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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dongwu Cement International Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND BUY BACK SHARES;
(4) PROPOSED CHANGE OF AUDITORS;
(5) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
(6) NOTICE OF ANNUAL GENERAL MEETING

Resolutions will be proposed at the annual general meeting of Dongwu Cement International Limited to be held at its principal place of business in Hong Kong situate at Unit 8505B-06A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Thursday, 28 May 2015 at 10:00 a.m. to approve the matters referred to in this circular.

The notice convening the annual general meeting together with the form of proxy for use at the annual general meeting are enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the commencement of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting should you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Unit 8505B-06A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Thursday, 28 May 2015 at 10:00 a.m. or any adjournment thereof
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by ordinary resolution to be passed at the AGM
“Articles of Association”	the amended and restated articles of association of the Company adopted by special resolution passed on 28 May 2012 which became effective upon the Company’s listing on the Stock Exchange, as amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law (2011 Revision) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
“Company”	Dongwu Cement International Limited, a limited liability company incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Date of Grant”	date of grant of the Option in accordance with the Scheme
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to our Company or our Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to our Company or our Group
“Existing Share Option Scheme”	the existing share option scheme of the Company pursuant to an ordinary resolution passed by the Shareholders on 26 May 2012 and to be expired on 25 May 2015

DEFINITIONS

“Grantee”	any Eligible Person who accepts an offer of grant of any Option in accordance with the terms of the Scheme of (where the context so permits) a person who is entitled, in accordance with the laws of succession, to any Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 April 2015, being the latest practicable date for ascertaining certain information referred to in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms is set out in Appendix III to this circular
“Option”	a right to subscribe for Shares granted pursuant to the Scheme
“Option Period”	the period of time where the Grantee may exercise the Option, in which the period shall not be more than 10 years from the Date of Grant
“PRC”	the People’s Republic of China
“Proposed Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the AGM to buy back Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Share Buy-back Resolution
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Scheme”	Existing Share Option Scheme or New Share Option Scheme
“Share(s)”	the ordinary share(s) of a nominal value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Buy-back Resolution”	the ordinary resolution referred to in item 10 of the notice of AGM
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-Backs of the Securities and Futures Commission of Hong Kong as amended, supplemented or otherwise modified from time to time

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Xie Yingxia (*Chairman*)
Mr. Jin Chungen

Non-executive Directors:

Mr. Tseung Hok Ming
Mr. Yang Bin

Independent Non-executive Directors:

Mr. Cao Kuangyu
Mr. Cao Guoqi
Mr. Lee Ho Yiu Thomas

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal Place of Business in
Hong Kong:*

Unit 8505B-06A, Level 85
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

27 April 2015

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
- (2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;**
- (3) PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND BUY BACK SHARES;**
- (4) PROPOSED CHANGE OF AUDITORS;**
- (5) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and more information regarding certain ordinary resolutions to be proposed at the AGM, including but not limited to (1) the proposed re-election of the retiring Directors; (2) the proposed appointment of executive director; (3) the grant to the Directors of general mandates to issue new Shares and buy back Shares; (4) proposed change of auditors and (5) proposed adoption of New Share Option Scheme.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

Mr. Cao Guoqi, Mr. Cao Kuangyu and Lee Ho Yiu Thomas are due to retire from the Board by rotation at the AGM in accordance with Article 84 of the Articles of Association. All the retiring Directors, being eligible, offer themselves for re-election. Particulars of the retiring Directors proposed for re-election required to be disclosed pursuant to Rule 13.74 of the Listing Rules are set out in Appendix I to this circular. The relevant resolutions regarding the proposed re-election of the retiring Directors are set out as proposed resolution nos. 2 to 4 in the notice of AGM.

3. PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

Subject to the approval of the Shareholders at the AGM, the Board has resolved to appoint Mr. Ling Chao (“Mr. Ling”) as the executive Director of the Company with effect from 28 May 2015.

Mr. Ling, aged 37, is the chairman of Shanghai Biofit Environmental Technology Co., Ltd since 1 April 2003. He has extensive experience in the financial and investment sectors and held senior position in investment, finance and risk management industries. Mr. Ling obtained his bachelor degree in management accounting from Xi’an University of Technology in 2001; master degree in industrial economics from Fudan University in 2004; master degree in finance from Arizona State University USA in 2009 and EMBA degree from Tsinghua University in 2013. Mr. Ling also qualifies as a financial controller.

As at the Latest Practicable Date, Mr. Ling indirectly holds 7,086,000 Shares of the Company.

Mr. Ling is the director of Shanghai Biofit Environmental Technology Co., Ltd., a wholly owned subsidiary of the Company.

Save as disclosed in the above, Mr. Ling did not hold any other major appointment and professional qualification or directorships in any listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other positions with the Company or other matters of the Group. Mr. Ling does not have any relationships with any Directors, senior management, substantial or controlling shareholders (having the meaning ascribed to it in the Listing Rules of the Company nor does he have any interest in any Shares within the meaning of Part XV of the SFO.

Subject to the approval of the Shareholders at the AGM, Mr. Ling will enter into a service agreement with the Company in connection with his proposed appointment, pursuant to which Mr. Ling would be entitled to a monthly director’s fee of HK\$20,000 for a term of 3 years unless terminate by not less than three months’ notice in writing served by either Mr. Ling or the Company. The remuneration was determined with reference to the responsibilities of Mr. Ling with the Company, the Company’s remuneration policy and the prevailing market conditions. Mr. Ling is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the bye-law of the Company.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the appointment of Mr. Ling that need to be brought to the attention of the Shareholders of the Company.

LETTER FROM THE BOARD

4. PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

An ordinary resolution will be proposed at the AGM to grant a general mandate to the Directors to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the relevant ordinary resolution which will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in the proposed resolution no. 9 in the notice of AGM. An ordinary resolution to extend such general mandate by adding to it the number of Shares buy-back by the Company under the Proposed Share Buy-back Mandate will be proposed at the AGM as referred to in the proposed resolution no. 11. The Board wishes to state that it has no immediate plans to issue any new Shares pursuant to such general mandate.

5. PROPOSED GENERAL MANDATE TO BUY BACK SHARES

An ordinary resolution will be proposed at the AGM to approve the grant of the Proposed Share Buy-back Mandate to the Directors to buy back Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution. The Proposed Share Buy-back Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in the proposed resolution no. 10 of the notice of AGM. Shareholders should refer to the explanatory statement contained in Appendix II to this circular, which sets out further information in relation to the Proposed Share Buy-back Mandate.

6. PROPOSED CHANGE OF AUDITORS

The term of office of PricewaterhouseCoopers (“PwC”) will expire at the forthcoming AGM and as recommended by the Audit Committee of the Group, the Board considers that for the purpose of the interest of the Group and its Shareholders as a whole and given the Group’s future expansion and the overall services it requires in the future, PwC will not be re-appointed as the auditors of the Group upon the expiration of its current term of office. PwC will retire as the auditors of the Group upon expiration of its current term of office with effect from the conclusion of the forthcoming annual general meeting of the Group to be held on 28 May 2015 (“AGM”) and will not seek for reappointment.

The Board has confirmed that there are no other matters or circumstances in connection with the change of the auditors of the Company that need to be brought to the attention of the Shareholders of the Company.

PwC has informed the Company in writing that since the Company is incorporated under the laws of Cayman Island and to the knowledge of the PwC, there is no requirement under the laws of Cayman Island for the resigning auditor to confirm whether or not there is any circumstances connected with their resignation which they consider should be brought to the attention of the shareholders of the Company, PwC has therefore not issued such confirmation.

Subject to the approval of the Shareholders at the AGM, as recommended by the audit committee of the Company, the Board has resolved to propose an ordinary resolution for appointing BDO Limited (“BDO”) as the auditors of the Company to fill the vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

LETTER FROM THE BOARD

7. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 28 May 2012 by way of Shareholders' resolution. The Existing Share Option Scheme was valid and effective for a period of three years from 28 May 2012 and will be expired on 27 May 2015.

As at the Latest Practicable Date, other than the Existing Share Option Scheme, the Company has not adopted any other share option scheme. As the Existing Share Option Scheme will be expired on 27 May 2015, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules. Save for the terms of the Existing Share Option Scheme is 3 years whereas the proposed New Share Option Scheme is 10 years and that subject to Shareholders approval, the grant of the Options to Substantial Shareholders or independent non executive Directors of the Company, or any of their respective associates shall not exceed HK\$1 million in aggregate in the 12 months period up to an including the date of grant under the Existing Share Option Scheme (HK\$5 million under the proposed New Share Option Scheme), there is no difference to the terms between the Existing Share Option Scheme and the proposed New Share Option Scheme.

Pursuant to Rule 17.03(3) of the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Existing Share Option Scheme at any time should not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, there are no Option granted and yet to be exercised under the Existing Share Option Scheme. The Board undertakes that no Options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

A. New Share Option Scheme

The purpose of the New Share Option Scheme is to provide person(s) and parties working for the interests of our Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Pursuant to the terms of the New Share Option Scheme, the Board shall have the right to determine and select the Eligible Persons as prescribed in the rules of the New Share Option Scheme to whom the Options may be granted. The eligibility of any of the Eligible Persons to an offer for the grant of Options under the New Share Option Scheme shall be determined by the Board from time to time on the basis of the contribution to the development and growth of the Group.

Unless otherwise determined by the Board in the relevant offer letter to a Grantee, there is no minimum period for which any option must be held before it can be exercised and no performance target which need to be achieved by the Grantee before it can be exercised.

