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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN A SUBSIDIARY**

**THE SALE AND PURCHASE AGREEMENT**

The Board hereby announces that on 5 January 2018, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share in the Target Company at a total consideration of HK\$40 million.

Upon completion of the Disposal, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% and less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements.

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## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out below.

Date: 5 January 2018 (after trading hours)

Parties: (i) The Vendor; and  
(ii) The Purchaser

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules.

### **Subject Matter and Assets to be Disposed of**

Pursuant to the Sale and Purchase Agreement, the Vendor, a wholly-owned subsidiary of the Company, agreed to sell, and the Purchaser agreed to purchase the Sale Share.

As at the date of this announcement, the Target Company indirectly holds approximately 62.26% of equity interest in Shanghai Biofit. The principal assets of the Target Company is its equity interest in Shanghai Biofit and the principle assets of Shanghai Biofit are trade and other receivables and bank balances and cash.

Upon completion of the Disposal, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

### **Total consideration and the basis of determining the consideration**

The total consideration for the Disposal is HK\$40 million. The total consideration of the Disposal will be payable in cash in the following manner:

- a. 10% of the total consideration will be payable within 7 calendar days after signing of the Sale and Purchase Agreement;
- b. 30% of the total consideration will be payable within 30 calendar days after signing of the Sale and Purchase Agreement; and
- c. the remaining 60% of the total consideration will be payable upon completion of the Disposal.

The total consideration for the Disposal was determined after arm's length negotiations between the parties by reference to the net asset value of the Target Company and its subsidiaries as at 31 October 2017 and the prevailing market conditions.

## Conditions Precedent

Completion of the Disposal is subject to the fulfillment of a number of conditions precedent, including the following key conditions precedent that:

- a. the Purchaser having completed a due diligence review within 90 calendar days from the date of the Sale and Purchase Agreement on the Target Company and its subsidiaries, the results of which being satisfactory to the Purchaser;
- b. all consents and approvals from the regulatory authorities which are necessary and required to implement the transactions contemplated herein having been obtained;
- c. the warranties set out in the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading in any material respect as of the completion of the Disposal by reference to the facts and circumstances subsisting as at the completion of the Disposal; and
- d. there being no material adverse change from the date of execution of the Sale and Purchase Agreement up to and including the completion of the Disposal.

## Completion

Completion of the Disposal will take place within 5 business days after the fulfilment of the last condition precedent or such other date and time as the Purchaser and the Vendor may agree in writing. In any event, the Disposal must be completed by 11 April 2018, or such later date as the Vendor and the Purchaser may agree.

## INFORMATION ON THE GROUP, THE TARGET COMPANY AND SHANGHAI BIOFIT

The Group is a cement and clinker producer and seller. The Target Company is an investment holding company and is a limited company incorporated in Hong Kong. Shanghai Biofit is a limited liability company incorporated in Shanghai, PRC. With a tier-3 professional contractor qualification for environmental engineering, the Target Company and its subsidiaries are principally engaged in organic wastewater treatment, sludge treatment, comprehensive treatment of urban organic waste and other integrated environment services.

The unaudited financial information of the Target Company and its subsidiaries for the two financial years ended 31 December 2015 and 31 December 2016 and six months ended 30 June 2017 are as follows:

	For the year ended		For the six
	31 December	31 December	months ended
	2015	2016	30 June 2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	15,102	33,371	42
Net (loss)/profit before taxation	(1,824)	509	(2,586)
Net (loss)/profit after taxation	(1,433)	765	(2,372)
Net (liabilities) assets value	(2,946)	15,730	14,293

It is expected that the Group will record a gain of approximately HK\$1 million (which is subject to review and audit by the auditor of the Company) will be resulted upon the completion of the Disposal, which is calculated with reference to the difference between (i) the consideration of the Disposal and (ii) the net asset value of the Target Company and its subsidiaries as at 31 October 2017.

## **INFORMATION ON THE PURCHASER**

The Purchaser is an investment limited liability company incorporated in Hong Kong.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

Based on the operating experience in the prior years, the Board is of the view that Shanghai Biofit has not obtained substantial progress, and is no longer in line with the Company's future development plans.

The Group intends to apply the net proceeds of approximately HK\$40 million from the Disposal to continue to find suitable investment project and for general working capital purpose.

Based on the above, the Board believe that that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% and less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements.

## **DEFINITIONS**

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

“Company”	Dongwu Cement International Limited 東吳水泥國際有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the purchase and sale of the Sale Share in the Target Company under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchaser”	Great Future Development (HK) Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the agreement dated 5 January 2018 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Share”	1 ordinary share in the Target Company, representing the entire issued share capital of the Target Company
“Shanghai Biofit”	上海百菲特環保科技有限公司 Shanghai Biofit Environmental Technology Co., Ltd., a company incorporated in PRC with limited liability on 5 July 2011
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dongwu Science & Technology Investment Company Limited, a limited company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vendor”	Dongwu International Investment Limited (東吳國際投資有限公司), a limited liability company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 5 January 2018

*As at the date of 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 Directors and Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas as independent non-executive Directors.*