

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 695)

FORMATION OF JOINT VENTURE

THE COOPERATION AGREEMENT

On 9 January 2014, Suzhou Dongwu, the wholly-owned subsidiary of the Company and Hengtong Group entered into the Cooperation Agreement, pursuant to which the parties agreed to establish the Joint Venture Company with a registered capital of RMB150,000,000. Upon completion of the Cooperation Agreement, the Joint Venture Company will be owned as to 50% and 50% by the Company (through Suzhou Dongwu) and Hengtong Group respectively.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the Cooperation Agreement is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are set out as follows:

Date: 9 January 2014

Parties: Suzhou Dongwu; and
Hengtong Group

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Hengtong Group and its ultimate beneficial owner(s) are Independent Third Parties of the Group.

Scope of Business

Subject to the registration and approval by the relevant company registration authorities in the PRC, the scope of business of the Joint Venture Company covers primarily highways, urban roads, bridges, tunnels, foundation works, sewage treatment works, and drainage works; and also covers the construction and management of industrial and civil buildings and landscaping projects; engineering technical consultation, project supervision, project bidding agency, property management, sales of building materials and domestic trade.

Registered Capital and Capital Contribution

The total registered capital of the Joint Venture Company is RMB150,000,000, which will be contributed by the parties in cash as follows:

	Amount of Contribution (RMB)	(%)
Suzhou Dongwu	75,000,000	50%
Hengtong Group	75,000,000	50%
Total	150,000,000	100%

The parties shall pay their respective capital contribution to the designated account for capital verification of the Joint Venture Company in accordance with the articles of association of the Joint Venture Company. The Company's contribution shall be made by two stages:

- (i) RMB50,000,000 shall be contributed by 10 January 2014; and
- (ii) RMB25,000,000 shall be contributed by 30 June 2014.

The capital contribution to be made by the Company will be funded by a combination of part of the proceeds from the initial public offering and other internal resources of the Company.

Transfer of equity interest in the Joint Venture Company

Any of the shareholders of the Joint Venture Company may transfer all or part of its equity interest to a third party other than the existing shareholders of the Joint Venture Company after obtaining consent from other shareholder(s) of the Joint Venture Company. The Company will comply with the relevant requirements of the Listing Rules if the transfer of the Joint Venture Company's equity interest takes place.

Management Structure

The board of directors of the Joint Venture Company shall consist of 3 members. Suzhou Dongwu is entitled to nominate one director and Hengtong Group is entitled to nominate two directors. The chairman, who will also act as the legal representative of the Joint Venture Company, will be appointed by the board of directors of the Joint Venture Company.

The supervisory committee of the Joint Venture Company shall consist of 1 member, who shall be nominated by Suzhou Dongwu.

Other terms

The term of operation of the Joint Venture Company will be 10 years. The Cooperation Agreement is governed by the PRC laws.

INFORMATION OF THE COMPANY AND HENG TONG GROUP

The Group is a cement and clinker producer in Wujiang City, Suzhou, Jiangsu Province.

Hengtong Group is a limited company established in the PRC in 1991. It is an investment holding company specialized in, among others, the production, sales and engineering services of communication cables, optical fiber cable, power cable, broadband access equipment and optical transmission devices.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION AGREEMENT

As mentioned in the announcement of the Company dated 29 November 2013, the Company believes that infrastructure BT (build-transfer) projects feature stable project incomes and limited receivables collection risk as its total investment will be recovered through installments payable by governments pursuant to repurchase agreements and predetermined return. As such, the Company believes that the establishment of the Joint Venture Company is an opportunity for the Company to participate in the infrastructure BT (build-transfer) projects, which can also contribute to steady appreciation of the Company's external investment assets.

The Company also believes that the establishment of the Joint Venture Company will enable the Company and Hengtong Group to jointly integrate industrial advantages, further expand the Company's business development potential and increase the sources of profit, so as to further enhance the overall benefits of the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Cooperation Agreement is entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the Cooperation Agreement is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Dongwu Cement International Limited (東吳水泥國際有限公司)
“Cooperation Agreement”	the Cooperation Agreement entered into between Suzhou Dongwu and Hengtong Group on 9 January 2014
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengtong Group”	Hengtong Group Co., Ltd.* (亨通集團有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate(s)
“Joint Venture Company”	The Suzhou Dongtong Construction and Development Company Limited* (蘇州東通建設發展有限公司) (subject to the final name to be approved by the relevant company registration authorities in the PRC), a limited liability company to be established pursuant to the Cooperation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares“	the shares of the Company, all of which are listed on the Stock Exchange
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Dongwu”	Suzhou Dongwu Cement Co., Ltd.* (蘇州東吳水泥有限公司), a wholly-owned subsidiary of the Company
%	per cent

By order of the Board
Dongwu Cement International Limited
Xie Yingxia
Chairman

Hong Kong, 9 January 2014

As at the date of this announcement, the Board comprises Ms. Xie Yingxia and Mr. Jin Chungen as executive Directors, Mr. Tseung Hok Ming and Mr. Yang Bin as non-executive Directors and Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas as independent non-executive Directors.

** for identification purposes only*