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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



The Board is pleased to announce that on 23 January 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent to procure not less than six Placees who are Independent Third Parties to subscribe up to 40,000,000 Placing Shares at a price of HK\$1.30 per Placing Share on a best effort basis, on or before the Long Stop Date, on the terms and subject to the condition of the Placing Agreement.

The Placing Price represents (a) a premium of approximately 3.17% to the closing price of HK\$1.26 per Share as quoted on the Stock Exchange on 23 January 2015, being the Last Trading Day; and (b) a premium of approximately 4.17% to the average closing price of HK\$1.248 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day.

The maximum number of 40,000,000 Placing Shares represent approximately 7.81% of the existing issued share capital of the Company and 7.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Upon completion of the Placing (assuming all the 40,000,000 Placing Shares are subscribed for), the gross proceeds and net proceeds arising from the Placing are estimated to be HK\$52 million and approximately HK\$51.3 million respectively. The Company intends to use the net proceeds for acquiring 100% equity interest in Shanghai Biofit Environmental Technology Co., Ltd (details of which can be found in the announcement of the Company dated 31 October 2014) and for general working capital of the Group.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

The Board is pleased to announce that on 23 January 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, major terms of which are as follows:–

THE PLACING AGREEMENT

Date

23 January 2015 (after trading hours)

Issuer

The Company

Placing Agent

Qilu International Capital Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Placees

The Placing Shares are expected to be placed by the Placing Agent on a best effort basis to not less than six placees who and whose ultimate beneficial owners (where applicable) are Independent Third Parties. If the number of Placees shall be less than six, the Company will issue a further announcement in accordance with the Listing Rules. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Placing Shares

On a best effort basis, the Placing Agent has conditionally agreed to place a maximum of 40,000,000 Placing Shares, representing approximately 7.81% of the existing issued share capital of the Company and approximately 7.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of all the 40,000,000 Placing Shares is HK\$400,000.

Placing Price

The placing price is HK\$1.30 per Placing Share which was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- (a) a premium of approximately 3.17% to the closing price of HK\$1.26 per Share as quoted on the Stock Exchange on 23 January 2015, being the Last Trading Day; and
- (b) a premium of approximately 4.17% to the average closing price of HK\$1.248 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day.

After deducting the costs and expenses incurred in connection with the Placing, the net proceeds from the Placing is estimated to be approximately HK\$51.3 million (assuming the Placing Shares are fully placed). As a result, the net placing price will be approximately HK\$1.28 per Placing Share.

Placing Commission

The Placing Agent will receive a placing commission of approximately 1.3% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent under the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of approximately 1.3% is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Disposal and Lock-up Restriction

The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

Ranking

The Placing Shares will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions Precedent

The Placing is conditional upon:

- (a) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

If any of the above conditions are not fulfilled by 5:00 p.m. on or before the Long Stop Date, the Placing Agreement will terminate and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against the any other save for any antecedent breaches of the provisions thereof.

Completion

The day on which Completion takes place shall be within four Business Days after fulfillment of the conditions precedent of the Placing, or such other date agreed by the Company and the Placing Agent.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

Termination

If at any time between the date of the Placing Agreement and at any time prior to 12:00 noon (Hong Kong time) on the Completion Date, there occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained herein or any failure to perform any of the Company's undertakings in the Placing Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the

Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (d) any suspension of dealings in the Shares for any period of five consecutive trading days or more (other than in relation to the Placing); or
- (e) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange,

and that the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement. In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement save for any antecedent breach of any obligation under the Placing Agreement.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate, which has not been utilised since granted at the AGM. The number of new Shares that could be issued by the Company under the General Mandate is 102,400,000 Shares. Therefore the issue of the Placing Shares is not subject to approval of Shareholders.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASON FOR THE PLACING AND USE OF PROCEEDS

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

The Directors consider that the Placing offers a good opportunity to raise further capital and boarden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. Therefore the Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

Upon completion of the Placing (assuming all the 40,000,000 Placing Shares are subscribed for), the gross proceeds and net proceeds arising from the Placing are estimated to be HK\$52 million and approximately HK\$51.3 million respectively. The Company intends to use the net proceeds for

acquiring 100% equity interest in Shanghai Biofit Environmental Technology Co., Ltd (details of which can be found in the announcement of the Company dated 31 October 2014) and for general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

The Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of this announcement up to Completion other than the allotment and issue of the Placing Shares, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after Completion are as follows:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Goldview Development Limited (Note 1)	297,500,000	58.11%	297,500,000	53.89%
Concord Ocean Ltd (Note 2)	77,500,000	15.14%	77,500,000	14.04%
Public Shareholders				
Placees	0	0	40,000,000	7.25%
Other public Shareholders	<u>137,000,000</u>	<u>26.75%</u>	<u>137,000,000</u>	<u>24.82%</u>
	<u>512,000,000</u>	<u>100%</u>	<u>552,000,000</u>	<u>100%</u>

Note:

- (1) Goldview Development Limited is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director.
- (2) Concord Ocean Ltd is wholly-owned by Mr. Jin Chungen, an executive Director.

GENERAL

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 16 May 2014
“Board”	the board of Directors
“Company”	Dongwu Cement International Limited (東吳水泥國際有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Placing
“Completion Date”	the date on which the Completion shall take place and such day shall be within four business days after the satisfaction of the conditions precedent as set out in the Placing Agreement (or such other date as may be agreed by the Company and the Placing Agent in writing)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot and issue and deal with up to 102,400,000 Shares, being 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are independent of and not connected with the Directors, chief executive or substantial Shareholders of the Company and its subsidiaries or their respective associates (as defined in the Listing Rules)
“Last Trading Day”	23 January 2015, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	13 February 2015 (or such later date as the Company and the Placing Agent may agree in writing)
“Placees”	not less than 6 individuals, corporate, institutional investors or other investors to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Qilu International Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 23 January 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$1.30 per Placing Share
“Placing Shares”	up to 40,000,000 new Shares to be allotted and issued pursuant to the terms and condition of the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 23 January 2015

As at the date of this announcement, the Board comprises 2 executive Directors, namely Ms. Xie Yingxia and Mr. Jin Chungeng, 2 non-executive Directors, namely Mr. Tseung Hok Ming and Mr. Yang Bin and 3 independent non-executive Directors, namely Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas.