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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)**

## **PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 30 August 2018 (after trading hours), the Company entered into respective Subscription Agreements with no less than six Subscribers, pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and the Subscribers have agreed to subscribe for the Convertible Bonds in the aggregate principal amount of US\$320,700,000.

Completion is subject to the fulfillment or waiver of the Conditions Precedent set out in the Subscription Agreements. Detailed terms of the Subscription Agreements and the Convertible Bonds are set out in the paragraphs headed “Principal terms of the Subscription Agreements” and “Principal terms of the Convertible Bonds”, respectively below.

As at the date of this announcement, the Company has a total of 3,379,140,240 Shares in issue. Assuming there is no further issue or repurchase of the Shares, based on the Conversion Price and assuming full conversion of the Convertible Bonds at the Conversion Price at an exchange rate of US\$1.00 = HK\$7.80, the Convertible Bonds will be convertible into 397,688,390 Shares, representing approximately 11.77% of the issued share capital of the Company as at the date of this announcement and approximately 9.85% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds and the Shares to be issued upon full conversion of the 6 August Convertible Bonds. The Conversion Shares will be allotted and issued pursuant to the General Mandate upon conversion of the Convertible Bonds.

No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with the issue of the Convertible Bonds, are expected to be approximately US\$320.5 million. The Company intends to use the net proceeds from the issue of the Convertible Bonds for (i) paying the costs and expenses (including legal fees) incurred by the Company in the preparation, negotiation and execution of the Transaction Documents; (ii) repayment of debt; and (iii) general corporate use.

**Shareholders and potential investors should note that completion of the Subscription Agreements is subject to the fulfillment of the conditions precedent thereunder. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares or other securities of the Company.**

## **INTRODUCTION**

On 30 August 2018 (after trading hours), the Company entered into respective Subscription Agreements with no less than six Subscribers, pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and the Subscribers have agreed to subscribe for the Convertible Bonds in the aggregate principal amount of US\$320,700,000. Details of the Subscription Agreements and the terms of the Convertible Bonds, which are identical save for the identity of the Subscribers and the amount of Convertible Bonds subscribed thereunder, are described below:

## **THE SUBSCRIPTION AGREEMENTS**

### **Date**

30 August 2018 (after trading hours)

### **Parties**

- (1) the Company as issuer; and
- (2) the Subscribers as subscribers.

To the best of the Directors' knowledge and having made reasonable enquiries, each of the Subscribers (which are individual, corporate and/or institutional investors) and its ultimate beneficial owners are parties independent of and not connected with the Company and its core connected persons (as defined under the Listing Rules).

### **Completion**

The Completion will take place on the Issue Date, which shall be a date within two (2) Business Days after the conditions precedent below are fulfilled (or waived in accordance with the terms of the Subscription Agreements) or such other date as may be agreed by the Company and the Subscribers in writing.

## Conditions Precedent

- (1) Completion is conditional upon the following conditions being fulfilled (or waived in accordance with paragraph (2) below):
  - (a) The Company shall have obtained all necessary Authorisations in relation to the entering into of the Subscription Agreements and the issuance of the Convertible Bonds, and such Authorisations shall remain in full force and effect and shall not have been revoked or amended. For the avoidance of doubt, such Authorisations shall not include the Listing Approval.
  - (b) The Company shall have passed all the necessary resolutions of the board of directors of the Company approving, inter alia, the terms of, and the transactions contemplated by, the Transaction Documents and resolving that it executes the Transaction Documents to which it is a party and such resolutions shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to Subscribers;
  - (c) On the Issue Date, (i) the Subscribers' Warranties shall be true, accurate and correct at, and as if made on, such date; (ii) the Subscribers shall have performed all of its obligations under the Subscription Agreements expressed to be performed on or before such date;
  - (d) On the Issue Date, (i) the Company's Warranties shall be true, accurate and correct at, and as if made on, such date; (ii) the Company shall have performed all of its obligations under the Subscription Agreements expressed to be performed on or before such date; and
  - (e) On the Issue Date, there shall not be any injunction, restraining order or orders of a similar nature issued by any Governmental Authority that could prevent or materially interfere with the consummation of the transactions contemplated under the Subscription Agreements.
- (2) All of the conditions set out in paragraph (1) above may be fully or partly waived in writing by the respective Subscribers at their sole discretion, save for the condition set out in subparagraphs (1)(a) and (1)(c) above, which may only be fully or partly waived in writing by the Company at its sole discretion.
- (3) The Company shall use reasonable endeavours to procure the fulfilment of the conditions precedent in paragraphs (1)(a), (b), (d) and (e) above and the Subscribers shall use reasonable endeavours to procure the fulfilment of the condition precedent in paragraph (1) (c) above within one (1) calendar month after the date of the Subscription Agreements (or such longer period as may be agreed by the Company and Subscribers in writing) and if any of the Conditions is not fulfilled or, if applicable, waived within such period, none of the Company or Subscribers shall be obliged to proceed to Completion. The Subscription Agreements are not inter-conditional upon each other.

