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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

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**”). Reference is made to the announcements issued by the Company dated 27 October 2014 and 3 November 2014 (the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The board of directors (the “**Board**”) of China Shanshui Cement Group Limited (the “**Company**”) announces that a statement of claim (the “**Statement of Claim**”) was served on the Company’s legal adviser by the Plaintiffs’ legal adviser on 23 January 2015. According to the Statement of Claim, the Plaintiffs seek, amongst other reliefs, an order that the Subscription Agreement and the relevant subscription of shares in the Company by the Subscriber be set aside on the basis of various allegations, including allegations of breach of fiduciary duties on the part of Mr. Zhang Caikui, the executive director of the Company (the “**Director**”) and the controlling shareholder of the Company, and Mr. Zhang Bin, the Chairman of the Company and the executive Director (both also as the directors of the Company and China Shanshui Investment Company Limited, a controlling shareholder of the Company) and conspiracy with the Subscriber to injure China Shanshui Investment Company Limited by unlawful means (the “**Allegations**”).

The Company is currently seeking legal advice on the Statement of Claim and the appropriate course of action in respect of the abovementioned action commenced by the Plaintiffs. The Company is prepared to defend the Allegations vigorously and the Board maintains that the Subscription Agreement and the Subscription are valid and binding among the parties thereto. The Company will make further announcement(s) timely in respect of the above matters as and when appropriate in compliance with the Listing Rules and the SFO.

By Order of the Board
ZHANG Bin
Chairman

Hong Kong, 26 January 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.