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

ANNUAL REPORT 2024

CONTENTS

DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings:

Articles of Association	the Memorandum and Articles of Association of the Company
associated corporation(s)	has the same meaning ascribed to it under the SFO
associate(s)	has the same meaning ascribed to it under the Listing Rules
Audit Committee	the Audit Committee of the Company
Board	the Board of Directors of the Company
Company	Dongwu Cement International Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange
controlling shareholder(s)	has the same meaning ascribed to it under the Listing Rules
Corporate Governance Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
Director(s)	the Director(s) of the Company
ESG	Environmental, Social and Governance
Goldview	Goldview Development Limited, a controlling shareholder and an associated corporation of the Company, wholly-owned by Mr. Tseung Hok Ming, a non-executive Director
Group	the Company and its subsidiaries
HK$	Hong Kong dollars, the lawful currency of Hong Kong
independent third party(ies)	has the same meaning ascribed to it under the Listing Rules
Latest Practicable Date	16 April 2025
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
Nomination Committee	the Nomination Committee of the Company

DEFINITIONS

Orient Hengxin	Orient Hengxin Capital Holdings Limited, a company established in the PRC with limited liability, being directly controlled by Mr. Tseung Hok Ming, a non-executive Director
PRC or China	The People's Republic of China, which only for the purpose of this report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Remuneration Committee	the Remuneration Committee of the Company
Reporting Period	the twelve months ended 31 December 2024
RMB or Renminbi	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	shares of the Company in issue, all of which are listed on the Main Board of the Stock Exchange
Shareholder(s)	holder(s) of the Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited
Substantial Shareholder(s)	has the same meaning ascribed to it under the Listing Rules
%	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Dong *(Chairman)*
Mr. Wu Junxian *(Chief Executive Officer)*

Non-executive Directors

Mr. Tseung Hok Ming
Ms. Xie Yingxia

Independent Non-executive Directors

Mr. Cao Kuangyu
Mr. Suo Suo
Ms. Yu Xiaoying *(resigned on 6 December 2024)*
Mr. Yu Ronald Patrick Lup Man
(appointed on 23 December 2024)

COMPANY SECRETARY

Sun Xin *(resigned on 1 June 2024)*
Lu Rulan *(appointed on 1 June 2024)*

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

AUTHORIZED REPRESENTATIVES

Liu Dong
Sun Xin *(resigned on 1 June 2024)*
Lu Rulan *(appointed on 1 June 2024)*

AUDIT COMMITTEE

Yu Ronald Patrick Lup Man *(Chairman)*
(appointed on 23 December 2024)
Cao Kuangyu
Suo Suo
Ms. Yu Xiaoying *(Chairlady)*
(resigned on 6 December 2024)

REMUNERATION COMMITTEE

Suo Suo *(Chairman)*
Yu Ronald Patrick Lup Man
(appointed on 23 December 2024)
Cao Kuangyu
Ms. Yu Xiaoying *(resigned on 6 December 2024)*

NOMINATION COMMITTEE

Suo Suo *(Chairman)*
Yu Ronald Patrick Lup Man
(appointed on 23 December 2024)
Cao Kuangyu
Ms. Yu Xiaoying *(resigned on 6 December 2024)*

STOCK CODE

695

REGISTERED OFFICE

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KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Suzhou City, Jiangsu Province

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SHARE REGISTRAR

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FINANCIAL HIGHLIGHTS

Consolidated statement of profit or loss and other comprehensive income

(expressed in HK$'000, unless otherwise stated)

	2024	2023 (Represented)
Revenue	**223,604**	307,263
Operating loss	**(51,672)**	(39,339)
Loss before income tax	**(55,303)**	(36,918)
Loss for the year attributable to owners of the Company *(Note)*	**(58,630)**	(36,525)
Basic and diluted loss per share (expressed in HK$ per share) *(Note)*	**(0.106)**	(0.066)

Consolidated statement of financial position

(expressed in HK$'000)

	2024	2023
Non-current assets	**430,227**	370,899
Current assets	**612,008**	782,803
Total assets	**1,042,235**	1,153,702
Total equity	**476,845**	636,739
Non-current liabilities	**182,037**	179,653
Current liabilities	**383,353**	337,310
Total liabilities	**565,390**	516,963
Total equity and liabilities	**1,042,235**	1,153,702

Consolidated statement of cash flows *(Note)*

(expressed in HK$'000)

	2024	2023
Net cash flow used in operating activities	**(71,565)**	(112,295)
Net cash flow generated from investing activities	**149,505**	125,533
Net cash flow generated from/(used in) financing activities	**38,548**	(783)
Net increase in cash and cash equivalents	**116,488**	12,455

Note: Including the related financial information from continuing operations and a discontinued operation

FINANCIAL HIGHLIGHTS

Financial Highlights in Previous Years

Results

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Represented)			
Revenue	**223,604**	307,263	372,338	589,461	558,345
Cost of sales	**(237,524)**	(311,750)	(368,961)	(478,230)	(435,941)
Gross (loss)/profit	**(13,920)**	(4,487)	3,377	111,231	122,404
Operating (loss)/profit	**(51,672)**	(39,339)	(56,351)	62,924	60,848
(Loss)/profit before income tax	**(55,303)**	(36,918)	(51,820)	73,529	95,991
Income tax credit/(expense)	**3,064**	392	8,747	(29,523)	(35,248)
(Loss)/profit for the year attributable to owners of the Company *(Note)*	**(58,630)**	(36,525)	(40,468)	46,541	60,879

Note: Including the related financial information from continuing operations and a discontinued operation

Assets and liabilities

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,042,235**	1,153,702	1,034,643	1,113,674	969,408
Total liabilities	**565,390**	516,963	454,366	431,948	331,010
Total equity	**476,845**	636,739	580,277	681,726	636,398

The consolidated financial statements of the Group with HK$ as its presentation currency is the consolidated financial statements of the Group for the year ended 31 December 2024. The change of presentation currency will be applied retrospectively and the comparative figures will be restated in HK$ in the consolidated financial statements, if applicable.

BUSINESS REVIEW

In 2024, the demand for cement continued to follow the overall trend of the past two years. Affected by the shrinkage in downstream real estate investment and the slowdown in infrastructure projects, the demand for cement has significantly declined both nationally and in major consumption regions, leading to a notable decrease in capacity utilization. The national cement production has seen a substantial drop compared to the same period last year, reaching the lowest level in fifteen years. In the East China region, where the Group is located, cement production accounts for 33.6% of the national total, with a decline of 11.5%.

During the Reporting Period, the Group strengthened the management of cost and consumables, the improvement of manufacturing equipment and techniques, and the procurement of raw and auxiliary materials. Despite multiple adverse factors, the Group achieved a cement output of 775,000 tons in 2024, comprising 36,000 tons of 32.5R grade, 214,100 tons of 42.5R grade, and 525,000 tons of 42.5 grade cement. The cement production costs increased compared to those in 2023. Due to escalating clinker production costs that made procurement more economical than in-house production, the Group sourced all clinker externally during the Reporting Period. Throughout the year, the supply of raw and auxiliary materials remained stable, equipment operated normally, and production safety was maintained, resulting in a 100% conformity rate for all cement products delivered.

During the Reporting Period, the Group achieved total cement sales volume of approximately 778,000 tonnes, including 37,000 tonnes of 32.5R grade, 189,000 tonnes of 42.5R grade and 551,000 tonnes of 42.5 grade cement, generating approximately HK$184,712,000 as the core business revenue for the cement segment. However, the Group's cement sales revenue and volume registered significant year-on-year declines due to multiple adverse factors including intensified market competition, rising upstream raw material costs, and substantial contraction in downstream demand.

The Group continued to build up its brand advantages with DONGWU cement as its featured brand. Since the establishment of the Group, the brand concept of DONGWU was determined as constantly pursuing high quality product and high-level service. Currently, we are well recognized in areas of Suzhou and surrounding areas and have set a sound brand image of DONGWU cement. We will continue to consolidate DONGWU cement's brand image in this region to build a regional strong brand.

The Group' s rare earth segment operates within the sintered NdFeB permanent magnet materials, sub-sector of the rare earth new materials industry, as well as in the permanent magnet synchronous motor industry. The Company primarily specializes in the production of high-performance sintered NdFeB permanent magnet materials and brushless DC permanent magnet synchronous motors. In 2024, the rare earth industry faced significant margin compression due to declining raw material prices and intensified competition, exemplified by the tax-inclusive price of praseodymium-neodymium metal—a key rare earth input—which averaged RMB490,000 per tonne from January to December 2024, representing a 25% year-on-year decrease from the 2023 average price of RMB650,000 per tonne, as reported by the China Rare Earth Industry Association. Such factors as concurrent geopolitical tensions and shifting external conditions further suppressed downstream demand across end markets. During the Reporting Period, the Company operationalized its Phase I technical upgrade project for permanent magnet material production facilities, which commenced operations in February 2024. The rare earth segment generated a revenue of approximately HK$38,764,000, with magnetic material sales contributing approximately 47.0%, negative electrode materials and oxides accounting for approximately 27.9%, and the remaining approximately 25.1% attributed to electroplating processing, calcination services, and motor machines sales.

BUSINESS REVIEW

Adhering to its "focusing on science and technology and working hard on key areas", the Company completed the construction of and operationalized "Ganzhou Chengzheng Rare Earth Annual 2,000-tonnes Permanent Magnet Materials Technical Upgrade Project" during the Reporting Period, while simultaneously finalizing the construction of a rare earth permanent magnet brushless motor R&D pilot demonstration line in collaboration with the National Rare Earth Functional Materials Innovation Center. To reinforce capabilities of technological innovation, the Company established a permanent magnet materials R&D and testing center and a high-efficiency permanent magnet motor R&D platform, creating an product innovation platform. As of 31 December 2024, the Company held 37 patents (12 invention patents and 25 utility models). The proprietary "high-precision integrated motor control technology for rare earth permanent magnets" was awarded the Jiangxi Provincial Second Prize for Scientific and Technological Progress, and "hot-pressed NdFeB magnet research" received the Jiangxi Provincial Third Prize for Scientific and Technological Progress . The Company has achieved a leading position in the industry in respect of key technology of energy efficiency improvement of green and high-quality rare earth permanent magnet motor system in the whole working domain and its industrialization as well as integration innovation of key technologies and industrialization of sintered NdFeB materials respectively.

CHAIRMAN'S STATEMENT

On behalf of the Board of Dongwu Cement International Limited and its subsidiaries, I would like to present to the Shareholders the report of the Group for the year ended 31 December 2024, together with audited consolidated financial statements.

Financial Results

During the Reporting Period, the Group recorded a total revenue of approximately HK$223,604,000. Among them, the cement segment recorded revenue of approximately HK$184,782,000, representing a decrease of approximately HK$81,347,000 or 30.6% as compared to approximately HK$266,129,000 for the corresponding period in 2023. During the Reporting Period, the rare earth segment recorded revenue of approximately HK$38,764,000 since the completion of its acquisition in August 2023, and approximately HK$10,823,000 for the period from 1 August 2023 to 31 December 2023.

DIVIDEND

At the Board meetings held on 5 December 2024, the Board has resolved to declare a special dividend of HK0.136 per share (the "**Special Dividend**") to shareholders of the Company whose names appear on the register of members of the Company on 23 December 2024 and the Special Dividend will be payable on or around 10 January 2025. In light of the New Year's Day holiday and additional time required to arrange and process tax payment which caused a delay in the Company's tax payment, the Company has postponed the payment date of the Special Dividend to 31 March 2025 (Monday), instead of 10 January 2025. The payment of Special Dividend has been completed on 31 March 2025. For further information regarding the above, please refer to the announcements dated 5 December 2024, 6 January 2025 and 16 January 2025 respectively.

Other than the above disclosed, the Board does not recommend payment of any final dividend for the Reporting Period.

Business Review of 2024

In 2024, the Group's cement segment experienced cement price drops caused by intensified market competition and declining sales due to the demand downturn caused by the in-depth adjustment in the downstream real estate sector and the high cost pressure on the raw materials as a result of the high cost of upstream raw materials. As of 31 December 2024, the sales revenue from cement products amounted to approximately HK$184,712,000, representing a decrease of approximately HK$81,196,000 or about 30.5% compared to the revenue of approximately HK$265,908,000 for the year ended 31 December 2023.

In June 2024, the State Council officially announced the "Rare Earth Management Regulations" (the "**Regulations**"), which came into full effect on 1 October 2024. The implementation of the Regulations marks the beginning of a new chapter in the legal governance of China's rare earth industry. It aims to further standardize industry practices, build a rare earth industrial ecosystem, and support the sustainable high-quality development of the rare earth permanent magnet sector. Following the completion of the acquisition, the Group implemented a series of synergistic adjustments for its subsidiaries under the rare earth segment, including management restructuring, technical modifications, equipment maintenance and renewal to the magnetic material workshop. The rare earth segment is currently operating five business lines: sales of motor machines, sales of magnetic materials, sales of anode materials and oxides, electroplating and processing and calcination service. For the year ended 31 December 2024, the rare earth segment generated a sales revenue of approximately HK$38,764,000, while that was approximately HK$10,823,000 for the period from 1 August 2023 to 31 December 2023.

