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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 22 September 2014 in respect of, among other things, the tendering procedures in respect of certain purchase and construction projects of the Company.

The Board wishes to clarify as follows:

1. The Company would usually engage independent professional tendering firms to manage construction and other similar projects with a transaction value that is more than RMB3 million. The Purchase and Supply Management Department (採供管理部), the Construction Design Department (工程設計部), the Supervisory Department (監察部) and the Legal Matters Department (法律事務部) of the Company will be involved in the relevant tendering process and provide recommendations and comments.
2. Evaluation of the tenders and bids submitted would be based on a basket of criteria including the tender price, the historical performance of the bidders, the background and size the bidders, the creditability of the bidders, the quality, feasibility, deliverability and robustness of the technical solutions proposed by the bidders etc. Inputs and expert advices from each of the relevant Company’s departments as mentioned above will also be considered during the evaluation process in order to determine the final bidder.
3. The selection of the final bidder in the tendering process is a joint effort of all the relevant departments and officers of the Company. The Company is of the view that such system can effectively ensure the fairness and impartiality of the tendering process.

4. Since October 2012, the Company has adopted a centralised procurement procedure for its purchase of coal as raw material in order to ensure the continuity and quality of coal supply and to reduce overall procurement costs. The Company confirmed that the procured price of the coal through such centralised procurement procedure is based on the prevailing market price of the coal.

By Order of the Board
ZHANG Bin
Chairman

Hong Kong, 22 September 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.