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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)

**MAJOR AND CONNECTED TRANSACTION IN RELATION
TO THE ACQUISITION OF THE SALE SHARES AND
THE SALE LOAN INVOLVING THE ISSUE OF
THE CONVERTIBLE BONDS**

Financial advisers to the Company

VEDA | CAPITAL
智略資本



泓港企業融資有限公司
Grand Harbour Corporate Finance Limited

On 30 October 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan at the Consideration of HK\$472,000,000. The Consideration shall be settled by way of procuring the Company to issue the Convertible Bonds to the Vendor upon Completion.

Upon Completion, the Target Groups will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

As at the date of this announcement, the principal assets of the Target Groups are the Properties. The Properties are five land parcels located in Saipan with a total site area of approximately 188,993 square metres.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is beneficially wholly-owned by Mr. Tseung, the controlling shareholder of the Company, and the directors of which are Mr. Tseung and Mr. Chan, being the non-executive Director and an executive Director respectively. As such, the Vendor is an associate of Mr. Tseung and Mr. Chan and a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to, among others, the Independent Shareholders' approval requirement of the Listing Rules.

As three of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is lower than 100%, the Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has appointed Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition and the transactions contemplated thereunder are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof in the EGM.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) the notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or before 20 November 2017.

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

INTRODUCTION

On 30 October 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan at the Consideration of HK\$472,000,000.

THE ACQUISITION

The Agreement

- Date: 30 October 2017 (after trading hours of the Stock Exchange)
- Parties:
- (i) Sure Ocean Investments Limited, which is beneficially wholly-owned by Mr. Tseung, as the Vendor
 - (ii) Perfection Point Limited, a wholly-owned subsidiary of the Company, as the Purchaser
 - (iii) Mr. Tseung Hok Ming, the non-executive Director and the controlling shareholder of the Company, as the Guarantor

As at the date of this announcement, the Vendor owns the entire equity interest in the Target Groups, the Target Groups comprise (i) Loyal Fame, a company incorporated in the British Virgin Islands with limited liability with its principal activities being investment holding, which in turn owns the entire equity interest in Loyal Fame (CNMI), a company incorporated in the CNMI with its principal activities being real estate development; and (ii) Greensburg, a company incorporated in the British Virgin Islands with limited liability with its principal activities being investment holding, which in turn owns the entire equity interest in Paradise Peak, a company incorporated in the CNMI with its principal activities being real estate development.

As at the date of this announcement, the Vendor is beneficially wholly-owned by Mr. Tseung, who is the controlling shareholder of the Company, and is indirectly holding approximately 53.89% of the total issued share capital of the Company and the non-executive Director. In addition, the directors of the Vendor are Mr. Tseung and Mr. Chan, being the non-executive Director and an executive Director respectively. Therefore, the Vendor is a connected person of the Company.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the (i) Sale Shares, representing collectively the entire issued share capital of Loyal Fame and Greensburg; and (ii) the Sale Loan, representing the obligations, liabilities and debts owing or incurred by the Target Groups to the Vendor at Completion. As at 30 June 2017, the Sale Loan amounted to approximately HK\$40,785,351.84.

The principal asset of the Target Groups is the Properties. Further information of Loyal Fame, Loyal Fame (CNMI), Greensburg, Paradise Peak and the Properties are set out in the paragraph headed "INFORMATION OF THE VENDOR, THE TARGET GROUPS AND THE PROPERTIES" below.

Consideration

The Consideration of HK\$472,000,000 shall be paid by the Purchaser to the Vendor upon Completion by procuring the Company to issue the Convertible Bonds to the Vendor (or his nominee) in the principal amount of HK\$472,000,000 at an initial conversion price of HK\$1.08 per Conversion Share (subject to adjustment).

Further details of the Convertible Bonds are set out in the paragraph headed “Principal terms of the Convertible Bonds” below.

The Consideration was determined after arm’s length negotiations between the parties to the Agreement with reference to, among others, (i) the preliminary property valuation prepared by Vigers Appraisal and Consulting Limited, an independent property valuer, an indication of the Properties’ preliminary value in the amount of US\$66,200,000 (equivalent to approximately HK\$514,552,740) as at 30 September 2017; (ii) the future prospects of the Target Groups.

