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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)

CONNECTED TRANSACTION
ACQUISITION OF PROPERTY

The Board announces that on 29 June 2018 (after trading hours), Suzhou Dongwu, as purchaser, entered into the Property Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to acquire the Property at a total consideration of RMB23,000,000 (equivalent to approximately HK\$27,255,000).

As at the date of this announcement, Mr. Tseung is a connected person of the Company and indirectly holds 71% equity interests in 東方恒信資產控股有限公司 (Dongfang Hengxin Assets Holdings Co., Ltd*) which holds 100% equity interests in the Vendor. Pursuant to Rule 14A.12 of the Listing Rules, as the Vendor is an associate of Mr. Tseung, the Vendor is accordingly also a connected person of the Company. As such, the Property Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the one or more applicable Percentage Ratio(s) is/are above 0.1% but less than 5%, the Property Acquisition is subject to the reporting, annual review and announcement requirements but exempted from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Tseung was required to abstain from voting in respect of the Board resolution to approve the Property Sale and Purchase Agreement (including the Consideration).

THE PROPERTY ACQUISITION

The Board announces that on 29 June 2018 (after trading hours), Suzhou Dongwu, as purchaser, entered into the Property Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to acquire the Property at a total consideration of RMB23,000,000 (equivalent to approximately HK\$27,255,000). The terms and conditions of the Property Sale and Purchase Agreement adopted the standardised agreement template provided by the Ministry of Housing and Urban-Rural Development of Suzhou City. The principal terms of the Property Sale and Purchase Agreement are as follows:

Date: 29 June 2018 (after trading hours)

Parties: (1) Suzhou Dongwu (as the purchaser); and
(2) the Vendor (as the vendor)

Information of the Property: a 3-storey residential unit located at Unit 63, Hu Bin Garden, Guo Lane Street, Wuzhong Economic Development District, Suzhou City, Jiangsu Province, the PRC with a gross floor area of approximately 644 square meters in total with the land use right expiring on 22 August 2067.

Immediately upon completion of the Property Acquisition, the Property will be recorded as investment properties on the consolidated financial statements of the Group.

Consideration: RMB23,000,000 (equivalent to approximately HK\$27,255,000) payable in cash, of which RMB18,000,000 is payable within seven days from the date of execution of the Property Sale and Purchase Agreement. The remaining RMB5,000,000 is payable upon the completion of the transfer of title of the Property from the Vendor to Suzhou Dongwu.

Completion: Delivery of the Property is expected to take place in October 2018 once the relevant registration procedures in respect the transfer of the title of the Property are completed.

CONSIDERATION

The Consideration was determined after arm's length negotiations between Suzhou Dongwu and the Vendor, with reference to (i) the valuation of the Property at RMB30,000,000 as at 27 June 2018, as assessed by Jiangsu GuoHeng Appraisal & Consultant Co., Ltd* (江蘇國衡土地房地產資產評估諮詢有限公司), a firm of independent professional valuers in the PRC, adopting the market approach with reference to the registered sales price of the Property in compliance with the Jiangsu Province Commodity Flat Presale Register Selling Price Provisions; and (ii) the relevant taxes and associated costs to be borne by the Group of approximately RMB750,000. The Group intends to satisfy the Consideration by its internal resources.

REASONS FOR AND BENEFITS OF THE PROPERTY ACQUISITION

The Property shall serve as staff quarter of the Group. The Board considers that (i) it will reduce the time required for the staff and management of the Group to travel between offices in Suzhou City and Lili Town Wujiang City and achieve savings in travelling and accommodation expenses; and (ii) the Property Acquisition may also broaden the asset base and provide capital appreciation opportunity to the Group. The Board (including the independent non-executive Directors) considers that the terms of the Property Sale and Purchase Agreement (including the Consideration) are fair and reasonable and are entered into on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP AND THE VENDOR

The Group mainly engages in the manufacture and sale of cement and clinker. The business scope of the Vendor based on its business license includes development and operation of real estate and property management.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Tseung is a connected person of the Company and holds 71% equity interests in 東方恒信資產控股有限公司 (Dongfang Hengxin Assets Holdings Co., Ltd*) which holds 100% equity interests in the Vendor. Pursuant to Rule 14A.12 of the Listing Rules, as the Vendor is an associate of Mr. Tseung, the Vendor is accordingly also a connected person of the Company. As such, the Property Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the one or more applicable Percentage Ratio(s) is/are above 0.1% but less than 5%, the Property Acquisition is subject to the reporting, annual review and announcement requirements but exempted from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Tseung was required to abstain from voting in respect of the Board resolution to approve the Property Sale and Purchase Agreement (including the Consideration). All the remaining Directors who attended the Board meeting and were entitled to vote, unanimously approved the resolutions approving the Property Sale and Purchase Agreement.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“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, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the Property Acquisition
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tseung”	Mr. Tseung Hok Ming, a non-executive Director and the controlling Shareholder who indirectly holds 53.89% equity interests of the Company and holds 71% equity interests in 東方恒信資產控股有限公司 (Dongfang Hengxin Assets Holdings Co., Ltd*) which holds 100% equity interests in the Vendor
“Percentage Ratios”	has the same meaning ascribed to it under the Listing Rules

“Property”	the residential unit located at Unit 63, Hu Bin Garden, Guo Lane Street, Wuzhong Economic Development District, Suzhou City, Jiangsu Province, the PRC
“Property Acquisition”	the acquisition of the Property by Suzhou Dongwu from the Vendor under the Property Sale and Purchase Agreement
“Property Sale and Purchase Agreement”	the sale and purchase agreement dated 29 June 2018 entered into between Suzhou Dongwu and the Vendor in respect of the sale and purchase of the Property
“PRC”	the People’s Republic of China
“Vendor”	蘇州泰隆房地產開發有限公司*(Suzhou Tailong Real Estate Development Co., Ltd), a company incorporated in the PRC with limited liability and a connected person of the Company
“RMB”	Remenbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Dongwu”	蘇州東吳水泥有限公司 (Suzhou Dongwu Cement Co., Ltd.), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.185.

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

Hong Kong, 29 June 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 Director; and Mr. Cao Guoqi, Mr. Cao Kuangyu and Mr. Lee Ho Yiu Thomas as independent non-executive Directors.

** For identification purposes only*