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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 WINDING UP PETITION

This announcement is made by China Shanshui Cement Group Limited (the “**Company**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

THE CAYMAN PETITION

On 30 August 2018, a petition seeking to wind up the Company (the “**Cayman Petition**”) was presented by Tianrui (International) Holding Company Limited (the “**Petitioner**”) before the Grand Court of the Cayman Islands (the “**Cayman Court**”). As at the date of this announcement, the Petitioner, together with its affiliates, hold approximately 28.16% of the issued share capital of the Company and is a substantial shareholder (as defined in the Listing Rules) of the Company. The Company received an unsealed copy of the Cayman Petition on 31 August 2018.

In the Cayman Petition, the Petitioner, among other things, sought orders that:

- (i) the Company be wound up in accordance with section 92(e) of the Companies Law (2018 Revision) of the Cayman Islands (the “**Cayman Companies Law**”) on the ground that it is just and equitable that the Company be wound up;
- (ii) Margot MacInnis of Grant Thornton Specialist Services (Cayman) Limited, 48 Market Street, 2nd Floor, Suite 4290, Canella Court, Camana Bay, Cayman Islands and David Bennett and Barry Tong of Grant Thornton Hong Kong, 12th Floor, 28 Hennessey Road, Hong Kong SAR be appointed as joint official liquidators (the “**Official Liquidators**”);

- (iii) the registered office of the Company be moved to Grant Thornton Specialist Services (Cayman) Limited, 48 Market Street, 2nd Floor, Suite 4290, Canella Court, Camana Bay, Cayman Islands; and
- (iv) the Official Liquidators be authorised to act jointly and severally in their capacity as liquidators of the Company.

THE HONG KONG PETITION

On 31 August 2018, the Company received a petition (the “**Hong Kong Petition**”, together with an unsealed copy of the Cayman Petition, the “**Petitions**”) dated 31 August 2018 filed by the Petitioner against the Company in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region. The Hong Kong Petition was presented to commence an ancillary liquidation in Hong Kong.

In the Hong Kong Petition, the Petitioner petitioned for:

- (i) an order that the Company be wound up pursuant to section 327(3)(c) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on the ground that it is just and equitable that the Company be wound up, upon the making of a winding up order by the Cayman Court against the Company;
- (ii) all consequential orders and directions necessary to implement the relief sought in (i) above;
- (iii) such orders as may be made in the premises as shall be just; and
- (iv) an order that costs of the Hong Kong Petition be paid out of the Company’s assets.

BASIS OF THE PETITIONS

The main allegations by the Petitioner in the Petitions are as follows:

- (1) The Petitioner alleges that at the extraordinary general meeting of the Company on 1 December 2015, the entire board of directors of the Company (the “**Board**”) was voted out by the Petitioner and China Shanshui Investment Company Limited (which holds approximately 25.09% of the issued share capital of the Company as at the date of this announcement) and when the new Board was appointed on 1 December 2015 (which included a representative of the Petitioner and certain directors as nominated by the Petitioner for election), the Company was unable to take full physical and/or legal control of all of Shandong Shanshui Cement Group Company (“**Shandong Shanshui**”)’s assets or fully ascertain Shandong Shanshui’s financial position. The Petitioner also alleges that Mr. Chang Zhangli (“**Mr. Chang**”) and Ms. Wu Ling-ling (“**Ms. Wu**”) conspired with the dismissed directors of Shandong Shanshui Cement Group Company (the “**Dismissed Shandong Shanshui Directors**”) whereby the Dismissed Shandong Shanshui Directors would oppose the Board appointed on 1 December 2015 and in return Mr. Chang and Ms. Wu would seek support from Asia Cement Corporation (“**ACC**”) (which holds approximately 26.72% of the issued share capital of the Company as at the date of this announcement) and China National Building Material Co. Ltd (“**CNBM**”) (which holds approximately 16.67% of the

issued share capital of the Company as at the date of this announcement) to be re-elected to the Board and then provide the necessary support to the Dismissed Shandong Shanshui Directors. As a result of those alleged actions, the Petitioner claims that ACC and CNBM have acted unfairly and/or oppressively towards the Petitioner and/or the affairs of the Company have been conducted with a lack of probity and the Petitioner has justifiably lost confidence in the management of the Company.

- (2) The Petitioner also alleges that the Company's issuance of convertible bonds on 8 August 2018 (the "**Bonds**") to Cithara Global Multi-Strategy SPC on behalf of Chung Wai Greater China Alpha Strategy SP ("**Cithara**") was on uncommercial terms and otherwise than at arms' length to dilute the shares held by the Petitioner (upon the Bonds' conversion to shares) with a view to bringing its shareholding below 25% so that the Petitioner could not oppose special resolutions sought to be passed by the Company. The Petitioner also alleges that Cithara is or was associated with or otherwise connected to ACC and/or CNBM and, the Company has failed and/or refused to address any of the above issues properly and satisfactorily, as a result, ACC and/or CNBM have acted unfairly and/or oppressively towards the Petitioner and/or the affairs of the Company have been conducted with a lack of probity and the Petitioner has justifiably lost confidence in the management of the Company.
- (3) The Petitioner further alleges that Mr. Chang and Ms. Wu failed to take any proper steps to consensually restructure the Company or take other steps to preserve its listing and the management of the Company has failed to exercise due care, skill and diligence over the Company's affairs and in respect of the aforesaid, Mr. Chang and Ms. Wu have acted unfairly and/or oppressively towards the Petitioner and/or the affairs of the Company have been conducted with a lack of probity and the Petitioner has justifiably lost confidence in the management of the Company.

The Company intends to strongly oppose the Petitions and is seeking legal advice in respect of the same. The Company will make further announcement(s) to keep its shareholders and investors informed of any significant developments in relation to the Petitions as and when appropriate.

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.

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, 4 September 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.