The Directors (excluding the independent non-executive Directors whose views will be included in the circular of the Company to be published in relation to the Acquisition after being advised by the Independent Financial Adviser) consider the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is subject to the fulfillment (or waiver, as the case may be) of the following Conditions Precedent:

- (i) the Purchaser being satisfied with the results of the due diligence review in respect of Target Groups (including but not limited to the review on the Properties);
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Agreement and the transactions contemplated thereby having been obtained;
- (iii) if necessary, the passing of the ordinary resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Conversion Shares) and all other consents and acts required to be obtained by the Purchaser and the Company under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (iv) the Purchaser having obtained of a CNMI legal opinion (in form and substance satisfactory to the Purchaser) in relation to the transactions contemplated under the Agreement and the title of the Properties;
- (v) the Purchaser being satisfied that there are no title defects to the Properties and it is free from all encumbrances;

- (vi) production of written evidence by the Vendor to the satisfaction of the Purchaser that all debts and liabilities of the Target Groups (other than the Sale Loan) having been discharged, released, waived or extinguished;
- (vii) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) issued by the independent professional valuer appointed by the Purchaser showing the valuation of the Properties in aggregate to be not less than US\$66 million (equivalent to approximately HK\$513,000,000);
- (viii) the Purchaser being satisfied that there has not been any material adverse change in respect of the Group since the date of the Agreement;
- (ix) the warranties under the Agreement remaining true and accurate in all respects; and
- (x) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

The Purchaser may at any time waive in writing any of the Conditions Precedent (i), (v), (vi) and (ix) set out above. If the Conditions Precedent above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on the Long Stop Date i.e. 28 February 2018 or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine (save and except clauses in relation to dividends and distributions, events since the management accounts date, assets and properties, insurances, business, litigation, intellectual property rights, grants and allowances, terms of trade and miscellaneous which shall continue to have full force and effect) and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the Agreement.

Completion

Upon compliance with or fulfilment (or waiver) of all the Conditions Precedent set out in the sub-section headed “Conditions Precedent” above, Completion shall take place at 4:00 p.m. on the Completion Date, or such later date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Groups will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

Guarantor’s Guarantee

The Guarantor thereby unconditionally and irrevocably undertakes to the Purchaser to procure the due and punctual performance by the Vendor of all the obligations expressed to be imposed on or assumed by it under the Agreement and undertakes to indemnify and keep effectively indemnified the Purchaser (if necessary by the payment of cash on first demand) against all liabilities, losses, damages, costs and expenses stipulated under the Agreement or otherwise which the Purchaser may suffer or incur in connection with any default or delay on the part of the Vendor in the performance of such obligations.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are as follows:

Issuer:	The Company
Principal amount:	HK\$472,000,000
Issue date:	Completion Date
Interest:	Zero
Maturity Date:	The date falling three years from the date of first issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day.
Redemption:	The Company may at any time before the Maturity Date by serving at least ten (10) days' prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Convertible Bonds (in whole or in part (in authorised denominations)) at 100% of the principal amount of such Convertible Bonds or any part thereof. The Convertible Bonds or any part thereof redeemed shall be forthwith cancelled. The right of early redemption shall prevail over the Conversion Rights.
Status:	<p>The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. No application will be made for a listing of the Convertible Bonds on the Hong Kong Stock Exchange or any other stock exchange.</p> <p>The Conversion Shares shall rank pari passu in all respect with all other existing Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of conversion.</p>
Conversion Price:	The Conversion Price for the Convertible Bonds shall be equal to HK\$1.08 per Conversion Share, subject to adjustments.

