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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**  
**SUBSCRIPTION OF PERPETUAL BOND**

**THE SUBSCRIPTION**

On 23 December 2019 (after trading hours), Suzhou Dongwu and the Issuer entered into the Perpetual Bond Investment Agreement in relation to the Subscription. Pursuant to the Perpetual Bond Investment Agreement, Suzhou Dongwu agreed to subscribe for the Perpetual Bond in the principal amount of RMB110 million.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the announcement requirements under the Listing Rules.

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## THE PERPETUAL BOND INVESTMENT AGREEMENT

Set out below are the principal terms of the Perpetual Bond Investment Agreement:

Date 23 December 2019

The Subscriber Suzhou Dongwu

The Issuer Chongqing International Construction Corporation

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer and its ultimate beneficial owner, namely Chongqing State-owned Assets Supervision and Administration Commission, are independent of and not connected with the Company and its connected persons.

Consideration Suzhou Dongwu has agreed to subscribe for the Perpetual Bond in the principal amount of RMB110 million. The Group intends to fund the consideration for the Subscription in cash from its internal resources.

Principal terms of the Perpetual Bond:

Principal amount RMB110 million

Subscription arrangement Suzhou Dongwu shall pay the Issuer for the Subscription by way of an one-off cash payment.

Term No specific expiry date

Effective arrangement The effective date shall be the date on which the principal in the amount of RMB110 million provided by Suzhou Dongwu has deposited into the bank account designated by the Issuer

Annual interest rate 6.5%

Interest payment schedule Interest shall be payable annually by the Issuer to Suzhou Dongwu on the interest payment date, or the first working day thereafter if such date is a public holiday.

The Issuer shall be entitled to the rights of deferring interest payment, unless a mandatory interest payment event has occurred; on each interest payment date, the Issuer can elect to defer payment of interest due and all interest deferred pursuant to the terms of the Perpetual Bond Investment Agreement to the next interest payment date, while there is no limitation on the number of such deferral. Annual interest rate will be raised to 7.5% p.a. over the period of deferral.

Mandatory interest payment events	<p>The Issuer shall pay interest due and all interest deferred pursuant to the terms of the Perpetual Bond Investment Agreement within three working days from the occurring of the following events.</p> <ol style="list-style-type: none"> <li>1) the Issuer reduces its registered capital;</li> <li>2) the Issuer declares dividends or makes any distributions to its shareholders;</li> <li>3) the Issuer declares liquidation; or</li> <li>4) the Issuer declares that all or part of the Perpetual Bond is matured according to the Perpetual Bond Investment Agreement.</li> </ol>
Transfer	<p>Suzhou Dongwu or the Issuer shall not transfer its rights and obligations under the Perpetual Bond Investment Agreement to the third party without the consent of the other party.</p>
Repayment of the principal amount of the Perpetual Bond	<p>Suzhou Dongwu shall not request the Issuer to repay all or part of the principal amount of the Perpetual Bond in advance pursuant to the Perpetual Bond Investment Agreement. However, if the Issuer is in liquidation, Suzhou Dongwu has the right to request the Issuer, after repaying ordinary debts and before distributing the remaining assets to its shareholders, to fully settle the principal amount of the Perpetual Bond and the unpaid interest under the Perpetual Bond Investment Agreement. The Issuer shall not distribute the remaining assets to its shareholders until fully settling the principal amount of the Perpetual Bond and the unpaid interest under the Perpetual Bond Investment Agreement.</p> <p>After the effective date, the Issuer is entitled to early terminate the Perpetual Bond Investment Agreement after fully repaying the principal amount of the Perpetual Bond and all unpaid interest to Suzhou Dongwu at the end of each subsequent calendar month. The Issuer shall deliver a 10 working days' prior written notice to Suzhou Dongwu.</p>
Usage of the principal amount of the Perpetual Bond	<p>As the working capital of the Issuer and for the repayment of interest-bearing debts.</p> <p>The Issuer shall utilise the principal amount of the Perpetual Bond according to the above usage of the Perpetual Bond and shall not, directly or indirectly in any way, use the principal amount of the Perpetual Bond for investment in stock market, future market and other capital market.</p>

Rights of Suzhou Dongwu	Suzhou Dongwu may conduct daily supervision over the Issuer, including but not limited to study the production, operation and financial activities of the Issuer, and shall entitle to request the Issuer to provide relevant documents such as relevant plans, financial accounting statements and fund utilization plans.
Events of Default	<p>The events of default of the Perpetual Bond including but not limited to the followings:</p> <ol style="list-style-type: none"> <li>1) the Issuer fails to use the principal amount of the Perpetual Bond for agreed purposes;</li> <li>2) the Issuer fails to pay the interest payable under the terms of the Perpetual Bond Investment Agreement;</li> <li>3) the Issuer conducts merger, division, joint venture, joint-stock reform and other activities to change its operation mode or mechanism, which will affect or prejudice Suzhou Dongwu's rights and interests under the Perpetual Bond Investment Agreement;</li> <li>4) the Issuer performs or incurs joint-stock reform, reduction of registered capital, acquisition and restructuring, division, subject of application for suspending business for rectification, application for dissolution, changes of controlling shareholders/de facto controller or transfer of material assets, suspension of production, subject of heavy penalty imposed by competent authorities, subject of cancellation of registration, involvement of material legal disputes, severe difficulties in production and operation or deterioration of financial position, inability of legal representative in properly performing its duties, etc.; or</li> <li>5) the Issuer fails to fulfill other obligations due or transfers its property at nil consideration.</li> </ol>

## **INFORMATION ON THE PARTIES**

The Issuer is mainly engaged in building engineering construction, architectural design, various labors exporting service and sales of steel, hardware, electric equipment, building material, chemical product (excluding hazardous chemical) and general merchandise.

Suzhou Dongwu is mainly engaged in manufacture and sale of cement and clinker.

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## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The terms of the Perpetual Bond Investment Agreement, including subscription amount and interest rate, are determined after arm's length negotiations between Suzhou Dongwu and the Issuer with reference to the prevailing market conditions.

The Group currently holds certain idle cash resources and the Subscription shall be conducted without affecting the Group's working capital or its main business operations. The Subscription will allow the Group to broaden its revenue stream and achieve better returns than the returns of time deposit in general bank in the PRC, and leverage the idle cash resources to maximize returns for the Shareholders with commensurate risks.

Having considered the terms of the Subscription, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription are fair and reasonable and on normal commercial terms, and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Issuer”	Chongqing International Construction Corporation* (重慶對外建設(集團)有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Perpetual Bond”	the perpetual bond in the principle amount of RMB110 million issued by the Issuer
“Perpetual Bond Investment Agreement”	the agreement dated 23 December 2019 entered into between Suzhou Dongwu and the Issuer in relation to the Subscription
“PRC”	The People's Republic of China

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	holder(s) of the shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Suzhou Dongwu for the Perpetual Bond from the Issuer under the Perpetual Bond Investment Agreement
“Suzhou Dongwu”	Suzhou Dongwu Cement Co., Ltd. * (蘇州東吳水泥有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 23 December 2019

*As at the date of this announcement, the Board comprises Ms. Xie Yingxia, Mr. Ling Chao, Mr. Chan Ka Wing, Mr. Wang Jun and Mr. Liu Dong 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 purpose only*