FUTURE PROSPECTS

CHAIRMAN'S STATEMENT

Looking ahead to 2025, the cement industry is expected to face continued market complexities. Due to the influence of various factors, the insufficient demand in the cement market remains prominent. Benefiting from the policies aimed at "promoting the stabilization and recovery of the real estate market", the real estate market has shown positive changes, and market confidence has been boosted. However, the main indicators driving the demand for cement have not yet improved. The year-on-year decline in real estate development and investment as well as the newly started construction area has still expanded in China. With the strengthening of industry self-discipline, the implementation of off-peak production and the gradual play of production capacity management policies, the market is expected to further stabilize, and the adverse impacts on the demand for cement is expected to be gradually mitigated.

In 2025, the cement segment of the Group will continue to improve its internal management to efficiently control and reduce costs. By deepening the adjustment of market strategies, the Group will enhance the communication and cooperation among peer enterprises. Through refined customer service, and deeply exploring customer needs, the Group will also seek a way to break through the rat race to improve its profitability. Besides, by means of continuous safety maintenance, upgrade and iteration of its existing facilities, the Group strives to enhance production efficiency and ensure safe production, and adhere to the concept of environmentally friendly, green and clean factory. Guided by technical innovation and oriented to market in rare earth segment, the Group will continuously deepen cost reduction and efficiency improvement. Through technological breakthroughs, new product development and application, customer service and market expansion, internal control construction, and talent team building, the Group will comprehensively improve the Company's operation and management, increase revenue scale and profitability, thereby creating value for customers and shareholders.

The Group believes that rare earth permanent magnets and energy-saving motors are one of the most major critical areas of consumption for rare earths. As core functional materials and products for energy saving, consumption reduction and green and environmental protection, they are essential in the development of automation and intelligence. In March 2024, the State Council issued the Action Plan to Promote Large-scale Equipment Renewals and Trade-ins of Consumer Goods, proposing four key initiatives across equipment renewal, consumer goods trade-in, used goods recycling and standard leveling-up. It also requires that the energy efficiency of major energy-using equipment in key industries should basically reach the energy-saving level by 2027. Stimulus policies such as equipment renewal and consumer goods trade-in will further boost new demand in the consumer and industrial sectors. Against the backdrop of an "electrification-driven" era, the rare earth segment demonstrates robust growth potential.

In 2025, the rare earth segment will be guided by technical innovation and market orientation, continuously deepening cost reduction and efficiency improvement. Through technological breakthroughs, new product development and application, customer service and market expansion, internal control construction, and talent team building, the Group will comprehensively improve the Company's management level, increase revenue scale and profitability, and create value for customers and shareholders.

Acknowledgements

Last but not least, on behalf of the Board of Directors, I would like to extend our sincere gratitude to all shareholders, clients, business partners, and correspondent banks for your enduring trust and steadfast support. I also would like to express profound appreciation to our management team and every employee – the most invaluable asset of our Company. Your exceptional professionalism, unwavering dedication, and relentless efforts have been indispensable in driving our daily operations and critical projects forward, making irreplaceable contributions to the Company's development.

Looking forward to the financial year of 2025, we remain committed to fostering collaboration, embracing innovation, and maximizing synergies among all stakeholders. With our collective perseverance and the spirit of excellence, we are confident in overcoming challenges, achieving new milestones in this competitive landscape, and jointly writing a transformative chapter for our Company's future. Thank you.

Liu Dong
Chairman

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Cement Segment

In 2024, the real estate industry continued to undergo a profound adjustment, with real estate investment continuing to contract significantly and new property construction projects remaining severely insufficient. These challenges, compounded by delayed or suspended infrastructure projects, drove a rapid decline in the total annual demand for cement of a double-digit figure approximately. This shift exacerbated the contradiction between supply and demand in the industry, triggering frequent episodes of low-price competition and pushing cement prices close to breakeven levels, resulting in a sharp decline in industry profitability. In the fourth quarter, amid intensifying market competition, enterprises gradually shifted from fully competitive strategies to deepened collaboration, with profit improvement emerging as the dominant strategic priority of enterprises in the industry. As a result, price cuts to grab volume and "price war" notably subsided. This strategic adjustment also has a certain positive impact on cement prices, fostering a modest recovery in industry profitability.

The gross domestic product for the year amounted to RMB134,908.4 billion in China, representing a growth of 5.0% over the corresponding period of last year in terms of constant price (2023: 5.2%). According to the National Bureau of Statistics (NBS), the fixed asset investment in China (excluding rural households) from January to December 2024 reached RMB51,437.4 billion, representing a year-on-year growth of 3.2% (2023: 3.0%). The fixed asset investment (excluding rural households) increased by 0.33% (2023: 0.09%) in December over the corresponding period of last year. In 2024, the real estate development investment in China reached RMB10,028.0 billion, representing a decrease of 10.6% over the corresponding period of last year (2023: –9.6%). The area under construction by real estate developers was 7,332.47 million square meters, representing a decrease of 12.7% over the corresponding period of last year (2023: –7.2%). Among them, the residential construction area was 5,133.30 million square meters, representing a year-on-year decrease of 13.1% (2023: –7.7%). The area of new property construction was 738.93 million square meters, representing a year-on-year decrease of 23.0% (2023: –20.4%). (Source: NBS). In 2024, the real estate sector continued in-depth adjustments, compounded by delayed or suspended infrastructure projects in 12 provinces and municipalities grappling with high debt risks. These factors triggered a sharp near double-digit decline in annual cement demand. The downturn exacerbated the industry's supply-demand mismatch, plunging enterprises into operational difficulties, evidenced by rampant price undercutting, cement prices hovering near breakeven levels, and a steep contraction in industry profits. According to the NBS, the total cement production by the enterprises above designated size in 2024 reached 1.825 billion tonnes, marking a year-on-year decrease of 9.5% (on a comparable basis) and narrowing the decline by 8.6 percentage points compared to the corresponding period of previous year. This figure hit the lowest annual output of cement in 15 years. In terms of regions, all six major regions in China recorded significant production declines year-on-year. In particular, the Northeast and East China suffered double-digit drops to 13.7% and 11.5%, respectively, while North China saw the smallest contraction, yet still recorded a significant drop of nearly 5.6%.

The overall cement market prices throughout the year exhibited a complex trend, characterized by a sluggish hover in the first half of the year, a gradual recovery in the second half of the year, and increased volatility. According to data from the Digital Cement, the average national cement market price was RMB384 per ton, representing a year-on-year decrease of 2.6% (2023: a year-on-year decrease of 15%), showing a slower rate of decline than the corresponding period of previous year. The main factors affecting the cement price trend included 1) a significant drop in national cement market demand; and 2) change in contraction and adjustments in the supply side of cement market (Source: Digital Cement).

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of regions, the national cement market in 2024 demonstrated a pattern of starting low and ending high, with mid-to-low range fluctuations throughout the year. The year witnessed both cyclical lows and price ceilings, with sharply divergent performances across regions and time periods. Northeast China emerged as the nation's sole region recording year-on-year price growth, a 20% increase as compared to the corresponding period of last year and RMB50-100 higher than other regions per ton. Central southern China recorded the largest year-on-year decline in the average price of cement among all major regions across the country, down by 8.4% as compared to the corresponding period of last year. The cement price in East China in which the Group is located recorded a decrease of 5.5% as compared to the corresponding period of last year. In the first half of the year, the cement prices in both central southern China and East China remained at or below the profit break-even point or the cost line. Although enterprises within the industry attempted to push up the prices through production discipline during this period, all these efforts failed. The situation improved somewhat in the second half of the year. In 2024, the cement segment of the Group continued to be affected by low-price competition and persistently sluggish downstream demand. In spite of emerging "anti-overcompetition" mechanisms being piloted nationally, profit improvement became the core of corporate strategies. The losses in the second half of the year decreased, but the Company continued to record operating losses throughout the year of 2024. From a regional perspective, for the year ended 31 December 2024, the revenue from the sales of cement products amounted to approximately HK$184,712,000, representing a decrease of approximately HK$81,196,000 or approximately 30.5%, as compared with that of approximately HK$265,908,000 for the year ended 31 December 2023.

Biomedical Segment

The Group is of view that the research and development of CAR-T drugs is much more difficult than expected, which has significantly raised the uncertainties. In addition, the Group's current development focus has shifted to the rare earths and other rare metals segments, and the investment in biomedical products has been suspended. Meanwhile, the Group is actively seeking disposal opportunities.

Rare Earth Segment

Rare earth elements, referred to as the "vitamins of industry," are critical strategic materials essential to key industries such as metallurgy, petrochemicals, new energy, and military. China boasts abundant rare earth resources and significant advantages in refining technology, putting it at a competitive advantage in terms of resource availability and the global industrial supply chain. The upstream segment of the rare earth permanent magnet industry primarily involves rare earth mining, smelting and separation industry. Key rare earth materials for high-performance neodymium-iron-boron permanent magnet materials include praseodymium-neodymium metal, dysprosium-iron, and terbium metal. In the first half of 2024, prices of major rare earth products, particularly praseodymium-neodymium metal, showed an overall oscillating downward trend and stabilised. The average prices of key rare earth products declined year-on-year, and the overall rare earth market remained subdued. In February 2024, the MIIT and the Ministry of Natural Resources issued the first batch of total control quotas for rare earth mining, smelting and separating in 2024, set at 135,000 tonnes (a year on year increase of 12.50%) and 127,000 tonnes (a year on year increase of 10.43%), respectively. While the increase in the first batch of rare earth quotas in 2024 reflects the China's positive attitude towards rare earth industry development, the growth rate has moderated compared to 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The downstream segment of the rare earth permanent magnet industry primarily involves high-end applications in clean energy, energy conservation, environmental protection, and intelligent manufacturing. These materials are widely used in automotive EPS systems, new energy vehicle drive motors, energy-efficient motors, robotics, wind power generation, as well as 3C and 5G products. In recent years, driven by the national "dual carbon" policy, sectors such as new energy vehicles have expanded rapidly, leading to a continuous increase in demand for high-performance sintered NdFeB permanent magnet materials. According to data from the China Association of Automobile Manufacturers, China produced 4.929 million new energy vehicles and sold 4.944 million units in the first half of 2024, representing a year on year growth of 30.1% and 32.0%, respectively. Additionally, data from the National Bureau of Statistics indicate that China's industrial robot production reached 283,000 units in the first half of 2024, reflecting a year on year increase of 9.6%. In addition, new application fields for NdFeB are continuously emerging, with the humanoid robotics industry that deeply integrated with artificial intelligence technology becoming a hotly contested sector for future development. High-performance NdFeB permanent magnet materials are the core raw materials for robot servo motors. In general, each industrial robot consumes approximately 20kg of high-performance NdFeB permanent magnet materials and 4 permanent magnet motors, while each humanoid robot consumes about 3kg of high-performance NdFeB permanent magnet materials and 10-15 permanent magnet motors. The commercialization and scaling of humanoid robots will drive sustained growth in the demand for NdFeB and permanent magnet motors.

In June 2024, the State Council officially announced the "Rare Earth Management Regulations" (the "**Regulations**"), which came into full effect on 1 October 2024. The Regulations primarily stipulate the following six key areas: clarifying working principles, strengthening rare earth resource protection, improving the rare earth management system, promoting high-quality development of the rare earth industry, enhancing the supervision system for the entire rare earth industry chain, defining supervision measures and legal responsibilities. The implementation of the Regulations marks the beginning of a new chapter in the legal governance of China's rare earth industry. It aims to further standardize industry practices, build a rare earth industrial ecosystem, and support the sustainable high-quality development of the rare earth permanent magnet sector.

Since the end of July 2023, the Group had completed the acquisition of Ganzhou Chengzheng Rare Earth New Material Co., Limited ("**Ganzhou Chengzheng**"), and obtained 62.5% equity interest in Ganzhou Chengzheng by acquisition and capital injection. Upon completion of the transaction, the financial results of Ganzhou Chengzheng had been consolidated in the Group's financial results since 1 August 2023. For details of the acquisition, please refer to the announcement of the Company dated 9 June 2023. The Group's rare earth segment operates within the sintered NdFeB permanent magnet materials sub-sector of the rare earth new materials industry, as well as in the permanent magnet synchronous motor industry. The Company primarily specializes in the production of high-performance sintered NdFeB permanent magnet materials and brushless DC permanent magnet synchronous motors. NdFeB permanent magnet material, known as the "king of magnets," is currently the rare earth permanent magnet material with the best comprehensive performance, highest production volume, and widest application. High-performance sintered NdFeB permanent magnet material belongs to China's strategic emerging industries and is a key functional material, key basic material, and key strategic material. The Company specializes in the research, development, production, and sales of high-performance sintered NdFeB permanent magnet materials. Our high-performance sintered NdFeB permanent magnet materials and magnetic components are characterized by high magnetic performance, high coercivity, and high serviceability, and are primarily used in energy-saving and environmental protection and smart manufacturing fields such as the automotive industry, industrial motors, and high-end consumer electronics. They are widely applied in automotive EPS, new energy vehicle drive motors, energy-efficient motors, robots, wind power generation, and 3C and 5G products. The Company has been developing DC brushless permanent magnet synchronous motors for years, which have been widely used in industrial fans, construction machinery, smart home appliances, and other fields. By 2025, we aim to make more breakthroughs in oil pump motors, water pump motors, elevators, and other business areas. For the year ended 31 December 2024, the rare earth segment achieved revenue of approximately HK$38,764,000, compared to revenue of approximately HK$10,823,000 for the period from 1 August 2023 to 31 December 2023.