- Conversion Shares:** Based on the initial Conversion Price of HK\$1.08 per Conversion Share (subject to adjustments of the Conversion Price pursuant to the CB Conditions), a maximum number of 437,037,037 new Shares may fall to be allotted and issued upon exercise of the Conversion Rights in full. The Conversion Shares representing (i) approximately 79.17% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 44.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
- Transferability:** Subject to the CB Conditions, the Bondholder may freely assign or transfer the Convertible Bonds to the transferee (who is not a Restricted Holder) subject to not less than five (5) Business Days' prior notification to the Company. The Convertible Bonds may not be assigned or transferred, in whole or in part, to any connected person of the Company without prior written consent of the Company. The Convertible Bonds may be assigned or transferred in whole or in part (in authorised denominations) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Bond, including making any necessary applications to the Hong Kong Stock Exchange for the said approval (if required).
- Conversion Period:** Subject to the CB Conditions, the period commencing on the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date.
- Conversion Rights:** Subject to the conversion restrictions below, the Bondholder shall have the right on any Business Day during the Conversion Period to convert in whole or in part the outstanding principal amount of the Convertible Bonds into Conversion Shares, subject to and upon compliance with the CB Conditions.
- Conversion restrictions:** The Conversion Rights shall not be exercised by the Bondholder, if it comes to the notice of the Company that immediately following such conversion, (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) any conversion of the Convertible Bonds will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder and its associates, together with parties acting in concert (as defined in the Takeovers Code) with it.

Adjustments to
Conversion Price:

The Conversion Price is subject to adjustments upon the occurrence of the following events:

1. alteration of the nominal amount of the Shares in issue as a result of consolidation or subdivision;
2. issue (other than in lieu of a cash dividend) of any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
3. capital distribution (in cash or specie and whether on a reduction of capital or otherwise), including any dividend charged or provided for in the accounts of any financial period (whenever paid and however described);
4. offer of new Shares to Shareholders for subscription by way of rights, or grant, to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price at the date of the announcement of such offer or grant;
5. issue of any securities wholly for cash which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the total effective consideration (as defined in the CB Conditions) per Share initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
6. issue of any Shares wholly for cash at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue; or
7. issue of any Shares for the acquisition of asset at a total effective consideration (as defined in the CB Conditions) per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

Events of default:

After the occurrence of an event of default as specified in the CB Conditions, the Company shall within 10 days of such event occurring give notice to the Bondholder(s). Within 10 days after the Company dispatches the notice, the Bondholder(s) may give notice to the Company that the Bonds are immediately due and payable, whereupon they shall become immediately due and payable.

Voting rights: The Bondholder(s) shall not be entitled to attend or vote at any meetings of the Company by reason only it/them being the Bondholder(s).

Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. The Conversion Shares will be issued pursuant to a specific mandate to be sought at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The initial Conversion Price of the Convertible Bonds of HK\$1.08 per Conversion Share (subject to adjustments pursuant to the CB Conditions) was determined after arm's length negotiations between the Company and the Vendor, which represents:

- (i) a discount of approximately 19.40% to the closing price of HK\$1.34 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a discount of approximately 19.40% to the average closing price of approximately HK\$1.34 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Agreement;
- (iii) a discount of approximately 19.40% to the average closing price of approximately HK\$1.34 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the date of the Agreement; and
- (iv) a premium of approximately 27.1% to the consolidated net assets attributable to equity holders of the Company of approximately HK\$0.85 per Share (equivalent to RMB0.72 per Share) as at 30 June 2017, based on the consolidated net assets according to the Company's interim report for the six months ended 30 June 2017 and the number of issued Shares as at the date of this announcement.

Changes in the Shareholding Structure

Assuming that there will be no other changes in the issued share capital of the Company, set out below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds:

	At the date of this announcement		For illustrative purpose only, assuming full conversion of the Convertible Bonds	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Directors				
Mr. Tseung (100% shareholder of the Vendor) and his associates (<i>Note 1</i>)	297,500,000	53.89	734,537,037	74.26
Mr. Jin Chungen and his associates (<i>Note 2</i>)	77,500,000	14.04	77,500,000	7.84
Other public Shareholders	<u>177,000,000</u>	<u>32.07</u>	<u>177,000,000</u>	<u>17.90</u>
Total	<u>552,000,000</u>	<u>100</u>	<u>989,037,037</u>	<u>100</u>