As at the Latest Practicable Date, the Company has 552,000,000 Shares in issue. Assuming that no further issue or buy-back of Shares prior to the Adoption Date, the maximum number of Shares which may be issued pursuant to the New Share Option Scheme on the Adoption Date will be 55,200,000 Shares, which represents 10% of the issued share capital of the Company as at the date of approval of the proposed adoption of New Share Option Scheme by the Shareholders at the AGM.

LETTER FROM THE BOARD

B. Value of Options that can be granted under the New Share Option Scheme

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

C. Conditions precedent of the New Share Option Scheme

The adoption of the proposed New Share Option Scheme is conditional upon:

- (a) the Listing Committee granting approval for the listing of and permission to deal in any Shares which may fall to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of the necessary resolution to approve and adopt the New Share Option Scheme at the AGM.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular on pages 19 to 27. A copy of the rules of the New Share Option Scheme is available for inspection at the head office and principal place of business of the Company in Hong Kong situate at Unit 8505B-06A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, during normal business hours from the date of this circular up to and including the date of the AGM.

To the best of the knowledge of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the proposed adoption of the New Share Option Scheme and therefore, no Shareholder is required to abstain from voting.

D. Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the Adoption Date which may fall to be allotted and issued upon the exercise of the Options which may be granted under the New Share Option Scheme.

LETTER FROM THE BOARD

8. VOTING BY POLL

All the resolutions set out in the notice of AGM will be decided by poll in accordance with the Listing Rules and the Articles of Association. The chairman of the AGM will explain the detailed procedures for conducting a poll at the commencement of the AGM.

The poll results will be published on the Company's website at www.dongwucement.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the conclusion of the AGM.

9. ANNUAL GENERAL MEETING

The notice of AGM is set out on pages 28 to 32 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the re-election of retiring Directors, proposed appointment of executive Director, the grant to the Directors of general mandates to issue new Shares and buy back Shares; proposed change of auditors and proposed adoption of New Share Option Scheme.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event, not later than 48 hours before the commencement of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

The register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining who will be entitled to attend and vote at the AGM. In order to be entitled to attend and vote at the AGM to be held on Thursday, 28 May 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 22 May 2015.

10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

11. RECOMMENDATION

The Directors consider that the proposed resolutions regarding, inter alia, the proposed re-election of the retiring Directors, proposed appointment of executive Director, the grant to the Directors of the general mandates to issue new Shares and buy back Shares; proposed change of auditors and proposed adoption of New Share Option Scheme as set out respectively in the notice of AGM, are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of such resolutions to be proposed at the AGM.

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

The following are the biographical details of the three retiring Directors proposed to be re-elected at the AGM. Save for the information set out below, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in respect of the following Directors who stand for re-election at the AGM.

Mr. Cao Guoqi, Independent Non-executive Director

Mr. Cao Guoqi (曹國琪), aged 52, was appointed as an independent non-executive Director of the Company on 28 May 2012. Mr. Cao specializes in project investment, finance and management, fund operation and management, mergers and acquisitions, assets and capital operations, human resources management and project consultation. Mr. Cao obtained a doctoral degree in political economics from Shanghai Academy of Social Sciences (上海社會科學院) in 2004. Mr. Cao has been the MBA supervisor in Shanghai Advanced Institute of Finance, Shanghai Jiaotong University (上海交通大學上海高級金融學院) since December 2011, the part-time professor of Hunan University (湖南大學) since April 2008, the consultant to the government of Dongli District of Tianjin Municipality (天津市東麗區政府顧問) since March 2010, the executive director and general manager of Probest Limited in Hong Kong, the executive director and general manager of Master Energy INC in Hong Kong, and was appointed as the general manager of Shanghai Lingang New City Investment and Development Co., Ltd. (上海臨港新城投資開發集團有限公司) from April 2002 to April 2005. Mr. Cao is also an independent non-executive director of Shanghai Jiaoda Withub Information Industrial Company Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8205). Mr. Cao is also an independent director of Inner Mongolia Jinyu Group Stock Company (內蒙古金宇集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600201). Mr. Cao serves as an executive director of Oriental City Group Holdings Limited, a company listed on the Stock Exchange (stock code: 8325) since 18 September 2013. Save as disclosed above, Mr. Cao did not hold any directorship in any other listed companies in the past three years.

As at the Latest Practicable Date, Mr. Cao was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Cao has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 16 May 2013 unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. The current Director's fee payable to Mr. Cao is HK\$15,000 per month under the said service agreement. The remuneration package of Mr. Cao is determined by his duties and responsibilities within the Group and the remuneration policy of the Company.