International Trading Segment

The Group continues to carry out international trading business and currently engages in international trading of products including electrolytic copper. Meanwhile, the Group is evaluating the addition of a trading business under the rare earth segment, aiming to extend its reach to upstream in the rare earth industry, which will also contribute to the continued diversification of the product portfolio of the international trading segment in the future.

Business Review

Set out below is a detailed discussion and analysis of the performance of the Group during the Reporting Period, as well as the major factors affecting its results of operations and financial position:

Revenue

During the Reporting Period, the Group recorded a total revenue amounted to approximately HK$223,604,000. Among them, the cement segment recorded revenue amounted to approximately HK$184,782,000, representing a decrease of approximately HK$81,347,000 or 30.6% from approximately HK$266,129,000 in the corresponding period in 2023. The decrease was mainly due to the decline in sales volume under the combined effects from cement price drops caused by intensified market competition, as well as the downturn in demand as a result of the in-depth adjustment in the downstream real estate sector and the pressure on the cost of raw materials as a result of the high cost of upstream raw materials during the Reporting Period.

The table below sets forth the analysis of the Group's revenue of the cement segment by product type:

	2024			2023		
	Sales Volume	**Average Selling Price**	**Revenue**	Sales Volume	Average Selling Price	Revenue
	Thousand tonnes	***HK$/tonne***	***HK$'000***	*Thousand tonnes*	*HK$/tonne*	*HK$'000*
PO 32.5 Cement	**37**	**217**	**8,036**	232	272	63,128
PO 42.5 Cement	**551**	**223**	**123,179**	–	–	–
PC 42.5 Cement	**189**	**283**	**53,497**	707	287	202,780
Total	**777**		**184,712**	939		265,908

Categorized by product type, the sales volume of cement products in 2024 amounted to approximately 777 thousand tonnes, representing a decrease of approximately 17.3% from 2023, while the revenue of cement products was approximately HK$184,712,000, representing a decrease of approximately 30.5% from 2023.

The rental income from cement kilns in 2024 amounted to approximately HK$70,000, remained similar comparing to approximately HK$221,000 in 2023.

The table below sets forth an analysis of the Group's revenue by geographical region:

	2024		2023	
	Revenue	**% of total revenue**	Revenue	% of total revenue
	HK$'000		*HK$'000*	
Jiangsu Province	**144,462**	**78.21%**	228,343	85.87%
– Wujiang District	**92,076**	**49.85%**	180,392	67.84%
– Suzhou (excluding Wujiang District)	**52,386**	**28.36%**	47,951	18.03%
Zhejiang Province	**37,428**	**20.26%**	32,529	12.24%
– Southern Zhejiang Province (Taizhou, Zhoushan and Ningbo)	**15,389**	**8.33%**	18,948	7.13%
– Jiaxing	**22,039**	**11.93%**	13,581	5.11%
Shanghai	**2,822**	**1.53%**	5,036	1.89%
Total	**184,712**	**100.00%**	265,908	100.00%

During the Reporting Period, due to multiple factors including the drop in cement prices due to intensified market competition and the continuous decline in sales volume due to depression of downstream real estate sector, the sales income and volume of cement products of the Group decreased significantly as compared to the corresponding period of 2023. The sales in substantially all regions, except for Zhejiang Province recorded different extents of the decrease as compared to the corresponding period of 2023.

During the Reporting Period, the Group's rare earth segment recorded revenue amounted to approximately HK$38,764,000 (2023: HK$10,823,000) and the following table sets out an analysis of the revenue of the rare earths segment by type of revenue:

	2024	From 1 August 2023 to 31 December 2023
	HK$'000	*HK$'000*
Sales of motor machines	**2,700**	790
Sales of magnetic materials	**18,224**	2,411
Sales of anode materials and oxides	**10,804**	2,802
Electroplating and processing	**4,091**	1,248
Calcination service	**2,945**	3,572
	38,764	10,823

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's international trading segment recorded revenue amounted to approximately HK$58,000 (2023: HK$30,311,000), which was mainly generated from international trade of electrolytic copper.

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group recorded gross loss amounted to approximately HK$13,920,000, of which cement segment recorded gross loss amounted to approximately HK$5,570,000, representing an increase of approximately HK$3,139,000 or approximately 129.1% as compared to approximately HK$2,431,000 in 2023, while the gross profit margin amounted to approximately -3.0% in 2024, representing a decrease of approximately 2.1% as compared to approximately -0.9% in 2023. The decrease was mainly due to (1) cement price drops caused by multiple factors including intensified market competition and continuous depression of downstream real estate sector; (2) pressure on the cost of raw materials as a result of the high cost of upstream raw materials; and (3) fixed cost per unit increase resulting from low production during the Reporting Period.

During the Reporting Period, the rare earth segment recorded gross loss of approximately HK$8,408,000, representing an increase of approximately HK$6,322,000 or approximately 303.1% as compared to approximately HK$2,086,000 for the period from 1 August 2023 to 31 December 2023. The gross profit margin amounted to approximately –21.7% in 2024, representing a decrease of 2.4% as compared to approximately –19.3% in 2023. The decrease was mainly due to a series of coordinated adjustments made by the Group to its subsidiary engaged in the rare earth segment after the completion of the acquisition of and capital injection into Ganzhou Chengzheng to the first quarter of 2024, including management restructuring, technical modifications, equipment maintenance and renewal to the magnetic material workshop. During the Reporting Period, a gross loss was recorded due to the higher fixed costs per unit as a result of the downward trend in the prices of magnetic materials and the fact that production and sales had not yet formed a scale.

Since October 2023, the Group had commenced an international trading business in relation to electrolytic copper, starting a new chapter for the international trading segment. During the Reporting Period, the business segment recorded gross profit of approximately HK$58,000, representing an increase of 100% as compared to approximately HK$29,000 in 2023.

Other Income and Other Gain

The Group's other income and other gain amounted to approximately HK$8,809,000 during the Reporting Period, of which cement segment recorded other income of approximately HK$5,168,000, representing a decrease of approximately HK$6,905,000 or approximately -57.2% compared to approximately HK$12,073,000 in 2023, which is mainly due to decrease in fair value of financial assets at fair value through profit or loss and one-off recovery of bad debt in 2023.

During the Reporting Period, rare earth segment recorded other income of approximately HK$3,749,000, respectively an increase of approximately HK$1,525,000 or approximately 68.6% compared to approximately HK$2,224,000 for the period from 1 August 2023 to 31 December 2023, which was mainly due to increase in receipts of government grants during the year.

Sales and Distribution Expenses

The Group's sales and distribution expenses amounted to approximately HK$2,916,000 during the Reporting Period, of which cement segment incurred sales and distribution expenses of approximately HK$2,218,000, representing a decrease of approximately HK$333,000 or approximately 13.1% as compared to approximately HK$2,551,000 in 2023. The decrease was mainly due to decrease in sales volume incurred less sales related expenses during the Reporting Period. Sales and distribution expenses in 2024 accounted for approximately 1.2% of the revenue of the cement segment, which roughly remained flat as compared to approximately 1.0% in 2023.

During the Reporting Period, rare earth segment incurred sales and distribution expenses of approximately HK$696,000, accounted for approximately 1.8% of the revenue of rare earth segment, which roughly remained flat as compared to approximately 1.5% in 2023.

General and Administrative Expenses

The Group's general and administrative expenses amounted to approximately HK$43,645,000 during the Reporting Period, of which cement segment incurred general and administrative expenses of approximately HK$21,539,000, representing a decrease of approximately HK$7,863,000 or approximately 26.7% as compared to approximately HK$29,402,000 in 2023. The decrease was primarily due to the advancement of staffing structure optimisation measures.

During the Reporting Period, rare earth segment incurred general and administrative expenses amounted to approximately HK$13,417,000, as compared to approximately HK$5,617,000 for the period from 1 August 2023 to 31 December 2023. The increase was primarily due to more employees were hired to support the expansion of business and increase in depreciation expenses for more property, plant and equipments was purchased during the Reporting Period.

During the Reporting Period, biomedical segment incurred general and administrative expenses amounted to approximately HK$1,671,000, representing a decrease of approximately HK$2,977,000 or approximately 64.0% as compared to approximately HK$4,648,000 in 2023, which is mainly due to the decrease in salaries due to staff reduction and a decrease in R&D expenses due to the investment in the biomedical segment has been suspended.

Tax

The Group's income tax credit amounted to approximately HK$3,064,000 during the Reporting Period, representing an increase from approximately HK$392,000 in 2023, which was primarily due to decrease in withholding tax for distributable profits relating to equity holder and increase in recognition of unused tax losses during the Reporting Period.

Details of the Group's tax are set out in Note 14 to the consolidated financial statements of this report.

Net Profit Margin

During the Reporting Period, the Group's net profit margin was approximately -30.9%, representing a decrease of approximately -17.5% as compared to approximately -13.4% in 2023. The decrease was mainly attributable to

(1) the cement segment continuously suffered from operating losses affected by multiple adverse factors such as the intensified market competition, high cost of upstream raw materials and sluggish demand from the downstream real estate sector; and

(2) production and sales of the rare earth segment, which had not yet formed a scale, resulting in higher fixed cost per unit.

Liquidity and Capital Resources

The Group planned to meet its working capital requirements primarily through cash flows from operating activities, borrowings and utilising trade and other payables, proceeds from initial public offering, and part of the proceeds from the placement of new shares.

	31 December 2024 ***HK$'000***	31 December 2023 *HK$'000*
Cash and cash equivalents	**135,495**	21,895
Borrowings	**299,755**	262,641
Debt to equity ratio	**118.6%**	81.2%
Debt to asset ratio	**54.2%**	44.8%

Cash Flow

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately HK$135,495,000, representing an increase of approximately 518.8% from approximately HK$21,895,000 as at 31 December 2023, which was primarily due to the release of short-term and pledged bank deposits during the Reporting Period.

Borrowings

	31 December 2024 ***HK$'000***	31 December 2023 *HK$'000*
Borrowings		
– Cement segment	**96,829**	86,782
– Rare earth segment	**192,226**	165,159
– Unallocated	**10,700**	10,700
	299,755	262,641

As at 31 December 2024, the Group's bank borrowings amounted to approximately HK$289,055,000, representing an increase of approximately 14.7% from approximately HK$251,941,000 as at 31 December 2023, which was mainly due to fund raised for supporting the business operations and capital expenditures during the Reporting Period.

As at 31 December 2024, borrowings of approximately HK$155,096,000 included the aforesaid borrowings were secured by the Group's property, plant and equipment, land use rights and equity interest of subsidiaries. (31 December 2023: property, plant and equipment, land use rights and equity interest of subsidiaries).

As at 31 December 2024, the Group had unutilised bank financing facilities of approximately HK$212,000 (2023: HK$21,970,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Debt to Equity Ratio

As at 31 December 2024, the Group's debt to equity ratio was approximately 118.6% (2023: 81.2%).

The debt to equity ratio is calculated by dividing the total liabilities by the total equity.

Capital Expenditure and Capital Commitments

The Group's capital expenditure amounted to approximately HK$33,963,000 in 2024, of which approximately HK$25,432,000 and HK$6,460,000 was from the cement segment and rare earth segment respectively. It represented an increase from approximately HK$15,210,000 in 2023, which was mainly due to the increase in construction in progress for the cement segment.

As at 31 December 2024, the Group had capital commitments of approximately HK$4,521,000 (2023: HK$1,562,000) for the acquisition costs of property, plant and equipment.

Pledge of Assets

As at 31 December 2024, for the Group's rare earth segment, certain property, plant and equipment with carrying amount of approximately HK$22,153,000 (2023: HK$8,263,000), land use rights with carrying amount of approximately HK$2,290,000 (2023: HK$2,392,000), and equity interest of subsidiaries, were pledged to secure certain bank borrowings of the Group.

Contingent Liabilities

As at 31 December 2023 and 2024, the Group had no material contingent liabilities.

Foreign Currency Risk

The Group conducted its business primarily in mainland China with the majority of its operating expenses and capital accounts denominated in Renminbi, and a small amount denominated in Hong Kong dollars. During the Reporting Period, the Group was not materially affected in operating business and working capital due to fluctuations in foreign exchange rates.

During the Reporting Period, the Group did not expose to any significant currency exchange risks, nor did the Group implement any hedging measures for such risks.

As Renminbi is not a freely convertible currency, the future exchange rates of Renminbi could vary significantly from the current or historical exchange rate levels as a result of any controls that the PRC government may impose. The exchange rates may also be affected by economic development and political changes in mainland China and/or internationally, as well as the demand and supply of Renminbi. The management will closely monitor its foreign exchange exposure and will consider taking appropriate measures on hedging foreign currency exposure when necessary.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, the Group did not conduct any other material acquisitions or disposals of its subsidiaries or associated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

At the Board meetings held on 5 December 2024, the Board has resolved to declare a special dividend of HK0.136 per share (the "**Special Dividend**") to shareholders of the Company whose names appear on the register of members of the Company on 23 December 2024 and the Special Dividend will be payable on or around 10 January 2025. In light of the New Year's Day holiday and additional time required to arrange and process tax payment which caused a delay in the Company's tax payment, the Company has postponed the payment date of the Special Dividend to 31 March 2025 (Monday), instead of 10 January 2025. The payment of Special Dividend has been completed on 31 March 2025. For further information regarding the above, please refer to the announcements dated 5 December 2024, 6 January 2025 and 16 January 2025 respectively.

