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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)**

### **ANNOUNCEMENT**

#### **UPDATE ON LEGAL PROCEEDINGS CONCERNING A DIRECTOR AND SUBSTANTIAL SHAREHOLDER**

Reference is made to the clarification announcement of the Company dated 24 August 2014 and the voluntary announcement dated 15 May 2015 (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Company understands that, in addition to the Writs, an additional 559 employees of the Company have issued writs of summons under two separate actions in the High Court against Mr. Zhang and Mr. Li, regarding, among other things, the ownership of certain shares in China Shanshui Investment (together with the actions stipulated under the Writs, the “**Actions**”). The 559 employees under the abovementioned writs of summons, combining with the 1,867 employees of the Company under the Writs as disclosed in the Announcements, collectively, 2,426 employees of the Company have made the applications under five separate actions for the appointment of receivers (the “**Receivers**”) over a total of approximately 43.29% shareholding of China Shanshui Investment until the final determination of the Actions or further order of the High Court (the “**Applications**”). The Company further understands that, on 20 May 2015, the High Court has allowed the Applications. Upon the appointment of the Receivers, the Receivers, Mr. Zhang and several minority shareholders of China Shanshui Investment shall hold approximately 43.29%, 38.45% and 18.26% of the entire issued share capital of China Shanshui Investment, respectively.

China Shanshui Investment, a limited liability company incorporated in Hong Kong, is an investment holding company, which holds approximately 25.09% of the entire issued share capital of the Company. Mr. Zhang and Mr. Zhang Bin, an executive director of the Company, are the directors of China Shanshui Investment. The Company has not been named as a party to the Actions. The Company is in the process of assessing the impact of the appointment of the Receivers over approximately 43.29% of the entire issued share capital of China Shanshui Investment on, including but not limited to, any contractual obligations of the Company and its subsidiaries.

The Company will continue to monitor the progress of the abovementioned legal action and seek legal advice on the appropriate steps to be taken in the abovementioned proceedings if necessary. The Company will make further announcement(s) timely in respect of the above matter as and when appropriate.

By Order of the Board  
**ZHANG Bin**  
*Chairman*

Hong Kong, 21 May 2015

*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.*