Mr. Cao Kuangyu, Independent Non-executive Director

Mr. Cao Kuangyu (曹贶予), aged 65, was appointed as an independent non-executive Director of the Company on 28 May 2012. Mr. Cao has over 30 years of experience in the banking industry. Mr. Cao graduated from Hunan University in 1981 with a bachelor degree in economics, and obtained his masters degree in financial management from the University of London in 1998. Mr. Cao worked in the Bank of China, Hunan branch as a director and senior management from 1981 to 1996 and his last position was the deputy general manager of the branch. In 1996, Mr. Cao was transferred to the Singapore branch of Bank of China as deputy general manager until 1999. Mr. Cao worked in Citic Bank, Shenzhen branch from 1999 to 2003 and his last position was the president of the branch. Mr. Cao came to Hong Kong in 2003 when he worked as a managing director and head of global investment banking division of BOCI Asia Limited until 2007.

Mr. Cao served as an independent non-executive director of Simsen International Corporation Limited (stock code: 00993) from April 2010 to June 2010. Mr. Cao also served as an independent non-executive director of King Stone Energy Group Limited (stock code: 00663, formerly known as Yun Sky Chemical (International) Holdings Limited) from February 2010 to April 2012. Mr. Cao also served as a non-executive director of Continental Holdings Limited (stock code: 00513) from April 2010 to December 2011. Mr. Cao is currently an independent non-executive director of JLF Investment Company Limited (stock code: 00472, formerly known as Applied (China) Limited), Huili Resources (Group) Limited (stock code: 01303) and Junefield Department Store Group Limited (stock code: 00758). All the aforesaid companies are listed on the Stock Exchange. Save as disclosed above, Mr. Cao did not hold any directorship in any other listed companies in the past three years.

As at the Latest Practicable Date, Mr. Cao was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Cao has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 16 May 2013 unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. The current Director's fee payable to Mr. Cao is HK\$15,000 per month under the said service agreement. The remuneration package of Mr. Cao is determined by his duties and responsibilities within the Group and the remuneration policy of the Company.

Mr. Lee Ho Yiu, Thomas, Independent Non-executive Director

Mr. Lee Ho Yiu, Thomas (李浩堯), aged 37, was appointed as an independent non-executive Director of the Company on 28 May 2012. Mr. Lee has extensive experience in auditing, accounting and financial management. Mr. Lee is currently a partner of Messrs. Lee, Au & Co., Certified Public Accountants. Mr. Lee previously worked as an assistant financial controller in a multinational luxury brands group and also worked at one of the big four international accounting firms. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants, a practicing member of the Hong Kong Institute of Certified Public Accountants, a certified tax advisor and member of the Hong Kong Taxation Institute, a certified internal auditor of the Institute of Internal Auditors and a certified information systems auditor of the ISACA. Mr. Lee holds a bachelor's degree in science from the University of Warwick and a second bachelor's degree in Chinese law from Tsinghua University (清華大學) in Beijing. Mr. Lee served as an independent non-executive director of ABC Communications (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0030) from January 2011 to February 2013. Mr. Lee is currently an independent non-executive director of Suncorp Technologies Limited (stock code: 1063) and Active Group Holdings Limited (stock code: 1096), respectively. All the aforesaid companies are listed on the Main Board of the Stock Exchange. Mr. Lee also serves as an independent non-executive director of Inno-Tech Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8202). Save as disclosed above, Mr. Lee did not hold any directorship in any other listed companies in the past three years.

As at the Latest Practicable Date, Mr. Lee was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Lee has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 16 May 2013 unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. The current Director's fee payable to Mr. Lee is HK\$15,000 per month under the said service agreement. The remuneration package of Mr. Lee is determined by his duties and responsibilities within the Group and the remuneration policy of the Company.

The following is the explanatory statement required to be sent to the Shareholders under Rule 10.06 (1) (b) of the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Proposed Share Buy-back Mandate to be proposed at the AGM.

1. LISTING RULES RELATING TO THE BUY-BACK OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all buy back of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general buy back mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 552,000,000 Shares in issue. Subject to the passing of the Share Buy-back Resolution and on the basis that no further Shares are issued or bought back prior to the AGM, the Company will be allowed under the Proposed Share Buy-back Mandate to buy back a maximum of 55,200,000 Shares, which represents 10% of the entire issued share capital of the Company as at the date of passing the Share Buy-back Resolution during the proposed buy-back period.

3. SOURCE OF FUNDS

In repurchasing the Shares, the Company may only apply funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

The Directors propose that such buy backs of Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. In the event that the proposed share buy backs were to be carried out in full at any time during the proposed buy back period, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2014 and taking into account the financial position of the Company as at the Latest Practicable Date. However, the Directors do not propose to exercise the Proposed Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. REASONS FOR THE BUY BACK

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to buy back the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed. Share buy backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy back will benefit the Company and the Shareholders as a whole.