Other than the above disclosed, the Board does not recommend payment of any final dividend for the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 282 employees. The total remuneration of our employees amounted to approximately HK$32,511,000 (2023: HK$32,582,000) during the Reporting Period. The remuneration levels of employees are commensurate with their responsibilities, performance and contributions and set on the basis of their merits, qualification and competence as well as the opinions from the remuneration committee of the Company (if applicable).

FUTURE PROSPECTS

Looking ahead to 2025, as affected by the policies aimed at "promoting the stabilization and recovery of the real estate market", the real estate market has shown positive changes, while market confidence has been boosted. However, the main indicators driving the demand in cement have not yet improved. The year-on-year decline in real estate development and investment as well as the newly started construction area has still expanded in China. Recently, the Central Economic Work Conference emphasized to stabilize the property market, continuously strive to promote the stabilization and recovery of the real estate market, and intensify the implementation of the renovation of urban villages and dilapidated houses, so as to fully release the potential of rigid and improved housing demand, thereby promoting the development of a new model for real estate development. As various policies and measures are fully implemented and continue to take effect, the market is expected to further stabilize, and the adverse impact on the demand in cement is expected to gradually improve. In 2025, the cement segment of the Group will continue to improve its internal management to efficiently control and reduce costs. By deepening the adjustment of market strategies, the Group will enhance the communication and cooperation among peer enterprises. Through refined customer service, the Group will also deeply explore customer needs to seek a way to break through the involution, aiming to improve its profitability. Besides, the Group will continuously carry out safety maintenance, upgrade and iteration of its existing facilities to increase production efficiency and ensure safe production, adhering to the concept of environmentally friendly, green and clean factory.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that rare earth permanent magnets and energy-saving motors are one of the most major critical areas of consumption for rare earths. As core functional materials and products for energy saving, consumption reduction and green and environmental protection, they are essential in the development of automation and intelligence. In March 2024, the State Council issued the Action Plan to Promote Large-scale Equipment Renewals and Trade-ins of Consumer Goods, proposing four key initiatives across equipment renewal, consumer goods trade-in, used goods recycling and standard leveling-up. It also requires that the energy efficiency of major energy-using equipment in key industries should basically reach the energy-saving level by 2027. Stimulus policies such as equipment renewal and consumer goods trade-in will further boost new demand in the consumer and industrial sectors. Against the backdrop of an "electrification-driven era", the rare earth segment demonstrates robust growth potential.

In 2025, the Group's rare earth segment will be guided by technical innovation, firmly implement the development strategy of "focusing on science and technology and making efforts in key areas", and continue to deepen cost reduction and efficiency improvement with a market-oriented approach. At present, the industry competition is becoming increasingly fierce, and customers have higher expectations and requirements for product innovation and quality. The Company will rely on the resources and foundation of its innovation platform, focus on the application needs of downstream markets such as energy conservation and environmental protection, intelligent manufacturing, etc., foster R&D innovation and rapid transformation of results, promote product innovation and quality improvement, and improve product added value and market competitiveness. Improve service quality in order to expand market share. The Company will further consolidate its existing markets and core customers and explore growth areas, while striving to develop new markets and new customers and seeking for more business opportunities. R&D, technology, production and other departments work together to quickly respond to customer and market demands, comprehensively improve product and service quality, and enhance customer and market recognition.

At the same time, the Company will continue to strengthen internal control and improve operation and management level by implementing lean management throughout the entire production and operation process, so as to ensure the stable and controllable output and efficiency of the Company. The Company will also strengthen the incentives for employees to build a strong talent pool, intensify efforts in the introduction and cultivation of professional talents in technology research and development and management based on the operation and development objectives and business needs. Meanwhile, we stimulate staff motivation through various measures such as appraisal and evaluation, training and promotion, innovation incentives and share equity incentives. By doing so, we aim to create a sound talent environment, build an effective workforce and improve its quality, thus laying a solid foundation for the Company's sustainable development.

While continuing to promote the steady development of its core business, the Group will pay close attention to quality projects in diversified fields and actively explore potential opportunities for strategic cooperation. With an open and cooperative mindset, the Group expects to achieve mutual benefit and win-win situation by cooperation, realizing efficient integration of resources and complementing the strengths of all parties, and building an industrial ecosystem for synergistic development.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, the Group has adhered to its core mission of maximising the value of all shareholders and has provided strong impetus for the Company's long-term and steady development in all aspects from strategic planning, resource allocation to operation and management, driving the Company to move forward amidst the complex and volatile market and continuously enhancing its comprehensive competitiveness and industry influence.

EVENTS AFTER THE REPORTING PERIOD

The Company has no other material event after the Reporting Period required to be disclosed as at the Latest Practicable Date.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance. The Board believes that effective corporate governance and disclosure practices are not only crucial to the enhancement of the Company's accountability and transparency and investors' confidence, but also critical to the Group's long-term success. The Company has adopted the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as its own code on corporate governance.

During the Reporting Period, Ms. Yu Xiaoying has resigned as an independent non-executive Director with effect from 6 December 2024, and ceased to be the chairlady of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee upon her resignation as an independent non-executive Director. Following her resignation as an independent non-executive Director, the Company has only two independent non-executive Directors, and hence failed to meet the requirements of having:

a) at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules;

b) independent non-executive Directors who represent at least one-third of the Board under Rule 3.10A of the Listing Rules; and

c) at least one of the independent non-executive Directors who must have appropriate professional qualifications or appropriate accounting or related financial management expertise (the "**Qualification**") under Rule 3.10(2) of the Listing Rules.

To fill the casual vacancy on the Board as soon as possible, the Company has been identifying suitable candidate. Mr. Yu Ronald Patrick Lup Man has been appointed as independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effective from 23 December 2024. Upon the appointment of Mr. Yu Ronald Patrick Lup Man, the Company has re-complied with the requirements of the above Listing Rules and met the terms of reference and procedures of the Company's Remuneration Committee and Nomination Committee regarding having a minimum of three members.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, the Company has complied with all other applicable code provisions set out in the Corporate Governance Code.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiries, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the requirements of the Listing Rules with written terms of reference.

The Audit Committee has reviewed the Group's annual consolidated financial statements for the year ended 31 December 2024 and has discussed the financial statements issues with the management of the Company. The Audit Committee is of the opinion that the preparation of such consolidated financial statements has complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Liu Dong (劉東) ("**Mr. Liu**"), aged 56, is the Chairman and an executive Director of the Company. Mr. Liu has worked for years as diplomat in Chinese Embassies and UN-subordinate organizations since university graduation. He has been admitted to the degree of Master of Philosophy by the University of Cambridge. From April 2005 to August 2016, Mr. Liu served as Assistant to President and then Vice President of Orient Holdings Group Co. Ltd., Executive Vice President of Huilitong Industry Co. Ltd. and Senior Vice President of Sunshine Oilsands Ltd. Since September 2016, Mr. Liu has been acting as Vice President of Orient Holdings International Group Ltd., General Manager of Orient International Resources Group Ltd., Director and General Manager of Global Mining Co. Ltd., Director of Board of Sino-Sindh Resources PL and Vice President of Orient Hengxin. Mr. Liu owns over ten years' experience in capital market and investor relationship areas in Hong Kong. He was appointed as an executive Director of the Company on 15 May 2019. Mr. Liu did not hold any directorship in any other listed companies in the past three years.

Mr. Wu Junxian (吳俊賢) ("**Mr. Wu**"), aged 44, is an executive Director and the chief executive officer of the Company and the general manager of Suzhou Dongwu. Mr. Wu is responsible for general management and operation of the Group. Mr. Wu joined our Group in March 2009, and has held various positions in Suzhou Dongwu such as assistant to general manager and deputy general manager. Mr. Wu assumed the title of general manager of Suzhou Dongwu on 11 September 2013. Prior to joining our Group, Mr. Wu worked for Orient Holdings, an investment holding company, as an officer of the assets management department, responsible for project research and development from 2003 to 2007. Mr. Wu subsequently worked for Shanghai Keli Communications Technology Co., Ltd. (上海科立通訊科技有限公司), a company principally engaged in communication construction and services, as a project manager and was responsible for project development and customer service from 2007 to 2009. Mr. Wu graduated from Nanjing Audit University (南京審計學院) in 2003 with a bachelor degree in management administration. Mr. Wu did not hold any directorship in any other listed companies in the past three years.

Non-Executive Directors

Mr. Tseung Hok Ming (蔣學明) ("**Mr. Tseung**"), aged 63, is a non-executive Director of the Company. From 1983 to 1986, Mr. Tseung served as a director of Wujiang Yarn Dyed Factory (吳江色織廠). From 1994 to 2005, he was the chairman of Jiangsu Orient International Group Company Limited (江蘇東方國際集團有限公司). Since 1995, he has been acting as the chairman of Oriental Holdings International Group (東方控股國際集團). Since 1995, Mr. Tseung has been the vice chairman of the Hong Kong Financial Services Institute. Since 2005, he has been acting as the chairman and general manager of Orient Hengxin (東方恒信). Since 2013, he has been acting as the chairman of Orient Xinmin Holdings Limited (東方新民控股有限公司). From 2015 to 2021, Mr. Tseung served as a director of Fidelix (KR.032580). Since 2018, Mr. Tseung has served as the chairman of Dosilicon Co., Ltd (東芯半導體股份有限公司) (SH.688110). Save as disclosed above, Mr. Tseung did not hold any directorship in any other listed companies in the past three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Xie Yingxia (謝鶯霞) ("**Ms. Xie**"), aged 48, was re-designated from an executive Director to a non-executive Director of the Group on 3 July 2020. Ms. Xie obtained a bachelor degree in investment economics from Fudan University (復旦大學) and a master degree in business administration from China Europe International Business School (中歐國際工商學院). From August 1998 to January 2001, Ms. Xie worked for Xiamen International Bank as the account manager and the deputy head of the credit department; from February 2001 to June 2008, Ms. Xie had worked for Orient Holdings Group Limited as the manager of the investment department, the chief financial officer and the vice president; since July 2008, Ms. Xie has been serving as a Director of Suzhou Dongwu Cement Co., Ltd.; from December 2011 to July 2020, Ms. Xie served as Chairman of the board of directors and executive Director of the Group; from June 2015 to December 2022, Ms. Xie served as a director and representative director of Fidelix (KR.032580); since November 2014, Ms. Xie has been the chairperson of the board of directors and a director of Dosilicon Co., Ltd. (SH.688110) and since March 2020, Ms. Xie has been the general manager of Dosilicon Co., Ltd (SH.688110). Save as disclosed above, Ms. Xie did not hold any directorship in any other listed companies in the past three years.

Independent Non-Executive Directors

Mr. Cao Kuangyu (曹貺予) ("**Mr. Cao**"), aged 75, is an independent non-executive Director of the Company. He holds a bachelor's degree in economics from the University of Hunan and a master's degree in financial management from the University of London. Mr. Cao has extensive experience in the areas of banking and finance. He worked in Bank of China, Hunan Province branch from July 1981 to February 1996 and his last position was the deputy president of the branch. From February 1996 to September 1999, Mr. Cao was the deputy general manager of Bank of China, Singapore branch. From September 1999 to September 2003, he was the president of China Citic Bank, Shenzhen branch. He also acted as the managing director of the investment banking division of BOCI Asia Limited from September 2003 to September 2007. Mr. Cao served as an independent non-executive director of Dingyi Group Investment Limited (stock code: 508) from September 2014 to December 2024, New Silkroad Culturaltainment Limited (stock code: 472) from February 2004 to June 2024, Macrolink Capital Holdings Limited (stock code: 758) from January 2013 to July 2021, and Huili Resources (Group) Limited (stock code: 1303) from December 2011 to September 2017. Save as disclosed above, Mr. Cao did not hold any directorship in any other listed companies in the past three years.

Ms. Yu Xiaoying (俞曉穎) ("**Ms. Yu**"), aged 37, is an independent non-executive Director of the Company. Ms. Yu worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP in the People's Republic of China from September 2010 to August 2014 as a senior consultant. From September 2014 to November 2018, she worked at Visa Information Systems (Shanghai) Co., Ltd.* (維薩信息系統(上海)有限公司) as the manager of the finance department. Since December 2018, she has been working at Kimberly-Clark (China) Co., Ltd.* (金佰利(中國)有限公司) as the senior finance manager. Ms. Yu has obtained a bachelor's degree in accounting and a master's degree in business administration from Antai College of Economics and Management, Shanghai Jiao Tong University. She is also a Chinese certified public accountant and a member of the Association of Chartered Certified Accountants. Ms. Yu has not held any directorship in any other listed public companies during the last three years. Ms. Yu has resigned as an independent non-executive Director of the Company on 6 December 2024.

