next. So long as the first annual general meeting of the Company is held within 18 months of its incorporation, it need not be held in the year of its incorporation or in the following years. The annual general meeting shall be held at such time and place as the Board shall appoint.*

.....

- *28.4 The Board shall, commencing with the first annual general meeting cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an Auditors' report on such accounts prepared pursuant to Article 29.1 and such other reports and accounts as may be required by law."*

the Board is of the view that it is in the best interests of the Company and the Shareholders to convene the AGM by the end of August 2018, which is in compliance with paragraph 12.1 of the Articles. The Company also notes that it has failed to publish the audited accounts of the Group for the year ended 31 December 2017 (the "**Audited Accounts**") due to the resignation of its previous auditors, KPMG. The Company has engaged Moore Stephens as its new auditors with effect from 10 August 2018. Moore Stephens has already commenced field work on the financial audit of the Group for the year ended 31 December 2017 and is working towards to finalise the Audited Accounts by the end of September 2018.

Having taken into account the circumstances and the advice of the Company's Cayman Islands legal advisers, the Board takes the view that it is in the best interests of the Company to recommend that the Shareholders consider and vote on all of the resolutions set out in the AGM Notice (except for Resolution 6 which as referred to above is to be withdrawn) at the AGM and that the chairman of the AGM then propose a resolution to adjourn the AGM (the "**Adjournment Resolution**"). Further, the Board proposes that the Audited Accounts together with the Directors' and auditors' reports in relation to the Audited Accounts (collectively, the "**Audited Accounts and Reports**") be considered and approved by the Shareholders at the adjourned AGM. All Shareholders (or their duly appointed proxies) present at the AGM are permitted to vote on the Adjournment Resolution. The Company's Cayman Islands legal advisers have advised that they are of the view that such decision by the Board is reasonable and this appears to be the best that can be achieved for the Company and the Shareholders in the circumstances.

If the Shareholders (or their duly appointed proxies) present at the AGM approve adjourning the AGM, the AGM will be adjourned until such time and place as may be determined by the Board following preparation of the Audited Accounts and Reports. At least 21 days' notice (being the same period as required under the Articles for convening an AGM) of the reconvening of the adjourned AGM shall be given. The Company will issue a notice of the reconvening of the adjourned AGM, a supplemental circular together with a corresponding form of proxy and the Audited Accounts and Reports to the Shareholders for the purposes of reconvening the adjourned AGM.

CONTINUED SUSPENSION OF TRADING

Due to the failure to meet the minimum public float requirement and the failure to address the audit issues concerning 2015 and 2016 annual results/report of the Company, trading in the Shares and debt securities of the Company on the Stock Exchange will remain suspended until further notice.

The Company understands that the Stock Exchange will not grant any listing approval sought by the Company unless and until the Company has demonstrated its fulfilment of all the resumption conditions and compliance with the Listing Rules to the Stock Exchange's satisfaction.

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, 17 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.