5. DIRECTORS' UNDERTAKING AND CONNECTED PERSONS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make buy backs pursuant to the Proposed Share Buy-back Mandate will be in accordance with the Listing Rules and the Companies Law.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have a present intention, in the event that the Share Buy-back Resolution is approved by Shareholders, to sell Shares to the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares held by them to the Company, or have undertaken not to do so, in the event that Share Buy back Resolution is approved by the Shareholders.

6. SHARE PRICES

The Shares are trading on the Stock Exchange and the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the following months immediately preceding the Latest Practicable Date are as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
March 2014	1.27	1.22
April 2014	1.42	1.30
May 2014	1.38	1.22
June 2014	1.30	1.28
July 2014	1.42	1.21
August 2014	1.35	1.25
September 2014	1.36	1.28
October 2014	1.39	1.26
November 2014	1.32	1.28
December 2014	1.07	1.19
January 2015	1.02	1.20
February 2015	1.28	1.18
March 2015	1.40	1.17
April 2015 (up to the Latest Practicable Date)	2.20	1.38

7. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to buy back Shares pursuant to the Buy-back Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

APPENDIX II**EXPLANATORY STATEMENT ON
PROPOSED SHARE BUY-BACK MANDATE**

As at the Latest Practicable Date, as far as the Directors are aware, substantial shareholders of the Company having an interest in 10% or more in the issued share capital of the Company are as follows:

Name of Shareholders	Nature of interest	Long position/ Short position	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Goldview Development Limited ("Goldview") (note 1)	Beneficial owner	Long position	297,500,000	53.89%
Mr. Tseung Hok Ming (note 1)	Interest of controlled corporation	Long position	297,500,000	53.89%
Qilu International Investment Limited (note 2)	Beneficial owner	Long position	297,500,000	53.89%
Qilu International Holdings Limited (note 2)	Interest of controlled corporation	Long position	297,500,000	53.89%
Qilu Securities Company Limited	Interest of controlled corporation	Long position	297,500,000	53.89%
Laiwu Steel Group Limited (note 2)	Interest of controlled corporation	Long position	297,500,000	53.89%
Shandong Iron & Steel Group Co. Ltd. (note 2)	Interest of controlled corporation	Long position	297,500,000	53.89%
Concord Ocean Limited ("Concord") (note 3)	Beneficial owner	Long position	77,500,000	14.04%
Mr. Jin Chungen (note 3)	Interest of controlled corporation	Long position	77,500,000	14.04%
Joy Wealth Finance Limited (note 4)	Beneficial owner	Long position	65,500,000	11.87%
Pacific Plywood Holdings Limited (note 4)	Interest of controlled corporation	Long position	65,500,000	11.87%
Allied Summit Inc. (note 4)	Interest of controlled corporation (note 3)	Long position	65,500,000	11.87%
Su WeiBiao (note 4)	Interest of controlled corporation (note 3)	Long position	65,500,000	11.87%

Notes:

1. Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of part XV of the SFO.
2. Shangdong Iron & Steel Group Co. Ltd. owns 45% interests in Laiwu Steel Group Limited, which in turn owns 100% interests in Qilu Securities Company Limited. Qilu Securities Company Limited owns 100% interests in Qilu International Holdings Limited. Accordingly, each of Shangdong Iron & Steel Group Co. Ltd, Laiwu Steel Group Limited, Qilu Securities Company Limited and Qilu International Holdings Limited are deemed to be interested in the same Shares of the Company held by Qilu International Investment Limited by virtue of part XV of the SFO.
3. Concord is wholly-owned by Mr. Jin Chungen, an executive Director. Accordingly, Mr. Jin is deemed to be interested in the same Shares of the Company held by Concord by virtue of part XV of the SFO.
4. Mr. Su WeiBiao owns 80% interests in Allied Summit Inc., which in turn owns 58.27% interests in Pacific Plywood Holdings Limited. As Pacific Plywood Holdings Limited owns 100% interests in Joy Wealth Finance Limited, each of Mr. Su WeiBiao, Allied Summit Inc. and Pacific Plywood Holdings Limited is deemed to be interested in the Shares of the Company held by Joy Wealth Finance Limited by virtue of part XV of the SFO.

As at the Latest Practicable Date, to the best knowledge of the Directors, the controlling shareholder (as defined in the Listing Rules) of the Company, namely Goldview (the “Controlling Shareholder”), controls the exercise of 53.89% voting rights in the general meeting of the Company.

In the event that the Directors should exercise in full the power to buy back Shares which is proposed to be granted pursuant to the Proposed Share Buy-back Mandate, the attributable interest of the Controlling Shareholder in the Company would increase to approximately 59.88% of the issued share capital of the Company. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of buy back made pursuant to the Proposed Share Buy-back Mandate should the Proposed Share Buy-back Mandate be exercised in full.

