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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)

CLARIFICATION ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of China Shanshui Cement Group Limited (the “**Company**”) noted that there were press articles published on 24 August 2014 (the “**Articles**”) stating that 761 employees of the Company have issued a writ (the “**Writ**”) in the High Court of Hong Kong Special Administrative Region against Mr. Zhang Caikui (“**Mr. Zhang**”), a director and controlling shareholder of the Company, and Mr. Li Yanmin, an ex-director of the Company, regarding, among other things, alleged misappropriation of certain indirect shareholding interests in the Company owned by such employees.

The Board has made enquiries with Mr. Zhang in respect of the Articles. Mr. Zhang has confirmed to the Company that he has not been served with the Writ or other similar court documents as at the date of this announcement. However, Mr. Zhang did receive a letter on 22 August 2014 from a Hong Kong law firm representing 761 employees or ex-employees of the Company stating certain allegations on his exercise of powers in his capacity as the trustee of the Zhang Trust and the Li Trust, the details of which are set out in the prospectus of the Company dated 20 June 2008. Mr. Zhang is currently seeking legal advice in respect of these allegations.

The Company will make further announcement(s) timely in respect of the above matter as and when appropriate in compliance with the Listing Rules.

By Order of the Board
ZHANG Bin
Chairman

Hong Kong, 24 August 2014

As at the date hereof, the Board of the Company comprises 3 executive directors, namely ZHANG Bin (Chairman and General Manager), ZHANG Caikui and Li Cheunghung; 1 non-executive director, namely XIAO Yu; and 3 independent non-executive directors, namely WANG Jian, Hou Huailiang and Wu Xiaoyun.