## **Termination**

If at any time on or prior to Completion, the Company is of the opinion that it would not be able to obtain all necessary Authorisations in relation to the entering into of the Subscription Agreements and the issuance of the Convertible Bonds (which, for the avoidance of doubt, shall not include the Listing Approval), the Company may on or before Completion in its absolute discretion without any liability on its part, by notice in writing to Subscribers to terminate the Subscription Agreements.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

### **Convertible Bonds**

Subject to certain conditions to Completion, the Company will issue the Convertible Bonds in an aggregate principal amount of US\$320,700,000 to no less than six Subscribers, which, unless previously redeemed or converted and cancelled, will mature on the date falling three (3) years from the Reference Date.

### **Form and Denomination**

The Convertible Bonds are issued in registered form and will be in denominations of US\$100,000, and integral multiples of US\$100,000 in excess thereof.

### **Issue Price of the Convertible Bonds**

100% of the aggregate principal amount of the Convertible Bonds.

### **Coupon**

Until the Convertible Bonds are fully converted or redeemed and cancelled, the Convertible Bonds shall bear interest at the rate of 20 per cent per annum, which shall be payable by the Company in cash in arrears on 7 February and 7 August of each calendar year after issuing of the Convertible Bonds.

### **Maturity Date**

The date falling on the third Anniversary Date of the Reference Date.

### **Transferability**

The Convertible Bonds shall only be transferable by a Holder to any person, in whole or in part, upon obtaining prior written consent from the Company, and any transfer to a connected person (as defined under the Listing Rules) of the Company shall be additionally subject to compliance with the relevant requirements and provisions under the Listing Rules and all applicable Laws and regulations. The Convertible Bonds may be transferred in whole multiples of US\$100,000 (or such lesser amount as may represent the entire principal amount thereof).

## **Ranking of the Convertible Bonds**

The Convertible Bonds shall, upon their issuance, constitute a direct, unconditional, unsecured and unsubordinated obligation of the Company and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) with all other unsecured and unsubordinated obligations of the Company.

## **Redemption of the Convertible Bonds**

### ***Redemption by the Company***

On the Maturity Date, the Company shall redeem any principal amount of the Convertible Bonds which remains outstanding and not previously redeemed or converted into Conversion Shares by paying to each Holder 100% of the outstanding principal amount of the Convertible Bonds held by such Holder, plus accrued interest.

The Company shall have the right, at its sole discretion, to redeem the whole of the outstanding principal amount of the Convertible Bonds held by all Holders plus any accrued interest by paying to each Holder 100% of the outstanding principal amount of the Convertible Bonds held by such Holder, plus accrued interest, if subsequent to the issue of the Convertible Bonds, the Company is discovered to have failed or has failed to obtain all necessary Authorisations in relation to the entering into of the Subscription Agreements and/or the issuance of the Convertible Bonds.

### ***Redemption by the Holders***

A Holder shall have the right, to be exercised in its sole discretion, from the period commencing upon the occurrence of a Triggering Event and ending on the Maturity Date, to require the Company to redeem all of the outstanding principal amount of the Convertible Bonds that it holds by paying to the Holder an amount equal to 110% of the outstanding principal amount of the Convertible Bonds plus accrued interest in respect of the outstanding principal amount of the Convertible Bonds.

Upon the redemption of the full outstanding principal amount of the Convertible Bonds, the right of the Holders to convert the Convertible Bonds shall be extinguished and released.

## **Conversion Rights**

The conversion rights will only exist upon fulfillment of the Conversion Conditions, and subject to the following terms and conditions.