Mr. Suo Suo (索索) ("**Mr. Suo**"), aged 53, is an independent non-executive Director of the Company. Mr. Suo is a Chartered Financial Analyst, and an asset manager with over 25 years of experience in banking, private equity and asset management. From 2017 to May 2020, Mr. Suo was a non-executive Director of China Resources and Transportation Group Limited (stock code: 269), a company listed on the Main Board of the Stock Exchange. Mr. Suo has been appointed as the Chief Executive Officer of Strait Capital Management Company (HK) Limited (香港海峽資本管理有限公司) since May 2014. He was the Asia Head and Executive Director for EIG Global Energy Partners, a global PE fund specializing in energy, resources and infrastructure investments. Prior to that, Mr. Suo worked for Trust Company of the West as a portfolio manager covering high yield credit and mezzanine investment, with main responsibilities including credit selection, portfolio construction, capital structure arbitration, and distress investment. From 1999 to 2005, Mr. Suo worked for Fortis Bank in the US, including as Group Head of its US Leveraged Finance team responsible for underwriting/financing private equity-sponsored MBO/LBO transactions and distressed securities investment. Before joining Fortis Bank, Mr. Suo studied as a Ph.D. candidate in Energy Economics at Pennsylvania State University from 1996 to 1998. In March 2000, he received his MBA from University of Rochester in the United States. Save as disclosed above, Mr. Suo did not hold any directorship in any other listed companies in the past three years.

Mr. Yu Ronald Patrick Lup Man (余立文) ("**Mr. Yu**"), aged 54, is an independent non-executive Director of the Company. Mr. Yu has over 20 years of experience in accounting, finance and investment. Mr. Yu worked at PricewaterhouseCoopers and held various positions, from April 1997 to February 2006, where his last position was senior manager. From April 2006 to May 2007, he served at Citigroup Global Markets Asia Limited as vice president in Asia-Pacific international operations department. From May 2007 to March 2009, he worked with Starr International Company (Asia) Limited as an associate director and was responsible for monitoring direct investments, fund investments and listed equity investments. From May 2010 to January 2017, he worked at Sinocap Investment Holdings Limited and held various positions, including executive director and responsible officer. Mr. Yu was a director of investment of WK Fund Management Limited from January 2017 to October 2018. He served as an independent non-executive director at Simplicity Holding Limited, a company listed on the Stock Exchange (stock code: 8367), from February 2018 to August 2021, and he was an independent non-executive director at Homeland Interactive Technology Limited, a company listed on the Stock Exchange (stock code: 3798), from June 2019 to June 2022. Mr. Yu received his bachelor's degree in informatics from Griffith University in Australia in March 1993 and graduated from The University of Queensland in Australia with a master's degree in professional accounting in December 1995. Mr. Yu was designated as a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) in December 2008. He has also been a member of CPA Australia since June 1996 and a fellow since March 2016. Save as disclosed above, Mr. Yu did not hold any directorship in any other listed companies in the past three years.

Senior Management

Mr. Feng Bing Song (馮炳松) ("**Mr. Feng**"), aged 56, was appointed as the deputy general manager and director of marketing of Ganzhou Chengzheng Rare Earth New Material Co., Ltd.* (贛州誠正稀土新材料股份有限公司) in September 2024, responsible for the company's daily production and operations. From December 2014 to September 2024, Mr. Feng served as the deputy general manager of Suzhou Dongwu Cement and was responsible for the company's marketing and sales.Prior to joining to the Group in December 2014, Mr. Feng, having been engaged in the finance matters and sales in the cement industry for about 20 years, has a knowledge of market trends and possesses extensive experience in sales. Mr. Feng once served as the financial controller of Piaoyang Orient Cement Company (漂陽東方水泥公司) and then was promoted to the deputy general manager, in charge of corporate finance and business planning. Later, Mr. Feng joined in Wujiang Xingyuan Cement Co., Ltd. as the vice president of sales responsible for making the strategic plans for the company.

Ms. Cai Linfen (蔡林芬) ("**Ms. Cai**"), aged 54, is the deputy general manager of Suzhou Dongwu. Ms. Cai is responsible for production quality and safety of the Group. Ms. Cai possesses more than 30 years of experience in production management of cement. She has served as deputy general manager of Zhejiang Tongxing Cement Company Limited (浙江桐星水泥股份有限公司) and Tongxiang South Cement Company Limited (桐鄉南方水泥有限公司) before and was responsible for production respectively. Ms. Cai joined the Group in 2014, and had taken the position of chief engineer and deputy general manager etc. Ms. Cai graduated from Tongxiang Radio and TV University (桐鄉廣播電視大學) in 2013 and obtained a college degree in Management.

Mr. Wu Jiong (吳炯) ("**Mr. Wu**"), aged 61, is a director and the general manager of Suzhou Everhealth. He is a scientist with extensive experience in the areas of immunology and cell biology. He graduated with a bachelor degree of medicine from Tongji Medical College of Huazhong University of Science and Technology in the PRC, and obtained a master degree of immunology from Shanghai Institute of Biochemistry and Cell Biology of the Chinese Academy of Sciences and a Ph.D. from Nanjing University. Mr. Wu also cooperated with Huiyang Life Engineering Stock Co., Ltd to lead the research and development of IFN-γ which was successfully commercialised more than 15 years ago. The outcome won the Ferid Murad Award at the 25th Conference on International Cytokines & Interferons. He served as an assistant professor and a researcher at McGill University, and was involved in the foundation of the Cell Signally Technology, Inc. where he served as a senior scientist. In addition, Mr. Wu had also served as senior vice president in Cell Applications, Inc. He also served as a scientific consultant for a number of public and private companies and research institutions. He is currently a distinguished professor at Renmin Hospital of Wuhan University and the honorary chairman of Hubei Provincial Society of Clinical Oncology. Mr. Wu has resigned on 16 November 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Han Weihua (韓衛華) ("**Mr. Han**"), aged 50, the vice president of the Company, is responsible for investment and financing of the Company and was appointed as the general manager of Ganzhou Chengzheng Rare Earth New Material Co., Ltd.* (贛州誠正稀土新材料股份有限公司). Since February 2018, Mr. Han has served as the investment director of Orient Evertrust Group Limited* (東方恒信集團有限公司). Since 2016, Mr. Han has served as the managing partner and fund manager of Shanghai Jiuyuan Asset Management Center (Limited Partnership)* (上海九沅資產管理中心 (有限合夥)). From 2013 to 2016, Mr. Han was the assistant to chairman of Shanghai Lonyer Holding Co., Ltd.* (上海龍宇控股有限公司). From 2007 to 2013, Mr. Han was the investment director of Dexing Feyi Capital Operation Center (Limited Partnership)* (德信豐益資本運營中心 (有限合夥). From 2005 to 2007, Mr. Han was the investment director of Shanghai Orient Huaxia Venture Capital Co., Ltd.* (上海東方華夏創業投資有限公司). From 2001 to 2005, Mr. Han was the senior investment officer of Jumbo China Investments Limited* (寶華投資有限公司). From 1998 to 2001, Mr. Han worked in the strategic development department of Shanghai Diweisi Investment Development Co., Ltd* (上海帝威斯投資發展有限公司). Mr. Han obtained a master degree in securities and futures at Shanghai University of Finance and Economics in July 2003. Company to provide details of the master degree, including major, school and time Mr. Han obtained the Certificate of Securities Professional from the Securities Association of China in 2002 and the Certificate of Fund Professional from the Asset Management Association of China in 2015.

Mr. Zhou Huijie (周慧傑) ("**Mr. Zhou**"), aged 45, was appointed as the deputy general manager of Ganzhou Chengzheng Rare Earth New Material Co., Ltd.* (贛州誠正稀土新材料股份有限公司) on 12 October 2023. From May 2021 to October 2023, Mr. Zhou was the general manager of Hubei Shenghui Rare Earth Functional Materials Co., Ltd.* (湖北盛慧稀土功能材料有限公司) and Luoyang Sifeng Vacuum Technology Co., Ltd.* (洛陽四豐真空科技有限公司), and was the founder of these two companies. From 2019 to 2021, he served as the director of engineering technology research and development centre of the Beijing Jingci Electrical Science Co., Ltd.* (北京京磁電工科技有限公司), responsible for the operation and research and development of magnetic materials technology in Beijing branch of Jingci Material. From 2018 to 2019, he was the deputy general manager of Ningbo Newland Magnet Industry Co., Ltd. in charge of magnetic materials operation of the company. From 2016 to 2018, he was the deputy general manager of Ganzhou Sieleg Rare-Earth New Material Co., ltd. in charge of the manufacturing and operation of rare earth metals and magnetic materials of the company. From 2012 to 2016, he was the project manager of the NFB project in Ganzhou Qiandong Rare Earth Group Co., Ltd.* (贛州虔東稀土集團股份有限公司), responsible for the project development and the manufacturing and operation of magnetic materials. From 2011 to 2012, he was the manufacturing director of AT&M Magco Technology Co., Ltd., responsible for the company's magnetic materials production line development. From 2006 to 2011, he was the manufacturing director of Ganzhou Zhaozhi Rare Earth New Material Co., Ltd.* (贛州昭日稀土新材料有限公司), responsible for the company's formation and management of the magnetic material production line. From 2004 to 2006, he was the supervisor of the rare earth metals electrolyzing workshop in Ganzhou Qiandong Rare Earth Group Co., Ltd.* (贛州虔東稀土集團), responsible for the management of the rare earth metals electrolyzing workshop. Mr. Zhou received a master degree in International Economy and Trade at Ningbo University from 2018 to 2021, an academic certificate in Business English at Nanchang Hangkong University from 2012 to 2016, and a bachelor degree in Metallurgical Engineering at Institute of Materials Chemical Engineering of Jiangxi University of Science and Technology from September 2000 to July 2004. Mr. Zhou has resigned on 10 October 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Sun Xin (孫馨) ("**Ms. Sun**"), aged 41, was appointed as the joint company secretary of the Company on 28 May 2012, and has been the chief financial controller of the Company since 16 August 2013. Ms. Sun also served as the authorized representative of the Company (for the purpose of Rule 3.05 of the Listing Rules of the Stock Exchange). Ms. Sun joined the Group in August 2010. From August 2006 to August 2010, Ms. Sun acted as the senior consultant of the business advisory and tax consultancy department of Deloitte Touche Tohmatsu CPA Ltd. During the office term, Ms. Sun was responsible for the provision of due diligence service and structuring support to the foreign multi-national companies and the private equity funds concerning acquisition activities in the PRC, as well as the provision of tax consultancy services, including international tax consultancy, indirect tax consultancy, general domestic tax consultancy and tax standardization. From September 2002 to July 2006, Ms. Sun studied at Shanghai International Studies University (上海外國語大學) majoring in international economic law and obtained a bachelor degree in law. From September 2003 to June 2005, she studied at Shanghai University of Finance and Economics (上海財經大學) and obtained the Certificate for Second Major (輔修專業證書) in Accounting. Ms. Sun is currently a member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會), an associate of The Institute of Chartered Secretaries (特許秘書公會), an associate of the Hong Kong Chartered Governance Institute (香港公司治理公會) (HKCGI), and an associate of the Institute of Chartered Secretaries and Administrators (ACIS). Ms. Sun has resigned as the company secretary, the chief financial officer and an authorized representative of the Company on 1 June 2024.

Ms. Lu Rulan (陸如藍) ("**Ms. Lu**"), aged 37, was appointed as the company secretary, the chief financial officer and an authorized representative of the Company on 1 June 2024. Ms. Lu also served as the authorized representative of the Company (for the purpose of Rule 3.05 of the Listing Rules of the Stock Exchange). Ms. Lu has over a decade of experiences in accounting and finance matters. Since December 2019, Ms. Lu has been served as the financial director of the overseas sector of Orient Evertrust Group Limited, responsible for finance, accounting and treasury for the Group's overseas projects. Prior to joining the Group, she has served as the senior associate of PricewaterhouseCoopers Consultants (Shenzhen) Limited from May 2017 to November 2019 and was involved for various domestic and international services including company restructuring, value chain reformation, new business transformation, international taxation and transfer pricing. From September 2012 to July 2016, Ms. Lu has served as a senior accountant at Sunshine Oilsands Ltd. (stock code: 2012), where she was responsible for financial reporting, compliance reporting, internal control and assistant to the treasurer. Ms. Lu obtained a bachelor of business administration degree in finance and accounting from Simon Fraser University in May 2011 and an international master of business administration degree from University of Hong Kong and Fudan University joint program in December 2023. Ms. Lu is a fellow member of the Association of Chartered Certified Accountants ("**FCCA**"), a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), a member of the Chartered Professional Accountant of Canada ("**CPA Canada**"), and a member the Certified General Accountant of Canada ("**CGA**").

Company Secretary

Ms. Sun Xin (孫馨) ("**Ms. Sun**"), aged 41, was appointed as the joint company secretary of the Company on 28 May 2012. For details of the biography of Ms. Sun Xin, please refer to paragraph headed "Senior Management" of this section. Ms. Sun has resigned as the company secretary of the Company on 1 June 2024.

Ms. Lu Rulan (陸如藍) ("**Ms. Lu**"), aged 37, was appointed as the joint company secretary of the Company on 1 June 2024. For details of the biography of Ms. Lu Rulan, please refer to paragraph headed "Senior Management" of this section.

DIRECTORS' REPORT

Principal Activities

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2011. The Group mainly operates through the Company's subsidiaries in the PRC. The Group is principally engaged in the production and sales of cement, the production and sales of magnetic materials and other application products, and trading business. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024.