The Directors will not exercise the Proposed Share Buy-back Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

8. SHARE BUY BACK MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months preceding the Latest Practicable Date.

This appendix sets out further information of the New Share Option Scheme and also summarises the rules of the New Share Option Scheme but does not form part of nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

NEW SHARE OPTION SCHEME

Summary of terms

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved by a resolution of the Shareholders at the AGM, notice of which is set out on pages 28 to 32 of this circular:

(1) *Eligible Persons*

The Directors may at their absolute discretion grant Options to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group.

(2) *Purpose of the New Share Option Scheme*

The purpose of the New Share Option Scheme is to provide person(s) and parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

(3) *Conditions*

The New Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolution to approve and adopt the New Share Option Scheme by the Shareholders in a general meeting or by written resolutions; and
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

(4) *Duration and administration*

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary of the Adoption Date (the “New Share Option Scheme Period”), after which period no further Options shall be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects in respect of the Options remaining outstanding and exercisable on the expiry of the New Share Option Scheme Period.

The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties.

(5) *Grant of Options*

An offer of the grant of an Option shall be made to an Eligible Person in writing in such form as the Board may from time to time determine specifying, inter alia, the maximum number of Shares in respect of which such offer is made and requiring the Eligible Person to undertake to hold the Option on the terms of which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Person to whom the offer is made for a period of 21 days (or such other period as the Board may determine) from the date upon which the offer is issued provided that no such offer shall be open for acceptance after the expiry of the New Share Option Scheme Period or after the New Share Option Scheme has been terminated in accordance with the terms of the New Share Option Scheme. On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time during the New Share Option Scheme Period to offer to grant an Option to any Eligible Person as the Board may at its absolute discretion select, and subject to such conditions and restrictions as the Board may think fit.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option, duly signed by the Eligible Person, together with the remittance of HK\$1 in favor of the Company, irrespective of the number of Shares in respect of which the Option is accepted, as consideration for the grant is received by our Company.

The Date of Grant shall be the date on which the offer relating to such Option is duly approved by the Board in accordance with the New Share Option Scheme.

(6) *Inside Information*

No offer of Options shall be made after an inside information matter has been the subject of a decision, until such inside information has been published by the Company. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company’s annual, interim or quarterly results, and (ii) the deadline of the Company to publish its annual, interim or quarterly results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

(7) *Grant of Options to Director, chief executive or substantial shareholder(s)*

Any grant of Options to a Director, chief executive or substantial shareholder(s) (as defined in the Listing Rules), or their respective associate(s) of the Company or its subsidiaries under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option).

Where any Options granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including the Options exercised, cancelled and outstanding but excluding the Options which have lapsed) to such person in the 12-month period up to and including the date of such grant (i) exceeding in aggregate over 0.1% of the Shares in issue; and (ii) exceeding an aggregate value of HK\$5 million (based on the closing price of the Shares on the Stock Exchange on the Date of Grant), such further grant of Options must be approved by the Shareholders by taking of a poll in a general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at the general meeting (except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular). The circular must contain: (i) details of the number and terms (including the Subscription Price (as defined below)) of the Options to be granted to each Eligible Person, which must be fixed before the general meeting concerned; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent Shareholders as to voting; and (iii) the information required under the relevant provisions of Chapter 17 of the Listing Rules.

(8) *Subscription price*

The subscription price in respect of any particular Option shall be such price as the Board may at its absolute discretion determine at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option (the “Subscription Price”)), but in any case the Subscription Price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

(9) *Rights are personal to Grantee*

An Option shall be made personal to the Grantee and shall not be transferred or assigned and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor or any third party over or in relation to any Option or attempt to do so.

(10) Exercise of Options

Subject to any condition or restriction in connection with the exercise of the Option which may be imposed by the Board when granting the Option and other provisions of the New Share Option Scheme, the Option may be exercised by the Grantee (or his or her legal personal representative) at any time during the Option Period, provided that paragraph (11), (12), (13), (14), (15) or (16) below has been satisfied.

(11) Rights on ceasing employment or appointment

In the event the Grantee ceases to be an Eligible Person by reason of resignation, retirement or expiration or termination of employment contract for any reason other than on the Grantee's death, or for any one or more reasons as set out in paragraph (19) below, the Option (to the extent not already exercised) granted to such Grantee shall lapse on the date of cessation and will not be exercisable, unless the Board, in its sole and absolute discretion, determines to extend the exercise period in which event the Grantee may exercise the Option in accordance with the terms of the New Share Option Scheme within such period of extension. For the avoidance of doubt, such extended period, if any, shall in any event end at the earlier of the expiry of 1 month after the Grantee has ceased to be an Eligible Person and the expiry of the Option Period.

(12) Rights on death

In the event that the Grantee ceases to be an Eligible Person by reason of death and none of the events which would be grounds for termination of his or her employment or appointment under paragraph (19)(vii) or (19)(viii) arises (as the case may be), the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option in full (to the extent not already exercised) up to the entitlement of such Grantee as of the date of death.

(13) Rights on takeover or share repurchase

In the event of a general or partial offer by way of takeover or share repurchase, other than by way of New Share Option Scheme of arrangement as set out in paragraph (14) below, being made to all holders of Shares or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror (within the meaning Takeovers Code), and if such offer becomes or is declared unconditional on the expiry date of the relevant Option, the Grantee (or his or her legal personal representatives) may exercise the Option (to the extent not already exercised) at any time within 1 month after the offer becomes or is declared unconditional.

(14) Rights on New Share Option Scheme of arrangement

In the event of a New Share Option Scheme of arrangement by way of agreement being made to all Shareholders and having been approved by the necessary number of Shareholders at general meeting, the Grantee (or his or her legal personal representatives) may thereafter, but before such time as shall be notified by us, by giving a notice in writing to the Company, to exercise the Option (to the extent not already exercised) as specified in such notice.

(15) Rights on a compromise or amalgamation

In the event of a compromise or amalgamation, other than a New Share Option Scheme of arrangement contemplated under the New Share Option Scheme, between the Company and its members or creditors being proposed in connection with any New Share Option Scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a New Share Option Scheme or arrangement and the Grantee (or his or her legal personal representatives) may, by giving a notice in writing to the Company, accompanied by the remittance for the Subscription Price in respect of the relevant Option (such notice must be received by the Company not later than 2 business days prior to the proposed meeting), exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the relevant notice. Thereafter, the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee, which falls to be issued on such exercise, credited as fully paid, and register the Grantee as holder thereof.

(16) Rights on winding-up

In the event that a notice is given by the Company to our Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up our Company, the Company shall forthwith give notice thereof to all Grantees and any Grantee (or his or her legal personal representatives) may, by giving an notice in writing to the Company, accompanied by the remittance for the Subscription Price in respect of the relevant Option (such notice must be received by the Company not later than 2 business days prior to the proposed meeting), exercise the Option (to the extent not already exercised) either to its full extent or to the extent notified by us, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders' meeting, allot, issue, credited as fully paid, and register in the name of the Grantee such number of Shares to the Grantee which falls to be issued on such exercise.

(17) Ranking of Shares

The Shares to be allotted and issued upon exercise of an Option will be subject to the Articles of Association in force at that time and will rank *pari passu* in all respects with the fully paid Shares in issue as of the date of allotment and thereafter the holders thereof will be entitled to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

(18) Performance target

The Grantee will not be required to achieve, meet or exceed any performance targets before that particular Grantee can exercise the Option(s) granted, except those otherwise imposed by the Board pursuant to paragraph (5) above and/or stated in the offer of grant of the Option.

(19) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:-

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (11), (12) and (15) above;
- (iii) subject to a court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer;
- (iv) subject to the New Share Option Scheme of arrangement becoming effective and the expiry of the period referred to in paragraph (14) above;
- (v) the date of commencement of the winding-up of the Company;
- (vi) the date when the proposed compromise or amalgamation becomes effective;
- (vii) the date on which a Grantee ceases to be an Eligible Person by reason of the termination of employment or engagement for any reason other than on the Grantee's death or for any one or more reasons as set out in sub-paragraph (viii) below. Intra-group transfer shall not be considered as termination of employment;
- (viii) the date on which the Grantee ceases to be an Eligible Person by reason of his guilty of misconduct or in breach of the terms of employment or contracts, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has committed an act of bankruptcy or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or any other reasons determined by the Board on any other ground on which an employer would be entitled to terminate his employment pursuant to common law or any applicable laws, or under the Grantee's service contract with the Company or its relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the employment or other relevant contract of the Grantee has or has not been terminated on one or more of the grounds specified in this clause shall be conclusive and binding on the Grantee;
- (ix) the date on which the Grantee has committed a breach of paragraph (9) above; or
- (x) the date on which the Board terminates the Option in accordance with the terms of the New Share Option Scheme.

(20) Maximum number of Shares available for subscription

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other New Share Option Schemes of the Company must not exceed in aggregate 30% of the Shares of the Company in issue

from time to time (the “Overall New Share Option Scheme Limit”). No Option may be granted under any New Share Option Schemes of the Company (or its subsidiaries) if such grant will result in the Overall New Share Option Scheme Limit being exceeded. The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other New Share Option Schemes must not in aggregate exceed 10% of the Shares of the Company (or its subsidiaries) as of the Adoption Date, being 55,200,000 Shares (the “New Share Option Scheme Mandate Limit”) for this purpose. Any Option lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purpose of calculating the New Share Option Scheme Mandate Limit.