The Holders shall have the following conversion rights in relation to the Convertible Bonds:

- (1) At any time during the Conversion Period, each Holder shall have the right to convert into Conversion Shares the whole or part of the outstanding principal amount of the Convertible Bonds that it holds at the Conversion Price in amounts of not less than US\$100,000 or whole multiples thereof on each conversion, save that if at any time, the outstanding principal amount of the Convertible Bonds that it holds is less than US\$100,000, the whole (but not part) of the outstanding principal amount of the Convertible Bonds may be converted (the “**Conversion Right**”).
- (2) Upon the occurrence of a Triggering Event or Cancellation of Listing during the Conversion Period, each Holder shall have the right to convert into Shares the whole (but not part) of the outstanding principal amount of the Convertible Bonds that it holds at the time of occurrence of such Triggering Event or Cancellation of Listing (the “**Triggering Event Conversion Right**”) at the Conversion Price. In the event that a Holder elects to exercise the Triggering Event Conversion Right, the Holder shall be entitled to receive an amount in cash equal to the interest that would have accrued on the outstanding principal amount of the Convertible Bonds that it holds on the date of occurrence of the Triggering Event or Cancellation of Listing (the “**Triggering Event Date**”) for the period from the Triggering Event Date to the next Anniversary Date.

The Company shall have the following conversion right in relation to the Convertible Bonds:

- (1) Subject to the fulfillment of the Conversion Conditions, the Company shall have the right to convert into Shares the whole (but not part) of the outstanding principal amount of the Convertible Bonds (the “**Company Conversion Right**”) at the Conversion Price at any time during the period commencing from the 19th month following the Reference Date and up to and inclusive of 7 Business Days prior to the Maturity Date. In the event that the Company elects to exercise the Company Conversion Right, it shall pay to each Holder an amount equal to the interest that would have accrued on the Convertible Bonds of the Holder from the date on which the Company elects to exercise the Company Conversion Right (the “**Company Conversion Date**”) to the next Anniversary Date after the Company Conversion Date.

Subject to the General Mandate Threshold, the number of Conversion Shares to be issued by the Company to a Holder upon the exercise of the Conversion Right or the Triggering Event Conversion Right by a Holder or the exercise of the Company Conversion Right by the Company shall be determined by dividing (i) the outstanding principal amount of the Convertible Bonds to be converted by (ii) the Conversion Price in effect at the Conversion Date, Triggering Event Date or Company Conversion Date (whichever is applicable). Upon the conversion, the right of such Holder to redemption of the outstanding principal amount of the Convertible Bonds that has been converted shall be extinguished and released.

The maximum number of Conversion Shares issuable upon conversion of the Convertible Bonds shall be subject to the General Mandate Threshold. If any event occurs (including but not limited to any dilutive events which leads to the number of Conversion Shares issuable under the Convertible Bonds to exceed the General Mandate Threshold), then each Holder shall be entitled to a maximum number of Conversion Shares upon conversion of the outstanding principal amount of the Convertible Bonds that it holds that is equal to its Pro Rata Portion of the General Mandate Threshold, and any remaining principal amount of the Convertible Bonds of each Holder shall be redeemed by the Company in accordance with the section headed “Redemption of the Convertible Bonds” above.

### **Conversion Price**

The initial conversion price (“**Conversion Price**”) of HK\$6.29 per Conversion Share represents:

- (1) the same price as the closing price of HK\$6.29 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 1.75% to the average closing price of HK\$6.182 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (3) a premium of approximately 6.63% to the average closing price of HK\$5.899 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm’s length negotiations between the Company and the Subscribers with reference to, among others, the prevailing market price of the Shares before suspension of trading.

The Conversion Price will be subject to adjustment for, among other matters, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible securities, issue of new shares in discount, consideration issues and other dilutive events.

### **UNDERTAKINGS**

The Company unconditionally and irrevocably undertakes that for so long as the Convertible Bonds remain outstanding:

- (1) unless prior written consent is obtained from the Subscribers, the Consideration shall be used only for the purposes of (i) paying the costs and expenses (including legal fees) incurred by the Company in the preparation, negotiation and execution of the Transaction Documents, (ii) repayment of debt and (iii) general corporate use; and
- (2) as soon as practicable after the resumption in trading in the Shares, it shall make an application to the Listing Committee of the Stock Exchange for Listing Approval.

The Subscribers will not exercise any conversion right attaching to the Convertible Bonds, if such exercise would result in:

- (1) it and all other persons acting in concert with it jointly controlling or being interested in, directly or indirectly, such percentage of the voting rights of the Company as would trigger a mandatory general offer as may be specified from time to time under the Takeovers Code;
- (2) the violation by the Company of the minimum public float requirement under the Listing Rules; or
- (3) the Pro Rata Portion of the General Mandate Threshold of the Company being exceeded.

