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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)

POSSIBLE VOLUNTARY CASH OFFER ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

The announcement is made pursuant to Rule 3.7 of the Takeovers Code. Shareholders and potential investors are advised to refer to the announcement of CNBM dated 21 July 2015 regarding the Letter and the Possible Offer.

THE POSSIBLE OFFER

The Board has received the Letter from ACC and CNBM on 20 July 2015 in which ACC and CNBM have informed the Board that they are interested in, and are currently considering the feasibility of, jointly making a voluntary cash general offer to acquire all the Shares (other than those already owned or agreed to be acquired by the Offerors and parties acting in concert (as defined in the Takeovers Code) with any of the Offerors) at an offer price to be determined by the Offerors.

The Possible Offer is subject to the final determination of the terms of the Possible Offer after further discussion between ACC Group and CNBM taking into account the development of the Company and its affairs and the satisfaction of a number of conditions.

Shareholders and potential investors are reminded that ACC Group and CNBM are still considering serious matters relating to the Possible Offer and the Letter does not constitute a firm intention to make an offer, an offer, an invitation to offer or a pre-conditional firm offer to acquire or dispose of any Shares. The terms of the Possible Offer have not been finalised and no binding agreement has been entered into between any of the parties involved in the Possible Offer.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Takeovers Code and the Listing Rules (as the case may be).

Shareholders and potential investors should be aware that the Offerors are not obliged in any way to make the Possible Offer and if the Offerors do decide to proceed with the Possible Offer, the Possible Offer will be subject to the satisfaction or waiver (as the case may be) of a number of conditions and the Possible Offer may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTERESTS IN SHARES

ACC is a substantial Shareholder holding 708,263,500 Shares, representing approximately 20.96% of the issued share capital of the Company, and controlling the voting rights of 850,906,500 Shares at the general meetings of the Company, representing approximately 25.18% of the issued share capital of the Company. As at the date of this announcement, ACC and the parties acting in concert with it (excluding CNBM and the parties acting in concert with it) hold a total of 850,906,500 Shares, representing approximately 25.18% of the issued share capital of the Company.

CNBM is a substantial Shareholder holding 563,190,040 Shares, representing approximately 16.67% of the issued share capital of the Company. As at the date of this announcement, CNBM and the parties acting in concert with it (excluding ACC and the parties acting in concert with it) hold a total of 563,190,040 Shares, representing approximately 16.67% of the issued share capital of the Company.

As at the date of this announcement, the Offerors and the parties acting in concert with them hold a total of 1,414,096,540 Shares, representing approximately 41.85% of issued share capital of the Company.

The current shareholding structure of the Company is set out as follows:

Shareholders	<i>As at the date of this announcement:</i>	
	<i>No. of Shares</i>	<i>Approximate %</i>
Tianrui (International) Holding Company Limited ⁽¹⁾	951,462,000	28.16
China Shanshui Investment Company Limited ⁽²⁾	847,908,316	25.09
Asia Cement Corporation	708,263,500	20.96
China National Building Material Company Limited	563,190,040	16.67
Other Shareholders ⁽³⁾	308,316,384	9.12
	3,379,140,240	100.00

Notes:

- (1) As stated in the form of disclosure of shareholder's interests submitted by Li Liufa on 16 April 2015 (the date of the relevant event set out in the form was 15 April 2015), these Shares were held via Li Liufa and his affiliates.
- (2) As stated in the form of disclosure of shareholder's interests submitted by China Shanshui Investment Company Limited on 21 November 2014 (the date of the relevant event set out in the form was 3 November 2014), these Shares were held via China Shanshui Investment Company Limited.
- (3) ACC controls the voting rights of 142,643,000 Shares at the general meetings of the Company.

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the share capital of the Company comprises (i) 3,379,140,240 Shares; and (ii) 214,600,000 outstanding share options with rights to subscribe for a total of 214,600,000 Shares. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

As required under Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) of the Company, ACC and CNBM (or any of its designated subsidiaries), including, amongst other, persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, ACC or CNBM (or any of its designated subsidiaries) are hereby reminded to disclose their dealings in any relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

DEFINITION

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

“ACC”	Asia Cement Corporation, a substantial Shareholder, holding approximately 20.96% of the issued share capital of the Company, and is a company incorporated in Taiwan with limited liability under the Taiwan Company Law, the shares of which are listed on the Taiwan Stock Exchange with the single largest shareholder being Far Eastern New Century Corp. holding approximately 22.33% of the issued share capital of ACC
“ACC Group”	ACC and its affiliates, controlling the exercise of approximately 25.18% of the voting rights at general meetings of the Company
“Board”	the board of Directors

“CNBM”	China National Building Material Company Limited, a substantial Shareholder holding approximately 16.67% of the issued share capital of the Company, and is a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Stock Exchange and which is approximately 44.10% owned by China National Building Material Group Corporation, a state-owned enterprise of the PRC
“Company”	China Shanshui Cement Group Limited, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Letter”	a letter from ACC and CNBM dated 20 July 2015 in relation to the Possible Offer
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offerors”	ACC and CNBM (or any of its designated subsidiaries)
“Possible Offer”	a possible voluntary cash general offer to acquire all the Shares (other than those already owned or agreed to be acquired by ACC and CNBM and parties acting in concert (as defined in the Takeovers Code) with any of ACC and CNBM) at an offer price to be determined by the Offerors
“PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Shareholders”	persons whose names appear on the register of members of the Company as registered holders of the Shares
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“%”	per cent.

By Order of the Board
China Shanshui Cement Group Limited
ZHANG Bin
Chairman

Hong Kong, 21 July 2015

As at the date hereof, the board of directors of ACC comprises 10 directors, namely, Douglas Tong Hsu, Tsai Hsiung Chang, Johnny Shih, C.V. Chen, He Shan Ying, Kun Yen Lee, Peter Hsu, Chen Kun Chang, Connie Hsu and Ruey Long Chen, and 3 independent directors, namely, Ta-Chou Huang, Chi Schive and Gordon S. Chen.

As at the date hereof, the board of directors of CNBM comprises 5 executive directors, namely Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli, 3 non-executive directors, namely Mr. Guo Chaomin, Mr. Huang Anzhong and Mr. Tao Zheng, and 5 independent non-executive directors, namely Mr. Shin Fang, Mr. Tang Yunwei, Mr. Zhao Lihua, Mr. Wu Liansheng and Mr. Sun Yanjun.

As at the date hereof, the board of directors of the Company comprises 3 executive directors, namely ZHANG Bin (Chairman and General Manager), ZHANG Caikui and LI Cheung Hung; 2 non-executive directors, namely CHANG Zhangli and LEE Kuan-chun (also known as Champion Lee); and 3 independent non-executive directors, namely, WU Xiaoyun, ZENG Xuemin and SHEN Bing.

The directors of ACC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to CNBM and the Company) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of CNBM jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to ACC and the Company) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offerors) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.