Notes:

- Goldview Development Limited holds 53.89% of the total issued capital of the Company as at the date of this announcement and it is wholly-owned by Mr. Tseung, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares held by Goldview by virtue of Part XV of the SFO. Goldview is also an associated corporation of the Company.
- Concord Ocean Ltd holds 14.04% of the total issued capital of the Company as at the date of this announcement and it is wholly-owned by Mr. Jin Chungen, the Chief Executive Officer. Accordingly, Mr. Jin is deemed to be interested in the same Shares held by Concord by virtue of Part XV of the SFO. Mr. Jin Chungen resigned as an executive Director of the Company on 14 November 2016 but remains as the Chief Executive Officer of the Company.
- Pursuant to the CB Conditions, the Conversion Rights shall not be exercised by the Bondholder, if it comes to the notice of the Company that immediately following such conversion, (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) any conversion of the Convertible Bonds will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder and its associates, together with parties acting in concert (as defined in the Takeovers Code) with it. The changes in the shareholding structure shown above is for illustrative purpose only.

INFORMATION OF THE VENDOR, THE TARGET GROUPS AND THE PROPERTIES

The Vendor is beneficially wholly-owned by Mr. Tseung, who is the non-executive Director and the controlling shareholder of the Company and is indirectly interested in approximately 53.89% of the total issued share capital of the Company as at the date of this announcement. In addition, the Vendor's directors comprise Mr. Tseung and Mr. Chan, being the non-executive Director and executive Director respectively.

The Vendor acquired the Target Groups in October 2017 with the consideration of HK\$472,000,000.

As at the date of this announcement, the Vendor owns the entire equity interest in the Target Groups, the Target Groups comprise with (i) Loyal Fame, a company incorporated in the British Virgin Islands with limited liability with its principal activities being investment holding, which in turn owns the entire equity interest in Loyal Fame (CNMI), a company incorporated in the CNMI with its principal activities being real estate development; and (ii) Greensburg, a company incorporated in the British Virgin Islands with limited liability with its principal activities being investment holding, which in turn owns the entire equity interest in Paradise Peak, a company incorporated in the CNMI with its principal activities being real estate development.

The principal assets of the Target Groups are the Properties. Currently there is no construction on top of the Properties.

Information of the Properties

As at the date of this announcement, the Properties comprise of five land parcels with a total site area of approximately 188,993 square metres and are located in Saipan. Loyal Fame (CNMI) holds four land parcels with a total site area of approximately 112,110 square metres with the leasing duration of around 52 to 53 years remaining. Paradise Peak holds one land parcel with a site area of approximately 76,883 square metres with the leasing duration of around 53 years remaining.

Financial information of the Target Groups

Set out below is the summary of the key financial information extracted from the unaudited consolidated financial statements of the Target Groups for the periods from the respective dates of incorporation to 31 December 2016 and six months ended 30 June 2017:

Loyal Fame Group

	For the period from 1 July 2015 (date of incorporation) to 31 December 2016 HK\$'000 approximately (unaudited)	For the six months period ended 30 June 2017 HK\$'000 approximately (unaudited)
Revenue	–	–
Net loss before taxation	591	195
Net loss after taxation	591	195

The unaudited consolidated total asset value and net liabilities of the Loyal Fame Group as at 30 June 2017 were approximately HK\$20,699,000 and approximately HK\$786,000 respectively.

Greensburg Group

	For the period from 18 October 2016 (date of incorporation) to 31 December 2016 HK\$'000 approximately (unaudited)	For the six months period ended 30 June 2017 HK\$'000 approximately (unaudited)
Revenue	–	–
Net loss before taxation	10	150
Net loss after taxation	10	150

The unaudited consolidated total asset value and net liabilities of the Greensburg Group as at 30 June 2017 were approximately HK\$19,141,000 and approximately HK\$159,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange. The principal activity of the Company is an investment holding company. The Group is principally engaged in production and sales of cement and clinker, as well as sludge disposal, reclaimed water treatment, and dyeing wastewater treatment.