## **USE OF PROCEEDS**

The gross proceeds and the net proceeds from the issue of the Convertible Bonds will be US\$320.7 million and approximately US\$320.5 million, respectively. Therefore, the net issue price per Conversion Share is estimated to be approximately HK\$6.29 based on the Conversion Price assuming the conversion of the Convertible Bonds into the Conversion Shares in full at an exchange rate of US\$1.00: HK\$7.80. The Company intends to use the net proceeds for (i) paying the costs and expenses (including legal fees) incurred by the Company in the preparation, negotiation and execution of the Transaction Documents; (ii) repayment of debt; and (iii) general corporate use.

## **EQUITY FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has carried out the following fund raising activities in the past 12 months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Event</b>	<b>Approximate net proceeds</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
6 August 2018	Issue of the 6 August Convertible Bonds under the General Mandate	Approximately US\$210.7 million	(i) paying the costs and expenses (including legal fees) incurred by the Company in the preparation, negotiation and execution of the transaction documents in relation to the 6 August Convertible Bonds, (ii) partial redemption of the 2020 Notes and (iii) general corporate use	To be used on (i) paying the costs and expenses (including legal fees) incurred by the Company in the preparation, negotiation and execution of the transaction documents in relation to the 6 August Convertible Bonds, (ii) partial redemption of the 2020 Notes and (iii) general corporate use.



Save as disclosed above, the Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of the Shares, based on the Conversion Price and assuming full conversion of the Convertible Bonds at the Conversion Price at an exchange rate of US\$1.00 = HK\$7.80, the Convertible Bonds will be convertible into 397,688,390 Shares, representing approximately 11.77% of the issued share capital of the Company as at the date of this announcement and approximately 9.85% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds and the Shares to be issued upon full conversion of the 6 August Convertible Bonds.

The following table illustrates (i) the existing shareholding structure of the Company; and (ii) the shareholding structure immediately after the issue of the Convertible Bonds and assuming full conversion of the Convertible Bonds into Conversion Shares:

	As at the date of this announcement		Immediately upon completion of the issuance of the Convertible Bonds and assuming full conversion of the Convertible Bonds and the 6 August Convertible Bonds into Conversion Shares	
	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
Tianrui Group Company Limited	951,462,000	28.16	951,462,000	23.56
China Shanshui Investment Company Limited	847,908,316	25.09	847,908,316	21.00
Asia Cement Corporation ( <i>Note</i> )	902,914,315	26.72	902,914,315	22.36
China National Building Material Company Limited	563,190,040	16.67	563,190,040	13.95
Subscribers	–	–	397,688,390	9.85
Subscriber of the 6 August Convertible Bonds	–	–	261,529,411	6.48
Other Shareholders	113,665,569	3.36	113,665,569	2.81
<b>Total</b>	<b>3,379,140,240</b>	<b>100.00</b>	<b>4,038,358,041</b>	<b>100.00</b>

*Note:* 4.22% of the interests are held through agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO.

## **GENERAL MANDATE TO ISSUE SHARES**

The Conversion Shares will be issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 2 June 2017 (the “**General Mandate**”). As at the date of this announcement, save for the issue of the 6 August Convertible Bonds in the aggregate principal amount of US\$210,900,000 by the Company on 6 August 2018, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 414,298,637 Shares pursuant to the General Mandate. As such, the Conversion Shares will be issued under the General Mandate, and the issue of Conversion Shares is not subject to any approval by the Shareholders.

## **APPLICATION FOR LISTING APPROVAL**

No application will be made to the Listing Committee of the Stock Exchange for Listing Approval before the Completion, and the Company undertakes that as soon as practicable after the resumption in trading in the Shares, it shall make an application to the Listing Committee of the Stock Exchange for Listing Approval. No listing application will be made for the Convertible Bonds on the Stock Exchange or any other stock exchange.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the manufacturing and sale of cement, clinker and concrete. Trading in the Shares on the Main Board of the Stock Exchange has been suspended since 16 April 2015 due to insufficiency of public float.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS**

As set out in the section headed “Use of Proceeds” above, the Company intends to use the net proceeds from the issuance of the Convertible Bonds in, among other things, repayment of debt, which is crucial for the Company to optimise its future operations.

On the above premises, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Bonds (i) have been negotiated on an arm’s length basis; and (ii) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

**Shareholders and potential investors should note that completion of the Subscription Agreements is subject to the fulfilment of the conditions precedent thereunder. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## CONTINUATION OF 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.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“6 August Convertible Bonds”	the US\$210,900,000 convertible bonds issued by the Company further details of which are set out in the announcement of the Company dated 6 August 2018
“2020 Notes”	the US\$500,000,000 7.5% senior notes due 2020 issued by the Company and listed on the Stock Exchange (Stock Code: 5880)
“Anniversary Date”	each anniversary date of the Reference Date and if such date is not a Business Day, the Business Day immediately following such date
“Authorisation”	any approval, authorisation, consent, licence, certificate, permit, concession, agreement or other permission of any kind of, from or by any Governmental Authority, regulatory body (including the Stock Exchange and the SFC) or any other third party
“Business Day”	a day on which licensed banks in Hong Kong are open for general business, other than:  (i) a Saturday, a Sunday or a public holiday; or  (ii) a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Cancellation of Listing”	the cancellation of the listing of the Company’s Shares on the Stock Exchange

“Company”	China Shanshui Cement Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0691)
“Company’s Warranties”	the representations and warranties given by the Company to the Subscribers in the Subscription Agreements
“Completion”	the completion of the issuance and subscription of the Convertible Bonds
“Consideration”	the aggregate subscription price for the Convertible Bonds, being US\$320,700,000
“Conversion Condition”	any one of the following events, whichever is fulfilled earlier: <ul style="list-style-type: none"> <li>(i) the grant of approval for the listing of and permission to deal in the Conversion Shares by the Listing Committee of the Stock Exchange, with such approval being unconditional or subject to conditions to which neither the Company nor the Subscribers shall reasonably object; or</li> <li>(ii) the Cancellation of Listing</li> </ul>
“Conversion Period”	the period commencing upon the fulfilment of a Conversion Condition and up to and inclusive of 7 Business Days prior to the Maturity Date
“Conversion Shares”	the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the Convertible Bonds in the aggregate principal amount of US\$320,700,000 to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“Director”	directors of the Company
“General Mandate Threshold”	the remaining threshold of 414,298,637 Shares (subject to consolidation or subdivision) or such number of Shares which may be permissible to be issued under the general mandate of the Company granted to the Directors in the annual general meeting of the Company held on 2 June 2017

“Governmental Authority”	any government (or political subdivision of it), whether on a state, provincial, municipal or local level and whether executive, legislative or judicial in nature, including (without limitation) any agency, authority, board, bureau, commission, court, department or any other instrumentality
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder”	a person in whose name a Convertible Bond is registered in the register of holders of Convertible Bonds (or in the case of joint holders, the first named thereof)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date on which the Convertible Bonds are issued, which shall be no later than 29 September 2018, being one (1) calendar month after the date of the Subscription Agreements unless otherwise agreed between the Company and the Subscribers
“Last Trading Day”	15 April 2015, being the last full trading day immediately before the day on which trading of the Shares on the Stock Exchange were suspended
“Law”	<ul style="list-style-type: none"> <li>(i) any law, statute or statutory provision, regulation, rule (other than Listing Rules), constitutional provision, treaty or rule of common law or equity;</li> <li>(ii) any order, notice or decree of any Governmental Authority or other matter of any kind having the force of law; or</li> <li>(iii) any order, decree, judgment or award of any court, tribunal or arbitrator of a competent jurisdiction</li> </ul>
“Listing Approval”	the approval by the Listing Committee of the Stock Exchange to the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Pro Rata Portion”	in the event that the Convertible Bonds are held by multiple Holders, the number determined by dividing (i) the outstanding principal amount of the Convertible Bonds then held by such Holder by (ii) the principal amount of all Convertible Bonds then issued and outstanding
“Reference Date”	8 August 2018
“SFC”	Securities and Futures Commission in Hong Kong
“Share(s)”	fully paid ordinary shares in the share capital of the Company with a nominal value of US\$0.01 each, or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares
“Shareholder”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	no less than six (6) subscribers under the respective Subscription Agreements in respect of the subscription of the Convertible Bonds
“Subscriber’s Warranties”	the representations and warranties given by the Subscriber to the Company in the Subscription Agreements
“Subscription Agreements”	the respective subscription agreements dated 30 August and entered into between the Company and no less than six Subscribers in respect of the subscription of the Convertible Bonds
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“Terms and Conditions”	the terms and conditions of the Convertible Bonds as set out in Schedule 1 of the Subscription Agreements
“Transaction Documents”	the Subscription Agreements and the Terms and Conditions, and the certificate issued to each of the Holders in respect of its registered holding of the Convertible Bonds

“Triggering Event”	the occurrence of any of the following events during the term of the Convertible Bonds:  (i) a change of control (as defined under the Takeovers Code) of the Company; or  (ii) any material deviation from the use of proceeds of the subscription price of the Convertible Bonds as prescribed in the Subscription Agreements
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board  
**China Shanshui Cement Group Limited**  
**CHANG Zhangli**  
*Chairman*

Hong Kong, 31 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.*