Results and Dividends

The Group's results for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 109.

At the Board meetings held on 5 December 2024, the Board has resolved to declare a special dividend of HK0.136 per share (the "**Special Dividend**") to shareholders of the Company whose names appear on the register of members of the Company on 23 December 2024 and the Special Dividend will be payable on or around 10 January 2025. In light of the New Year's Day holiday and additional time required to arrange and process tax payment which caused a delay in the Company's tax payment, the Company has postponed the payment date of the Special Dividend to 31 March 2025 (Monday), instead of 10 January 2025. The payment of Special Dividend has been completed on 31 March 2025. For further information regarding the above, please refer to the announcements dated 5 December 2024, 6 January 2025 and 16 January 2025 respectively.

The Board does not recommend payment of any final dividend for the year ended 31 December 2024.

Business Review

A review of the business of the Group for the year ended 31 December 2024, a discussion on the Group's future prospects, and an account of the principal risks and uncertainties faced by the Group are provided in "**Management Discussion and Analysis**" on pages 12 to 24 of this report, an analysis of the Group's performance during the current year using financial key performance indicators are provided in "**Financial Highlights**" on pages 5 to 6 of this report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group has approved and established an ESG Working Group on the ESG issues.

The main responsibilities of the ESG Working Group are to:

- Regularly review the Group's ESG-related strategy, management system and implementation, and assist the Board in fulfilling its supervisory responsibilities with respect to ESG;
- Ensure that the ESG strategy is aligned with the Group's operating strategy;
- Identify, assess and monitor key ESG risks and opportunities that have a significant impact on the Group's business, report the same to the Board and provide important reference for the annual ESG targets;
- Hold special meetings as needed in addition to regular meetings to discuss and evaluate ESG related issues in a cross-departmental manner;

- Monitor the formulation of the annual sustainable development report, evaluate the progress of the Group's ESG initiatives, and facilitate the implementation of relevant measures; and

- Periodically review the terms of reference and assess its performance.

Composition of the ESG Working Group:

- The Chairman shall serve as the chairman of the ESG Working Group;

- Other team members include senior management of financial department, office, cement laboratory, production technology department, safety and environment department, supply department, sales department and other functional departments;

- The Chief Financial Officer and the company secretary serve as secretary-generals of the ESG Working Group.

- For details of its environmental policies and performance, please refer to the section headed "**Environmental, Social and Governance Report**" in this report.

Compliance of Laws and Regulations

The Company is aware of the importance of complying with relevant laws and regulations. The Company has distributed system and human resources to guarantee our constant compliance with provisions and codes, and build good relationship with supervision authorities through effective communication. During the Reporting Period, to the knowledge of the Directors, the Company has complied with SFO, Listing Rules and all other relevant legislations and regulations which have significant impacts on the Company.

Important Relationship with Employees, Clients and Suppliers

The relationships between the Group and employees, customers and suppliers have a material impact on performance and constant development of the Group. Therefore, the Group has established a sound and stable relationship with employees, customers and suppliers.

The Group regards its employees as the most important and valuable assets. The objective of human resources management is to motivate and recognize outstanding staffs with competitive remuneration package and comprehensive performance assessment, and assist the staff to develop their career and get promotion within the Group by providing suitable training and opportunities. Through a variety of incentive mechanisms and organizing various activities, the Company has formed an enterprise culture, centering on able person doing more work and getting more pay for more work, competition out who ever needs upward, unity and harmony and innovation. The Group encouraged employees to actively participate in the management of the enterprise and adopts reasonable suggestion, so as to enable all staff to build up an awareness of treating factory as home and be proud of the factory, thereby fully leveraging on the staff's enthusiasm and subjective initiative.

DIRECTORS' REPORT

The Group has always adhered to the principle of customer first, and identified customer's demand by collecting, analyzing and processing customer data to improve customer satisfaction. For consultation and suggestion from customer by way of interviewing, letter, telephone, fax and so on, there is specially-assigned person to answer, record and collect. Through a variety of activities, the Company grasped the market dynamics and customer requirements timely. If found any complaints, improvement suggestions, implicit requirements or expectations from customer, it should be immediately reported to relevant departments for making necessary improvement measures and implementation with an aim to ensure the improvement of customer satisfaction.

The Group has established a cooperation relationship of joint collaboration and win-win with its suppliers, and jointly explored markets to expand market demands and share and reduce operating cost of the early stage of the product through the integration of resources and competitive advantages. The Group clearly specifies procurement requirements and exchange information to make the transparency of the procurement process and improve the efficiency of supply chain and the reaction ability, therefore maximizing the interests on both sides. Please refer to Note 13 to the consolidated financial statements of this report for more details about the employees, remuneration policy and pension plan of the Group.

Closure of Register of Members

The register of members of the Company will be closed from 19 May 2025 (Monday) to 22 May 2025 (Thursday) (both days inclusive), during which period no transfer of shares will be registered. For determining Shareholders' entitlement to attend and vote at the annual general meeting to be held on 22 May 2025 (Thursday), all transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 16 May 2025 (Friday).

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statement of this report.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings are set out in Note 28 to the consolidated financial statement of this report.

Share Capital

As at 31 December 2024, the authorised share capital of the Company was HK$100,000,000, including issued capital of HK$5,520,000 divided into 552,000,000 Shares with nominal value of HK$0.01 per share. During the Reporting Period, the Company did not issue any new shares.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity of this report.

Distributable Reserves

The Group's reserves available for distribution to Shareholders was approximately HK$5,437,000 (31 December 2023: HK$139,144,000) as at 31 December 2024.

DIRECTORS' REPORT

Public Float

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed minimum percentage of public float approved by the Stock Exchange and permitted within the Listing Rules as at the Latest Practicable Date.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or applicable laws of the Cayman Islands where the Company was incorporated.

Tax Reduction

Pursuant to the laws of the Cayman Islands, the Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations by virtue of their interest in the Shares and there is no taxation in the nature of inheritance tax and estate duty.

Charge on the Assets and Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities, guarantees or any litigation against the Group (2023: nil).

Subsidiaries and Associates

Details on the business performance of the Company's major subsidiaries and associates respectively are set out in Notes 19 and 20 to the consolidated financial statement of this report.

Directors

The Directors of the Company during the year ended 31 December 2024 were as follows:

Chairman and Executive Director	Mr. Liu Dong
Chief Executive Officer and Executive Director	Mr. Wu Junxian
Non-executive Director	Mr. Tseung Hok Ming
	Ms. Xie Yingxia
Independent Non-executive Directors	Mr. Cao Kuangyu
	Ms. Yu Xiaoying *(resigned on 6 December 2024)*
	Mr. Suo Suo
	Mr. Yu Ronald Patrick Lup Man *(appointed on 23 December 2024)*

There is no financial, business, family or other material/relevant relationship amongst the Directors.

Independence

The Company has received from each of the independent non-executive Directors (namely Mr. Cao Kuangyu, Ms. Yu Xiaoying, Mr. Yu Ronald Patrick Lup Man and Mr. Suo Suo) an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all of the independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

DIRECTORS' REPORT

Emolument Policy And Long-Term Incentive Plan

The Company adopts different emolument policies for executive Directors and non-executive Directors:

Emolument Policy For Executive Directors

1. A proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

2. The performance-related elements of remuneration should be designed to align the executive Directors' interests with those of Shareholders and to give the Directors incentives to perform at the highest levels.

3. Factors for defining performance-based remuneration:

   (a) Eligibility for long-term incentive schemes, e.g. share option schemes, subject to performance criteria which reflect the Company's performance

   (b) Examples of performance indicators:

      (i) share price

      (ii) net earnings figure

Emolument Policy For Non-Executive Directors

1. Levels of emolument of non-executive Directors should reflect the time commitment and responsibilities of the role.

2. Non-executive Directors should have the opportunity to have part of their remuneration in shares on condition that share options should be granted in accordance with the Listing Rules.

Principles Of Long-Term Incentive Schemes

1. The purpose is to reward exceptional performance, and awards should be scaled against achievement of performance criteria.

2. The link between executive reward and company performance should be strong and clear.

3. Grants under such schemes should be phased rather than awarded in one large block.

The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration of similar positions. The fees and any other reimbursement or emolument payable to the Directors are set out in details in this report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract or letter of appointment with the Company for a term of three years with effect from their respective dates of appointment unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. All the non-executive Directors and the independent non-executive Directors had signed letters of appointments with the Company for a term of three years with effect from their respective dates of appointment. The appointments of Directors are subject to the provisions of re-election and retirement by rotation under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

Directors' Emoluments and Five Highest Paid Individuals of the Company

All of the Directors are entitled to a fee as approved by the Board with reference to the prevailing market conditions. Executive Directors are entitled to fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the pension scheme on behalf of our Directors) or discretionary bonuses, which are determined by the Board having regard to the Group's performance and the prevailing market conditions and approved by the remuneration committee.

Details of Directors' emoluments and emoluments of five highest paid individuals of the Company are set out in Note 13 to the consolidated financial statement of this report.

For the years of 2024 and 2023, senior management of the Company comprises 11 and 9 individuals, respectively. The emoluments of senior management of the Company fell within the following bands:

Emolument band	**Number of individuals Year ended 31 December**	
	2024	2023
Nil to HK$1,000,000	**11**	8
HK$1,000,001 to HK$2,000,000	**–**	1
	11	9

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

No transaction, arrangement or contract of significance in which the Directors (or an entity connected with a Director) had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the Reporting Period.

Contract of Significance

No contract of significance was entered into between the Company, or any of its subsidiaries and any of the controlling Shareholder or any of its subsidiaries subsisted at the end of the financial year or at any time during the Reporting Period.

DIRECTORS' REPORT

Directors' Rights to Acquire Shares or Debentures

At any time during the Reporting Period, none of the Company or any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their respective spouses or children under the age of eighteen, were granted any right to subscribe for the interests or debentures of the Company or any other body corporate, nor had exercised any such rights.

Directors' Interests in Competing Business

None of the Directors or controlling Shareholders of the Company had interests in business which competes or may compete with the Group's business.

Connected Transactions

During the year ended 31 December 2024, the Group did not enter into any connected transactions or continuing connected transactions which need to be disclosed in this report pursuant to the provisions in respect of connected transaction disclosure requirements under Rule 14A.49 of the Listing Rules, and details for other connected transactions or continuing connected transactions are set out in Note 39 to the consolidated financial statements of this report.

Pension Scheme

The employees of members of the Group in the PRC are members of Social Insurance Scheme (the"**Social Insurance Scheme**") (such as pension, medical insurance, occupational injury insurance, unemployment insurance, maternity insurance and housing fund) operated by the PRC government. The Group is required to make contributions to the Social Insurance Scheme based on certain percentage of the salaries of its employees to fund the benefits. The Social Insurance Scheme is operated and administered by the relevant local government authorities and is non-refundable, and the Company has no access nor any discretion after making the aforesaid contributions, therefore there were no such forfeited contributions within the meaning of paragraph 26(2) of Appendix D2 to the Listing Rules for the financial years ended 31 December 2023 and 31 December 2024. Accordingly, none of the Group's forfeited contributions under the Social Insurance Scheme can be used to offset future contributions or reduce current and future contribution levels.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. There are no forfeited contributions within the meaning of paragraph 26(2) of Appendix D2 to the Listing Rules for the financial years ended 31 December 2023 and 31 December 2024. Accordingly, the Group does not have any forfeited contributions under the MPF Scheme that can be used to offset future contributions or reduce the level of current and future contributions.

During the year ended 31 December 2024, the social insurance scheme contributions made by the Group amounted to approximately HK$5,628,000 (2023: HK$6,632,000).

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2024, the interests of the Directors, chief executive or their respective associates in the Shares and underlying Shares of the Company and its associated corporations as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO are as follows:

Name	Capacity	Long position/Short position	Number of Shares held	Approximate percentage of shareholding interest
Mr. Tseung Hok Ming *(Note)*	Interest of a controlled corporation	Long position	297,500,000	53.89%
Mr. Liu Dong	Beneficial owner	Long position	1,484,000	0.27%
Ms. Lu Rulan	Beneficial owner	Long position	834,000	0.15%

Note: 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. Goldview is also an associated corporation of the Company.

Save as disclosed in the above, as at 31 December 2024, so far as is known to the Directors, no Directors or chief executive of the Company or their respective associates had or were deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations by virtue of Part XV of the SFO which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

As at 31 December 2024, none of the Directors and chief executive of the Company (including their respective spouses and children under the age of 18) had or were granted any rights to subscribe for the securities and share options of the Company and its associated corporations, nor had they exercised any such rights.

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As at 31 December 2024, so far as is known to the Directors, the person(s), not being the Directors or chief executive of the Company, who had any interests or short positions in the Shares and underlying Shares of the Company required to be recorded in the register kept under section 336 of the SFO are set out below:

Name	Capacity	Long position/Short position	Number of Shares held	Approximate percentage of shareholding interest
Goldview *(Note)*	Beneficial owner	Long position	297,500,000	53.89%
Mr. Huang Yingbiao	Beneficial owner	Long position	66,650,000	12.07%

Note: 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.

Save as disclosed in the above, as at 31 December 2024, so far as is known to the Directors, no other persons had any interests or short positions in the Shares and underlying Shares of the Company which had to be disclosed to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under section 336 of the SFO.

Share Option Scheme

On 28 May 2015 ("**Adoption Date**"), the Company adopted a share option scheme (the "**Share Option Scheme**"), which was approved at the annual general meeting held on the same date. The 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 "**Share Option Scheme Period**"), after which period no further options shall be granted but the provisions of the 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 Share Option Scheme Period.

The purpose of the 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 Share Option Scheme, the Board shall have the right to determine and select all directors (whether executive or non-executive and whether independent Director or not), any employee (whether full time or part-time), any consultant or adviser (whether an employment or contractual or honorary basis and whether paid or unpaid) of the Company or the Group, who, in the absolute opinion of the Board, have contributed to the Company or the Group ("**Eligible Person(s)**") to whom the options may be granted. Any of the Eligible Persons to an offer for the grant of options under the 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. The maximum number of Shares which may be issued pursuant to the 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 Share Option Scheme by the Shareholders at the AGM held on 28 May 2015 and represents 10% of the total issued share capital of the Company as at the date of this report.

The maximum number of Shares which may be issued upon exercise of all options granted under the Share Option Scheme or any other share option schemes that the Company adopts must not exceed 30% of the Shares of the Company in issue from time to time. Any option lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the scheme mandate limit. Unless approved by Shareholders in general meeting, the total number of Shares issued and to be issued upon grant of options by each under the Share Option Scheme in any 12-month period must not exceed 1% of the Shares of the Company in issue at such time.

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 Share Option Scheme, there is no minimum period for which an option must be held before it can be exercised and the option may be exercised by the Grantee (or his or her legal personal representative) at any time during the option period (the option period shall not be more than ten years from the grant date). All of the outstanding options shall lapse if the option period expires, the holders loss of office or cease to be the member of the Group.

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 the Company.

The 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), 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 five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

No options under the Share Option Scheme have been granted and no options remain outstanding and unexercised during the year ended 31 December 2024.

As of the Latest Practicable Date, the remaining life of the Share Option Scheme is about 1 month.

Purchase, Sale or Redemption of Listed Securities

The Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Reporting Period.

Management Contracts

Save for labor contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers of the Group respectively during the year ended 31 December 2024 is as follows:

	Percentage of the Group's total sales (%)		**Percentage of the Group's total purchases (%)**
The largest customer	4.60	The largest supplier	32.96
Five largest customers in aggregate	18.12	Five largest suppliers in aggregate	51.47

None of the Directors or their respective associates or any Shareholder holding more than 5% equity interest in the Company had any interest in any of the Group's five largest customers or five largest suppliers.

DIRECTORS' REPORT

Auditor

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by BDO Limited ("**BDO**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution on re-appointment of BDO as the external auditor of the Company will be proposed at the forthcoming annual general meeting for Shareholders' approval.

Material Litigation and Arbitration

During the Reporting Period, so far as is known to the Directors, the Group was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claims of material importance to be pending or threatened by or against the Company.

Permitted Indemnity Provisions

The Articles of Association of the Company provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all losses or liabilities which they incur or sustain as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. The Company has taken out and maintained directors' liability insurance which provides appropriate coverage for the Directors and directors of the subsidiaries of the Company.

Liu Dong
Chairman
28 March 2025

CORPORATE GOVERNANCE REPORT

Compliance with the Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance. The Board believes that effective corporate governance and disclosure practices are not only crucial to the enhancement of the Company's accountability and transparency and investor confidence, but also critical to the Group's long-term success. The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix C1 of the Listing Rules as its own code on corporate governance.

During the Reporting Period, Ms. Yu Xiaoying has resigned as an independent non-executive Director with effect from 6 December 2024, and ceased to be the chairlady of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee upon her resignation as an independent non-executive Director. Following her resignation as an independent non-executive Director, the Company has only two independent non-executive Directors, and hence failed to meet the requirements of having:

a) at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules;

b) independent non-executive Directors who represent at least one-third of the Board under Rule 3.10A of the Listing Rules; and

c) at least one of the independent non-executive Directors who must have appropriate professional qualifications or appropriate accounting or related financial management expertise (the "**Qualification**") under Rule 3.10(2) of the Listing Rules.

To fill the casual vacancy on the Board as soon as possible, the Company has been identifying suitable candidate. Mr. Yu Ronald Patrick Lup Man has been appointed as in dependent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effective from 23 December 2024. Upon the appointment of Mr. Yu Ronald Patrick Lup Man, the Company has re-complied with the requirements of the above Listing Rules and met the terms of reference and procedures of the Company's Remuneration Committee and Nomination Committee regarding having a minimum of three members.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, the Company has complied with all other applicable code provisions set out in the Corporate Governance Code.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Board of Directors

Duties and Divisions

The Board acts for the interest of all Shareholders and is responsible for the general meeting. The Board is mainly responsible for executing the resolutions of the general meeting, overseeing and supervising all material matters of the Company, including developing and approving the overall strategy for management and operation, operation plan and investment proposals, reviewing organization structure, the systems of internal control and risk management and the financial performance regularly, determining dividend policies, developing, reviewing and monitoring policies and practices on corporate governance of the Company and the code of conduct applicable to employees and Directors, reviewing and monitoring the training and continuous professional development of Directors and senior management, policies and practices of the Company on compliance with legal and regulatory requirements, reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report, monitoring operational activities and performance of senior management, so as to protect and enhance the interests of the Company and its Shareholders. In respect of overseeing specific aspects in the Company's affairs, the Company has established 3 committees of the Board, i.e. the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated various authorities to each of the committee of the Board, particulars of which are set out in the terms of reference for each committee.

The Board makes decisions on matters with specific responsibilities, and the management is authorized to execute and manage the daily affairs of the Company.

During the Reporting Period and up to the Latest Practicable Date, the Board had, among other things, considered and approved the annual budget, management performance and the latest performance as compared with the annual budget as well as the business reports of the management, the annual results for the year ended 31 December 2024, monitored the operation of our Group's key business and assessed the internal control and financial matters of the Group.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The names and profiles of these Directors are set out in the section headed "**Biographical Details of Directors and Senior Management**" in this report.

Each of the Directors does not have any personal relationships with any other Directors (including financial, commercial, family or other significant/relevant relationships).

Board Meetings

The Board shall meet regularly and hold at least four Board meetings each year, so as to discuss the overall strategies and operational and financial performances of the Group. For the year ended 31 December 2024, the Board held 6 meetings in accordance to the operational and business development of the Group, including 2 regular meetings and 4 provisional meetings. The attendance of each Director is detailed as follows:

	Attended meetings/ convened meetings	**Attendance rate**
Executive Directors		
Mr. Liu Dong	4/6	67%
Mr. Wu Junxian	6/6	100%
Non-executive Directors		
Mr. Tseung Hok Ming	6/6	100%
Ms. Xie Yingxia	6/6	100%
Independent Non-executive Directors		
Mr. Cao Kuangyu	6/6	100%
Ms. Yu Xiaoying *(resigned on 6 December 2024)*	4/6	67%
Mr. Suo Suo	6/6	100%
Mr. Yu Ronald Patrick Lup Man *(appointed on 23 December 2024)*	0/4	0%

During the Reporting Period, the Board held each regular meeting with prior notices of 14 days, to ensure that all Directors have the opportunity to propose matters to be discussed into the agenda. Reasonable notice were given for provisional Board meetings, to enable all Directors to attend in their conveniences.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract or letter of appointment with the Company for a term of three years with effect from their respective dates of appointment unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. All the non-executive Directors and the independent non-executive Directors had signed letters of appointments with the Company for a term of three years with effect from their respective dates of appointment. The appointments of Directors are subject to the provisions of re-election and retirement by rotation under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

Chairman and Chief Executive Officer

Mr. Liu Dong serves as the Chairman of the Company.

The duties of the Chairman include: (a) approve and monitor the strategies and policies of the Company, annual budget and business planning, assess the performance of the Company, and oversee the management of the Company; (b) lead and monitor the duties of the Board to ensure the efficiency of the Board, perform due responsibilities, and discuss on all significant and appropriate issues in a timely manner; (c) ensure that all Directors are timely informed of the issues proposed at the Board meetings in due course, and all Directors are timely informed of sufficient and accurate information; and (d) examine and monitor the implementation of resolutions by the Board.

Mr. Wu Junxian serves as the Chief Executive Officer of the Company.

The duties of the Chief Executive Officer include: (a) manage the Group's businesses and coordinate the overall business operations; (b) participate in the formulation and implementation of the Group's policies and strategies approved by the Board, including facilitating the implementation of the Board resolutions, the annual operation plans and the investment plans of the Company; (c) with the assistance from the senior management team, submit the annual budget for the consideration and approval of the Board; (d) formulate the basic management systems of the Company, terms of reference, position standards and professional management procedures of each department as well as the performance assessing standards of the management of each level; and (e) fulfill other authorities granted by the Articles of Association of the Company and the Board.

Independent Non-executive Directors

During the Reporting Period and up to the Latest Practicable Date, the Company had complied with the provisions of the Listing Rules regarding independent non-executive Directors.

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision.

Each independent non-executive Director signed a letter of appointment with the Company for a term of three years since their respective dates of appointment. The Company has received an annual confirmation of independence from each of the four independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors to be independent.

Mr. Cao Kuangyu (曹貺予)("**Mr. Cao**") has entered into a service agreement with the Company as an independent non-executive Director for a term of three years commencing from 24 May 2024. Mr. Cao has served as independent non-executive Director of the Company for over 9 years. Despite his long term of service, however, the Board is of the view that his individual independence should not be determined solely by the length of service. Mr. Cao made positive contributions to the Company by proposing independent, constructive and well founded opinions over their term of office, and his succession in service as directors will bring about certain stability to the Board. In addition, it will also be of great benefit to the Board to maintain its members who have rendered long term service to the Company and are familiar with the Group's business and its market situation. The Board will also consider that he can still continue to demonstrate a high degree of independent judgment after taking into consideration of the factors that may affect his independence pursuant to Rule 3.13 of the Listing Rules, hence, he is considered to be independent. According to the Model Code, Mr. Cao's further appointment will be subject to a separate resolution to be approved by shareholders.

Time Commitment of the Directors

Besides attending formal meetings to learn more about the Company's business, the Directors of the Company could attend affairs of the Company through various channels, including debriefing to the Company's management, reviewing the operating information provided regularly by the Company and paying on-site visits to the Company's business, in order to gain a full understanding of the Company's business and perform their duties effectively. Having been through serious review, the Board is of the opinion that the Directors of the Company had dedicated sufficient time and efforts to perform their duties during the year.

Directors' Continuous Training

Pursuant to the Corporate Governance Code, all Directors should participate in the continuous professional training to improve and enrich their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the Reporting Period, each of the Directors (being Mr. Liu Dong, Mr. Wu Junxian, Mr. Tseung Hok Ming, Ms. Xie Yingxia, Mr. Cao Kuangyu, Ms. Yu Xiaoying (resigned on 6 December 2024), Mr. Yu Ronald Patrick Lup Man (appointed on 23 December 2024) and Mr. Suo Suo) has (i) attended the directors' training held by competent professionals engaged by the Company, in relation to, among other things, responsibilities of directors, continuous responsibilities of the listed company on information disclosure, corporate governance and the latest amendment to the Listing Rules; and (ii) went through information on the Listing Rules and other latest information on regulatory requirements. The training records of each Director are kept and updated by the company secretary of the Company.

Mr. Yu Ronald Patrick Lup Man has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 December 2024, and has confirmed he understood his obligations as a Director of the Company.

Directors' Insurance

The Company has always emphasized the importance of risk prevention of our Directors liabilities and continued to purchase liability insurance for all the Directors.

Board committees

The Board established the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board committees have been provided with sufficient resources for performing their duties, and are able to seek independent professional advice under proper situation after proposing reasonable requests at the expense of the Company.

Audit Committee

The Company established the Audit Committee on 28 May 2012 in accordance with the requirements of Rule 3.21 of the Listing Rules and the Corporate Governance Code. The written terms of reference of the Audit Committee were formulated in compliance with the Corporate Governance Code. The Audit Committee is comprised of three members, namely, Ms. Yu Xiaoying (resigned on 6 December 2024), Mr. Yu Ronald Patrick Lup Man (appointed on 23 December 2024), Mr. Suo Suo and Mr. Cao Kuangyu, all of whom are independent non-executive Directors. Mr. Yu Ronald Patrick Lup Man is the chairman of the Audit Committee. The primary duties of the Audit Committee include reviewing and supervising the Company's financial reporting processes and internal control systems, nominating and monitoring external auditors and providing advice and comments to the Directors.

For the year ended 31 December 2024, the Audit Committee held 3 meetings to discuss with the management the accounting standards and practices adopted by the Group, arrange audit initiation meeting, and to approve the results and financial statements of the Company for the year ended 31 December 2023 as well as the interim results and financial statements of the Company for the six months ended 30 June 2024, respectively.