Subject to the Overall New Share Option Scheme Limit, the Company may seek approval from its Shareholders in general meeting for “refreshing” the “New Share Option Scheme Mandate Limit”. However, the total number of Shares which may be issued upon exercise of all Options to be granted under all of the New Share Option Schemes of the Company under the limit as “refreshed” must not exceed 10% of the Shares in issue as of the date of approval by the Shareholders of the renewed limit (the “Refreshed New Share Option Scheme Mandate Limit”); Options previously granted under any existing New Share Option Schemes (including those outstanding, cancelled or lapsed in accordance with the New Share Option Scheme or exercised Options) shall not be counted for the purpose of calculating the Refreshed New Share Option Scheme Mandate Limit. The Company must send a circular to its Shareholders containing the information required under the relevant provisions of Chapter 17 of the Listing Rules.

Unless approved by Shareholders in general meeting at which the relevant Eligible Person and his or her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Person (including exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the “Individual Limit”) at such time. With respect to any further grant of Options to an Eligible Person exceeding in aggregate the Individual Limit, the Company must send a circular to its Shareholders and the circular must disclose the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted to such Eligible Person), and the information required under the relevant provisions of Chapter 17 of the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Person must be fixed before the general meeting at which the same are approved, and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

(21) Cancellation of Options

The Board may cancel the granted but not exercised options with the approval of the relevant Grantee (such approval shall not be unreasonably rejected). New Option may be issued to a Grantee in place of his or her cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the New Share Option Scheme Mandate Limit or the Refreshed New Share Option Scheme Mandate Limit or such enlarged limit that may be approved by the Shareholders in accordance with paragraph (20) above.

(22) Reorganization of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option granted and unexercised;
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the Option (if applicable), and an independent financial adviser or the auditors for the time being of the Company shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinions fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of our Company as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option New Share Option Schemes and/or any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time), provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors for the time being of the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of the Company shall be borne by the Company.

(23) Alteration of the New Share Option Scheme

Except with the prior sanction of the Company in general meeting (with the Eligible Persons and their associates abstaining from voting), the Board may not amend:

- (i) any of the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Persons or Grantees;
- (ii) any terms and conditions of the New Share Option Scheme which are of a material nature or affect the power of the Board except where such alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (iii) any provisions on the authority of the Board or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme.

(24) Termination of the New Share Option Scheme

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the New Share Option Scheme Period and which remain unexercised immediately prior to the termination of the operation of the New Share Option Scheme shall, subject to the terms of the New Share Option Scheme, continue to be valid and exercisable thereafter.

As of the Latest Practicable Date, no Option has been granted or agreed to be granted under the New Share Option Scheme. Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the Adoption Date which may fall to be allotted and issued upon the exercise of the Options which may be granted under the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of Dongwu Cement International Limited (the “Company”) will be held at Unit 8505B-06A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 28 May 2015 to consider and, if thought fit, transact the following business:

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “Directors” and each a “Director”) and the auditors of the Company for the year ended 31 December 2014;
2. to re-elect Mr. Cao Guoqi as a non-executive Director and to authorize the board (the “Board”) of Directors to fix his remuneration;
3. to re-elect Mr. Cao Kuangyu as a non-executive Director and to authorize the Board to fix his remuneration;
4. to re-elect Mr. Lee Ho Yiu, Thomas as a non-executive Director and to authorize the Board to fix his remuneration;
5. to appoint Mr. Ling Chao as the executive Director and to authorize the Board to fix his remuneration;
6. to authorize the Board to fix the remuneration of the Directors;
7. to appoint BDO Limited (“BDO”) as the auditors of the Company, and authorize the Board to determine their remuneration;
8. to approve the adoption of the New Share Option Scheme;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification);

NOTICE OF ANNUAL GENERAL MEETING

9. **“THAT:**

- (a) subject to paragraph (c) below and in substitution for all previous authorities, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into shares of the Company, which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors during the Relevant Period pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to option holders of shares in the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or
 - (iv) any adjustment, after the date of grant or issue of any options, rights to subscribe or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities; or
 - (v) a specified authority granted by the shareholders of the Company in general meeting, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors to holders of shares in the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

10. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to make buy back of its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules (“Listing Rules”) Governing the Listing of Securities on the Stock Exchange or any other stock exchange (as the case may be) and the Code on Takeovers and Mergers of the Securities and Futures Commission of Hong Kong be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be bought back by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association of the Company to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

11. “**THAT** conditional upon the passing of resolution nos. 9 and 10, the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company bought back by the Company under the authority granted by the resolution set out as resolution no.8 provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

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

Hong Kong, 27 April 2015

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint holders of shares, any one of such persons may vote at the above meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING

3. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
4. The register of members of the Company will be closed from 26 May 2015 to 28 May 2015 both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 28 May 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 22 May 2015.
5. In relation to proposed resolutions numbered 9 and 11 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company.
6. In relation to proposed resolution numbered 10 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix II in the circular of which this notice of the annual general meeting forms part.
7. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. All the proposed resolutions set out in this notice shall be decided by poll.