

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)

UPDATE ON THE SHARE TRADING RESUMPTION PLAN

We refer to the announcement of China Shanshui Cement Group Limited (the “**Company**”) dated 7 October 2018 relating to the share trading resumption plan (the “**Share Trading Resumption Plan Announcement**”) and the announcement regarding the poll results of the Adjourned AGM and the EGM dated 30 October 2018 (the “**Poll Results Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Share Trading Resumption Plan Announcement unless specified otherwise.

RESOLUTION OF THE ACCOUNTS ISSUES

As set out in the Poll Results Announcement, the 2017 Audited Accounts and Reports have been approved.

The 2017 Audited Accounts and Reports contain certain disclaimers and qualifications. As disclosed in the Share Trading Resumption Plan Announcement, the Company believes that these disclaimers and qualifications either have no impact on the Company’s consolidated financial statements for the financial year 2018 (although they will be qualified as some of the historical financial information would be used for comparative purposes) or have limited potential impact. The Company would like to further clarify those disclaimers and qualifications that may have limited potential impact on the Company’s consolidated financial statements for the financial year 2018.

The 2017 Audited Accounts and Reports contain a scope limitation (the “**Scope Limitation**”) in relation to the Company’s interest in the following companies (each a “**Qualified Company**” and together, the “**Qualified Companies**”):

- 1) Qilu Property Co., Ltd. (“**Qilu Property**”);
- 2) Shanshui Heavy Industries Co., Ltd. (“**Shanshui Heavy Industries**”);
- 3) Jinan Changqing Shanshui Micro Finance Co., Ltd. (“**Shanshui Micro Finance**”);
- 4) Xinghao Cement Co., Ltd. (“**Xinghao Cement**”); and
- 5) Rushan Shanshui Cement Co., Ltd. (“**Rushan Shanshui**”).

The Scope Limitation was made due to the following issues:

- 1) the Company was unable to locate the equity transfer agreement for the acquisition of Qilu Property by Shandong Shanshui Cement Group Company Limited;
- 2) the Company was unable to obtain the 2015 and 2016 financial information related to Qilu Property and Shanshui Heavy Industries; and
- 3) the Company was unable to access any accounting books and records of any of the Qualified Companies.

As at 30 October 2018, the first two issues referred to above regarding the Scope Limitation have been resolved. In order to solve the third issue, the Company is conducting relevant assessment and communication with the Qualified Companies. The execution plans include completion of the acquisition from minority shareholders of the interests in Qualified Companies, appointment of directors and management to the Qualified Companies and obtaining access of the books and records by the end of 2018 to facilitate the audit for the financial year 2018. If by the end of 2018, the accounting books and records of any of the Qualified Companies still cannot be accessed or after accessing such books and records, the Company’s auditors Moore Stephens (the “**Auditors**”) cannot obtain satisfactory audit evidence in order for them to remove their qualification from their auditors’ report, the Company will dispose of its interests in the relevant Qualified Companies (the “**Disposal**”).

The Auditors have confirmed to the Company that subsequent to the Disposal, they expect an unqualified opinion on the consolidated statement of financial position as at 31 December 2018 (assuming that they are able to obtain sufficient relevant audit evidence regarding the Disposal), and expect a qualified opinion (rather than disclaimer of opinion) on the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year ending 31 December 2018, as they expect that the possible impact of any undetected misstatements related to the Qualified Companies will not be pervasive (although can be material).

Further, even if the accounting books and records of the Qualified Companies cannot be accessed and the Disposal does not occur before 31 December 2018, the Auditors expect a qualified opinion for the consolidated financial statements for the year ending 31 December 2018 as a whole, as the Auditors consider that the possible impact of undetected misstatements related to the Qualified Companies will not be pervasive (although can be material).

The Company will provide any further update in relation to the Scope Limitation, as appropriate, in due course.

RESOLUTION OF THE PUBLIC FLOAT ISSUE

The Company is pleased to announce that completion of the New Issue occurred on 30 October 2018 following: (a) the approval of the Specific Mandate by ordinary resolution at the EGM; and (b) the Stock Exchange granting approval of the New Issue and the listing of, and permission to deal in, the New Shares issued on the Stock Exchange.

To the best of the knowledge, information and belief of the Directors, the Subscribers are not any of the persons listed in Listing Rule 8.24, namely: (a) a core connected person of the Company; (b) any person whose acquisition of securities has been financed directly or indirectly by a core connected person of the Company; nor (c) any person who is accustomed to take instructions from a core connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his name or otherwise held by such person. Further, to the best of the knowledge, information and belief of the Directors, the Subscribers are and, to the extent applicable, their ultimate beneficial owners are, independent investors not connected with the Company and its connected persons (as defined under the Listing Rules). None of the Subscribers has become a substantial shareholder of the Company upon completion of the New Issue.

Completion of the New Issue has resulted in the New Shares representing approximately 22.39% of the enlarged issued Shares and together with the Shares held by the existing public shareholders of the Company representing no less than 25% of the enlarged issued Shares. Accordingly, the Company has fulfilled the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules and resolved the Public Float Issue.

Set out below is a table which illustrates the shareholding structure of the Company: (a) immediately before completion of the issuance of the New Shares; (b) immediately upon completion of the issuance of the New Shares; and (c) immediately upon completion of the issuance of the New Shares and after the Remaining CB Conversion:

	Immediately before completion of the issuance of the New Shares		Immediately upon completion of the issuance of the New Shares		Immediately upon completion of the issuance of the New Shares and after the Remaining CB Conversion	
	Number of Shares held	Approx. % of Shares in issue	Number of Shares held	Approx. % of Shares in issue	Number of Shares held	Approx. % of Shares in issue
Tianrui Group Company Limited	951,462,000	28.16	951,462,000	21.85	951,462,000	21.40
China Shanshui Investment Company Limited	847,908,316	25.09	847,908,316	19.47	847,908,316	19.07
Asia Cement Corporation (Note)	902,914,315	26.72	902,914,315	20.74	902,914,315	20.30
China National Building Material Company Limited	563,190,040	16.67	563,190,040	12.94	563,190,040	12.66
Subscribers	–	–	974,825,988	22.39	1,067,830,759	24.01
Other public Shareholders	113,665,569	3.36	113,665,569	2.61	113,665,569	2.56
Total	3,379,140,240	100.00	4,353,966,228	100.00	4,446,970,999	100.00

Note: 4.22% of the interests immediately before completion of the issuance of the New Shares (3.28% upon completion of the issuance of the New Shares and 3.21% upon completion of the issuance of the New Shares and after the Remaining CB Conversion) are held through agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time.

OUTSTANDING RESULTS AND REPORTS

The Company has published all of its outstanding results, namely its: (a) preliminary results for the year ended 31 December 2017; (b) 2017 Audit Accounts and Reports; (c) interim results for the six months ended 30 June 2018; and (d) 2018 interim report.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 16 April 2015. The Company has now fulfilled all the resumption of trading conditions set out by the Stock Exchange. As such, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 October 2018.

CONTINUED SUSPENSION OF TRADING OF DEBT SECURITIES

Trading in the debt securities of the Company on the Stock Exchange (Stock Code: 5880) will remain suspended until further notice.

Shareholders of the Company and potential investors should exercise caution when dealing in the debt securities of the Company.

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

Hong Kong, 30 October 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. CHANG Zhangli and Ms. WU Ling-ling; and three independent non-executive Directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan.