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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)

UPDATE ON THE ACTIONS WITH REGARDS TO MI JINGTIAN AND HIS ASSOCIATES

This announcement is made by China Shanshui Cement Group Limited (the “**Company**”) 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 (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). Reference is made to the announcements of the Company dated 12 January 2017, 13 March 2017, 30 March 2017, 10 April 2017 and 12 April 2017.

The Company would like to update the shareholders of the Company and the public on the conflict (the “**Conflict**”) during the Repossession Action on 8 April 2017 caused by the Illegal Occupation led by Mi Jingtian and his associates in Shandong Shanshui as stated in the Company’s announcements dated 10 April 2017 and 12 April 2017.

The Company is informed by its PRC legal adviser, that Liu Dequan, director of Shandong Shanshui and certain employees of Shandong Shanshui were detained due to their alleged violation of Public Security Administration Punishments Law of the PRC, have been released by the Jinan Police. Yu Chun Liang, the Company’s Joint Company Secretary, Yang Yongzheng, the General Manager and director of Shandong Shanshui and certain employees of Shandong Shanshui were still detained due to their alleged violation of the Criminal Law of the PRC. Sources close to the Jinan Police said that they will be prosecuted shortly according to PRC laws but remains innocent until being judged guilty by a PRC Court.

On 14 April 2017, Jinan City government’s website published a news article titled “Jinan Police dealt with the Conflict occurred at Shandong Shanshui Cement Group headquarters according to law”. In view of this, the Company hereby makes the following responsive statements and provides supplementary information as follows:

1. The Company appreciates the Jinan City government and Jinan Police for issuing a preliminary investigation report on the Conflict occurred when Shandong Shanshui’s dedicated staff team was sent to enter and repossess the premises in Gushan Town, Changqing District, Jinan, Shandong Province according to law. As of the date of the announcement, the premises were still illegally occupied by Mi Jingtian and his unidentified associates with surrounding fortified obstacles.

2. It should be noted that prior to the Company takes over of the premises in headquarters of Shandong Shanshui in January 2016 according to law, the premises in headquarters had been ransacked by outlaws which led to the loss of many documents and stealing of properties in the office, seriously affecting its daily business operations. On 12 January 2017, after Mi Jingtian was terminated of his directorship and his employment relationship with Shandong Shanshui by the Company and Shandong Shanshui respectively, he had illegally held a number of staff meetings and stirred up the workers in the name of Party Committee member to occupy the premises. Innocent workers were called upon to protect Mi Jingtian and his associates day and night. Having fully considered and assessed the safety of Shandong Shanshui's employees on-site, the Company chooses to repossess the premises in the early morning before workers arrived for duty, by a group of temporary contracted workers led by some of our Shandong Shanshui staff members, all of whom put on basic protective and safety equipment. The action was intended to protect the Company's documents and properties from loss and damage. Our employees reported that they were attacked by Mi Jingtian and his unidentified associates hidden somewhere in the building with weapons banned/controlled by law.
3. Mi Jingtian and his unidentified associates kept making provocative acts and rally many other workers in the premises. Our Shandong Shanshui staff members reacted by uplifting a security door of the premises with a loader and moved backwards for removal in order to let the Jinan Police enter. Mi Jingtian and his unidentified associates had repeatedly used weapons banned/controlled by law to attack the workers.
4. The Company sent well wishes to the four persons who were slightly injured in the Conflict and the Company also proceeded to investigate the persons' true identities in order to discuss the follow-ups. As of the date of the announcement, the Company is still unable to contact or identify those four slightly injured persons. The Company hereby expresses its gratitude to Jinan Police which took decisive measures to prevent the Shandong Shanshui employees sent by the Company from suffering more serious injuries.
5. It is noteworthy that on 23 March 2017, ACC announced in Taiwan that it had acquired from 6 beneficial shareholders including Mi Jingtian all shares held by them in CSI. Mi Jingtian is now neither an employee of Shandong Shanshui nor a shareholder of CSI. The reason why Mi Jingtian and his associates stay in the illegally occupied premises remains unknown. The Company wholeheartedly wishes Jinan Police quickly finish the investigation and arrest Mi Jingtian according to law and release those innocent staff members involved in the Repossession Action according to the Company legitimate instructions.
6. The Company is also very concerned about the identity and the legitimacy of 13 officers mentioned in an appreciation announcement dated 10 April 2017, issued by the Party Committee of Shanshui Group in recognition of the Conflict, and the whereabouts of the properties illegally distributed. The Company also noted an unreasonable requirement issued in the name of Public Security Section of Shandong Shanshui requiring male staff and managers at Shandong Shanshui headquarters to run a rotating night shift duty while keeping normal work during daytime.
7. The Company appointed a lawyer to file a case to Jinan Police on 14 April 2017, against Mi Jingtian, Zhao Dongwei and Liu Xianliang for provocative activities and disturbances and has submitted the related reporting materials. Also, the reporting materials concerning the possession of weapons banned/controlled by law in the Shandong Shanshui premises have been submitted. The Company will fully cooperate with Jinan Police in the investigation and hereby expresses its gratitude to the Jinan City government and Jinan Police for their efforts in mediating contradictions, addressing disputes and calming the emotion of the vast number of workers.

The Company wishes to remind the public that, as stated in the announcements dated 12 January 2017 and 13 March 2017 respectively, Mi Jingtian, Li Maohuan, Yu Yuchuan, Zhao Liping, Chen Zhongsheng and Liu Xianliang have all been terminated from all their duties, powers, functions and authorities in Shandong Shanshui and all of its subsidiaries effective immediately on the respective announcement date. Pursuant to the April 11 Injunction Order, the Former Senior Management including Mi Jingtian, Chen Zhongsheng, Zhao Liping, Li Maohuan and Yu Yuchuan, are prohibited from, *inter alia*, holding themselves out as being director or officer of Shandong Shanshui, entering premises of Shandong Shanshui, removing asset and records from Shandong Shanshui, and solicit or entice officers or employees of Shandong Shanshui. The above mentioned persons have no authority from the Company to enter into any agreement, contracts, documents or understanding in whatever form will not be recognized by the Company. Shareholders, investors, and the public should exercise extreme caution in dealing with these individuals.

Further announcements in respect of the Illegal Occupation and the Repossession Action will be made by the Company as and when appropriate.

By Order of the Board
China Shanshui Cement Group Limited
LIU Yiu Keung, Stephen
Chairman

Hong Kong, 27 April 2017

As at the date hereof, the board of directors of the Company comprises 3 executive directors, namely LIU Yiu Keung, Stephen (YEN Ching Wai, David as his alternate), LI Heping and HWA Guo Wai, Godwin; and 1 non-executive director, namely CHONG Cha Hwa; and 5 independent non-executive directors, namely HO Man Kay, Angela, LAW Pui Cheung, WONG Chi Keung, CHING Siu Ming and LO Chung Hing.