The Group has experienced significant fluctuations in the prevailing market price of cement for the past years, since majority of the revenue is generated by the production and sale of cement segment, the Group's financial position is highly sensitive to the prevailing market price of cement. Whilst the Group remains focused on developing its existing businesses, it has been the business strategy of the Group to proactively seek potential investment opportunities to improve the business operation and financial position of the Group. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio into new line of business with growth potential and to broaden its source of income in order to enhance value of the Shareholders and to hedge the uncertainties imposed by the price fluctuations of cement, as this strategy is demonstrated from the announcement dated 5 June 2017 issued by the Company, in relation to the acquisition of a corporation which is licensed to carry out Type 1 (Dealing in securities) regulated activity under the SFO.

CNMI is a United States of America Territory with "commonwealth" status, comprising fifteen islands in the Pacific Ocean. CNMI is a popular tourism destination. The economies of CNMI are vitally driven by tourism and are well-known as a perfect getaway for tourists around the world featuring the rich cultural history and tropical marine weather that offer year-round outdoor activities including but not limited to, world class diving, golfing and gambling. According to Marians Visitors Authority, the number of visitors has been continuously raising since the last calendar year. As in January 2017, the total number of visitors was 63,346, representing an approximately increase of 37.7% as compared to the same period in 2016 and 90% of the CNMI visitors travelled to the island for pleasure purpose.

It is believed by the Board that by acquiring the Properties and develop into resorts and/or hotels has enormous potential in the CNMI and represents an excellent opportunity for the Group to expand its business portfolio into a unique market, comprising the hospitality sector. The Board is also of the view that the Acquisition is in line with the Group's intention to expand its existing business for better growth potential and presents good investment opportunities for the Group with a potential of capital appreciation in the long run. Therefore, the Board considers that the terms of the Acquisition are fair and reasonable and is in the interests of the Shareholders and the Company as a whole.

Save for Mr. Tseung and Mr. Chan, no other Director has material interest in the Acquisition and the transactions contemplated thereunder, and as such, no other Director has abstained from voting on the Board resolution to approve the Agreement and the transactions contemplated thereunder. Mr. Tseung and Mr. Chan have abstained from voting on the Board resolution approving the Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is beneficially wholly-owned by Mr. Tseung, the controlling shareholder of the Company, and the directors of which are Mr. Tseung and Mr. Chan, being the non-executive Director and the executive Director respectively. As such, the Vendor is an associate of Mr. Tseung and Mr. Chan and a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to, among others, the Independent Shareholders' approval requirement of the Listing Rules.

As three of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is lower than 100%, the Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition together with a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or before 20 November 2017.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and transactions contemplated thereunder (including but not limited to the allotment and issued of the Conversion Shares). Mr. Tseung, Mr. Chan and their associates will abstain from voting on the resolution approving the Acquisition and the transactions contemplated thereunder at the EGM.

The Independent Board Committee has been established to consider the terms of the Acquisition and the Agreement and to advise the Independent Shareholders as to whether the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee comprises Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas, all being independent non-executive Directors.

The Company has appointed Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition and the transactions contemplated thereunder are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof in the EGM.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation from the Independent Board Committee on the Acquisition and the transactions contemplated thereunder; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Acquisition and the transactions contemplated thereunder; (iv) financial information of the Group and the Target Groups; (v) unaudited pro forma financial information of the Group as enlarged by the Target Groups; (vi) valuation report on the Properties to be prepared by Vigers Appraisal and Consulting Limited; and (vii) other information as required to be contained in the circular under the Listing Rules together with a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or before 20 November 2017.

WARNING

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	an acquisition of the Sale Shares and Sale Loan under the Agreement
“Agreement”	the sale and purchase agreement dated 30 October 2017 entered into among the Purchaser, the Vendor and the Guarantor in relation to the sale and purchase of the Sale Shares and Sale Loan
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder”	the holder of the Convertible Bonds
“Business Days”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business

“CB Conditions”	the terms and conditions of the Convertible Bonds
“CNMI”	the Commonwealth of the Northern Mariana Islands
“Company”	Dongwu Cement International Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 695)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan pursuant to the Agreement
“Completion Date”	the date falling on the fifth Business Day after the fulfillment (or waiver) of the conditions set out in the section headed “Conditions Precedent” in this announcement or such other date as the Vendor and the Purchaser may agree in writing
“Conditions Precedent”	the conditions precedent as stated under the section headed “Conditions Precedent” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$472,000,000 payable in respect of the Acquisition pursuant to the Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$1.08 per Conversion Share upon the exercise of the Conversion Rights
“Conversion Rights”	the rights of the Bondholders to convert the principal amount outstanding under the Convertible Bonds registered in its names into Shares subject to the CB Conditions
“Conversion Shares”	the new Shares to be allotted and issued to the Bondholder(s) by the Company upon exercise of the Conversion Rights
“Convertible Bonds”	the three-year zero coupon unlisted convertible bonds with an aggregate principal amount of HK\$472,000,000 to be issued by the Company to the Vendor upon Completion

“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and approve the Acquisition and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and specific mandate for the allotment and issue of the Conversion Shares)
“Greensburg”	Greensburg Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability
“Greensburg Group”	Greensburg and its subsidiary
“Group”	the Company and its subsidiaries (from time to time)
“Guarantor” or “Mr. Tseung”	Mr. Tseung Hok Ming, the non-executive Director and the controlling shareholder of the Company, as well as a director and the sole beneficial owner of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on, among other matters, the fairness and reasonableness of the Acquisition and the transactions contemplated thereunder
“Independent Financial Adviser”	Nuada Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than the Vendor, its ultimate beneficial owner(s) and their respective associates, who have no material interest in the Acquisition and the transactions contemplated thereunder
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons in accordance with the Listing Rules

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2018, or such later date as the Vendor and the Purchaser may agree, the last time and date for fulfilment or, as the case may be, waiver of the Conditions Precedent
“Loyal Fame”	Loyal Fame Global Limited, is a company incorporated in the British Virgin Islands with limited liability
“Loyal Fame Group”	Loyal Fame and its subsidiary
“Loyal Fame (CNMI)”	Loyal Fame (CNMI), LLC, a company incorporated in CNMI and a wholly-owned subsidiary of Loyal Fame
“Mr. Chan”	Mr. Chan Ka Wing, being an executive Director and a director of the Vendor
“Paradise Peak”	Paradise Peak, LLC, a company incorporated in CNMI and a wholly-owned subsidiary of Greensburg
“PRC”	the Peoples Republic of China, for the purposes of this announcement and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong
“Properties”	the five land parcels located in Saipan with a total site area of approximately 188,993 square metres which are held by Loyal Fame (CNMI) and Paradise Peak
“Purchaser”	Perfection Point Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“Restricted Holder”	a Bondholder (or, if applicable, such person(s) as it may nominate in the Conversion Notice to whom the Shares arising on conversion are to be issued) who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of Conversion Rights by such Bondholder or the performance by the Company of the obligations expressed to be assumed by it under the CB Conditions or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction
“Saipan”	Saipan, CNMI
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at the 30 June 2017, amounted to approximately HK\$40,785,351.84
“Sale Shares”	entire issued share capital of Loyal Fame and Greensburg
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholders”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Target Groups”	the Loyal Fame Group and the Greensburg Group

“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Sure Ocean Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Tseung
“%”	per cent

Unless otherwise specified, in this announcement, conversions of RMB into HK\$ are based on the exchange rate of RMB1.00 = HK\$1.1853 and conversions of US\$ into HK\$ are based on the exchange rate of US\$ 1.00 = HK\$7.7727 for illustration purpose only.

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

Hong Kong, 30 October 2017

As at the date this announcement, the Board comprises Ms. Xie Yingxia, Mr. Ling Chao, Mr. Peng Cheng, Mr. Chan Ka Wing and Mr. Wang Jun as executive Directors; Mr. Tseung Hok Ming as non-executive Director; and Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas as independent non-executive Directors.