The attendance of the meetings is as follows:

	Attended meetings/ convened meetings	**Attendance rate**
Ms. Yu Xiaoying *(chairlady) (resigned on 6 December 2024)*	3/3	100%
Mr. Yu Ronald Patrick Lup Man *(chairman) (appointed on 23 December 2024)*	0/3	0%
Mr. Suo Suo	3/3	100%
Mr. Cao Kuangyu	3/3	100%

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Company established the Remuneration Committee on 28 May 2012 in compliance with the requirements of Corporate Governance Code. The written terms of reference of the Remuneration Committee were formulated in compliance with the Corporate Governance Code. The Remuneration Committee is comprised of three members, namely, Mr. Suo Suo, Ms. Yu Xiaoying (resigned on 6 December 2024), Mr. Yu Ronald Patrick Lup Man (appointed on 23 December 2024) and Mr. Cao Kuangyu, all of whom are Independent non-executive Directors. Mr. Suo Suo is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include evaluating the performance of executive Directors and senior management and determining their remuneration packages and making recommendations on the remuneration of non-executive Directors.

The Remuneration Committee has also reviewed matters relating to the share options. During the year ended 31 December 2024, the Company did not grant any share options under the Share Option Scheme, and there were no share options granted but not exercised.

For the year ended 31 December 2024, the Remuneration Committee held 3 meetings to consider and review the employee's salary and benefit, as well as the remuneration policies and structure of Directors and senior management of the Company.

The attendance of the meetings is as follows:

	Attended meetings/ convened meetings	**Attendance rate**
Mr. Suo Suo *(Chairman)*	3/3	100%
Ms. Yu Xiaoying *(resigned on 6 December 2024)*	2/3	67%
Mr. Yu Ronald Patrick Lup Man *(appointed on 23 December 2024)*	0/3	0%
Mr. Cao Kuangyu	3/3	100%

Nomination Committee

The Company established the Nomination Committee on 28 May 2012 in compliance with the requirements of Corporate Governance Code. The written terms of reference of the Nomination Committee were formulated in compliance with the Corporate Governance Code. The Nomination Committee is comprised of three members, namely, Mr. Suo Suo, Ms. Yu Xiaoying (resigned on 6 December 2024), Mr. Yu Ronald Patrick Lup Man (appointed on 23 December 2024), and Mr. Cao Kuangyu, all of whom are independent non-executive Directors. Mr. Suo Suo is the chairman of the Nomination Committee. The primary duties of the Nomination Committee include reviewing the structure, size, composition and diversity (including but not limit to gender, age, cultural and educational background, professional experience, skills and knowledge) of the Board; making recommendations on any proposed changes to the Director and senior management to complement the Company's corporate strategy; identifying individuals suitably qualified to become Directors; making recommendations to the Board on appointment or re-appointment of the Directors; in identifying suitable individuals, considering individuals on merit and against the objective criteria, with due regard for the benefits of diversity on the Board; reviewing the board diversity policy, as appropriate; and assessing the independence of the independent non-executive Directors.

For the year ended 31 December 2024, the Nomination Committee held 3 meetings to consider and review the structure and composition of the Board, assess the independence of independent non-executive Directors, nominate the Directors to be retired by rotation and review the board diversity policy.

The attendance of the meetings is as follows:

	Attended meetings/ convened meetings	Attendance rate
Mr. Suo Suo *(Chairman)*	3/3	100%
Ms. Yu Xiaoying *(resigned on 6 December 2024)*	2/3	67%
Mr. Yu Ronald Patrick Lup Man *(appointed on 23 December 2024)*	0/3	0%
Mr. Cao Kuangyu	3/3	100%

Ensure Independent Views

The Board of Directors of the Company may receive independent views and opinions through the following mechanisms: a written confirmation is received from each independent non-executive Director of his independence from the Company pursuant to Rule 3.13 of the Listing Rules; the composition of the Board and the independence of the independent non-executive Directors are reviewed by the Nomination Committee, in particular the independence of some of the independent non-executive Directors who have served as independent non-executive Directors for more than nine years; the Board of Directors who are also controlling shareholders of the Company and/or directors and/or senior management of certain subsidiaries of the Company's controlling shareholders abstains from voting on relevant Board resolutions in relation to transactions of the controlling shareholders and/or their associates; the Chairman of the Board meets with the independent non-executive Directors at least once a year; and all members of the Board may seek independent professional advice when necessary.

During the Reporting Period, the Directors of the Company were able to attend the meetings of the Board and the meetings of the special committees in a prudent and responsible manner and provided professional advice and made independent judgment on the material issues discussed and decided with their professional knowledge and experience. By reviewing the implementation of the above mechanism, the Board is of the view that the above mechanism is effective in ensuring that the Board is provided with independent views and opinions.

Board Diversity Policy

The Board formulated and adopted the board diversity policy ("**Board Diversity Policy**"). The Company recognizes the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of Board diversity. The Company will also take into consideration factors based on its own business scope and specific needs from time to time in determining the optimum composition of the Board. The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee reviewed the Board composition pursuant to the above policy and the requirement of the Listing Rules and was of the opinion that the Board members of the Company comply with the Board diversity as required by the Listing Rules in respect of age, educational background and professional experience. For details on the composition of the Board, please refer to section headed "**Board Composition**" and "**Biographical Details of Directors and Senior Management**" in this report. For the gender ratio of all employees (including senior management) of the Company, please refer to "**Employees**" in the section headed "**Environmental, Social and Governance Report**" in this report.

CORPORATE GOVERNANCE REPORT

Company Secretary

Ms. Sun Xin was appointed as a joint company secretary of the Company on 28 May 2012, and has been the company secretary of the Company since 21 March 2014. Ms. Sun Xin has resigned as a company secretary of the Company with effect from 1 June 2024. Details of the profiles of Ms. Sun Xin are set out in the section headed "**Biographical Details of Directors and Senior Management**" in this report.

Ms. Lu Rulan was appointed as a company secretary of the Company with effect from 1 June 2024. Details of the profiles of Ms. Lu Rulan are set out in the section headed "**Biographical Details of Directors and Senior Management**" in this report.

According to Rule 3.29 of the Listing Rules, Ms. Sun Xin and Ms. Lu Rulan took no less than 15 hours of relevant professional training respectively for the year ended 31 December 2024.

Shareholders' Rights

Procedures for Shareholders to convene an extraordinary general meeting

Pursuant to article 58 of the Articles of Association of the Company, Shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for making enquiries to the Board

Any Shareholder who has enquiries or advice may deliver to the Board through mail at Room 4308, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, or e-mail to admin@dongwucement.com.

Procedures for putting forward proposals at general meetings

Shareholders can feel free to put forward proposals relating to the operations, strategy and/or management of the Group for discussion at general meetings. Such proposals shall be submitted to the Board or the company secretary by written requisition through mail at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, or e-mail to admin@dongwucement.com. Pursuant to the Articles of Association of the Company, Shareholders who proposed to submit proposals should convene an extraordinary general meeting in accordance to the procedures as set out in the "**Procedures for Shareholders to convene an extraordinary general meeting**" above.

In respect of recommendation on proposing certain candidate to be elected as a Director, please refer to (i) the procedures as set out in the Articles of Association of the Company published on the websites of the Company and the Stock Exchange; and (ii) the "**procedures for shareholders to propose a person for election as a director of the Company**" on the website of the Company.

CORPORATE GOVERNANCE REPORT

General Meeting

During the Reporting Period, the Company convened an annual general meeting on 23 May 2024 to approve (among others) the audited consolidated financial statements of the Group for the year ended 31 December 2023, the reports of Directors and auditor and the re-election of Directors who subject to retirement by rotation. All Directors have attended the annual general meeting. The attendance of each Director is detailed as follows:

	Attended general meetings/convened meetings	Attendance rate
Executive Directors		
Mr. Liu Dong	1/1	100%
Mr. Wu Junxian	1/1	100%
Non-executive Director		
Mr. Tseung Hok Ming	1/1	100%
Ms. Xie Yingxia	1/1	100%
Independent Non-executive Directors		
Mr. Cao Kuangyu	1/1	100%
Ms. Yu Xiaoying *(resigned on 6 December 2024)*	1/1	100%
Mr. Yu Ronald Patrick Lup Man *(appointed on 23 December 2024)*	0/1	0%
Mr. Suo Suo	1/1	100%

Nomination of Director

According to Article 85 of the Articles of Association of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, provided that a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting is given, stating his intention to propose such person for election and also a notice signed by the person to be proposed is given, stating his willingness to be elected, both of which shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting for such election) the period for lodging of such notice(s) shall commence on the day after the despatch of the notice of the general meeting for such election and end no later than seven (7) days prior to the date of such general meeting.

Internal Control

The Board is responsible for maintaining an effective internal control system to safeguard the assets and the interests of Shareholders of the Group, and regularly reviewing and monitoring the effectiveness of internal control and risk management system to ensure an adequate and sufficient system. The Group implemented internal control system to minimize the risks encountered by the Group, and functioned it as a management tool of daily business operation management. The system only provides reasonable, rather than absolute, guarantee against misstatements or losses.

The Company has adopted a set of guides and policies on internal control, including manuals on corporate governance, to improve the existing internal control system, covering corporate governance, ESG, risk management, operation, legal affairs, finance and audit.

During the Reporting Period, the Company has maintained high-level corporate governance. The Board has conducted annual review on the implemented systems and procedures, covering finance, operation, legal compliance control, and risk management functions (including but not limited to the material risks relating to environmental, social and governance in Appendix C2 of the Listing Rules).

For the year ended 31 December 2024, the Board considered the internal control system of the Company was adequate and effective, the Company complied with the Corporate Governance Code provisions in relation to internal control as set out in the Corporate Governance Code. The Audit Committee will constantly review and assess the effectiveness of the internal control system of the Group, and report the results to the Board. The Board would conduct review and assessment of the internal control system of the Group at least once a year, so as to ensure that it is free from any major supervisory deficiency.

For reporting and anti-corruption policies and systems, please refer to the "**Reporting**" and "**Anti-Corruption**" in the section headed "**Environmental, Social and Governance Report**" in this report.

Directors' Responsibilities in respect of Financial Statements

The Directors acknowledge that they are responsible for giving honest, clear, and plain assessment on the performance, position and prospect of the consolidated financial statements as set out in annual and interim reports of the Group in accordance with the statutory requirements and the applicable accounting standards. The Directors also acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2024. Having made all reasonable enquiries, the Directors confirm, to the best of their knowledge, information and belief, that they were unaware of any significant uncertainties relating to the events or situations that may seriously cause doubt on continuing operation of the Company on an ongoing basis. To prepare the financial statements for the year ended 31 December 2024, the Directors have adopted appropriate accounting policies and applied consistently, and made prudent and reasonable judgments and estimates.

Risk Management and Internal Control

In order to ensure efficient operation and efficiency of our business as well as compliance with relevant laws and regulations, the Group emphasizes the importance of establish a sound internal control system. Further, the system is an integral part in mitigating the risks borne by the Group. The Group's internal control system is designed to provide reasonable but not absolute assurance against material misstatement or loss; to manage but not eliminate risks of failure in operational systems or failure to achieve business objectives; and to achieve business objectives. The Board continues to review the internal control system, enabling it an effective and viable system that can provide reasonable assurance, protect our important assets and identify business risks. According to the information available to the Board and its observation, the Board believes that the Group's existing internal control is satisfactory. The Group strives to identify, control and manage risks related to its business activities and implement effective and viable control system, including management structure with specific written terms of reference, sound cash management system as well as regular review on the Group's performance carried out by the Audit Committee and the Board. The Board has reviewed the effectiveness of the internal control system of the Group. It is of the opinion that the internal control system adopted during the year ended 31 December 2024 was sound and effective, and is sufficient to safeguard the investment benefits of the Shareholders and the Company's assets.

Main Features of the Risk Management and Internal Control Systems

The Board is responsible for overseeing the risk management and internal control systems of the Group on an ongoing basis. The main duties are as follows:

(a) to set the strategic goal of risk management, evaluate and determine the nature and extent of risk it is willing to take in achieving strategic objectives;

(b) to ensure that an appropriate and effective risk management and internal control systems is established and maintained; and

(c) to review the effectiveness of the risk management and internal control systems at least once a year.

Meanwhile, the Board authorizes the Audit Committee to oversee the financial reporting system, internal control and risk management procedure. The main duties are as follows:

(a) to review the Company's financial control, and, unless expressly under the handling of an otherwise established risk committee under the Board or the Board itself, to review the Company's internal control, risk management systems and other major financial matters;

(b) to review the annual report prepared by the management and certified by the external auditor of the Company, among which, the external auditor shall evaluate the effectiveness of the Company's internal control set out in the financial report and set forth the duties of the management to establish and maintain an effective risk management and internal control systems;

(c) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have an effective system in place. The discussion should include the adequacy of resources of the Company's accounting, financial reporting, risk management and internal control function, staff qualifications and experience, and the sufficiency of training programmes and budget in this regard;

(d) to consider major investigation findings on risk management and internal control matters as on its own or delegated by the Board initiative and management's response to these findings;

(e) to ensure the co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(f) to review the Group's financial and accounting policies and practices, and to monitor the Company's financial operation and core business status;

(g) to review the external auditor's Letter of Statement on Audit provided to the management, any material queries raised by the external auditor to the management about accounting records, financial accounts or systems of control and management's response;

(h) to ensure that the Board will provide a timely response to the issues raised in the Letter of Statement on Audit provided by the external auditor to the management;

(i) to report to the Board on the matters set out in the Corporate Governance Code under Appendix C1 of the Listing Rules;

(j) to review the following arrangements made by the Company: the employees of the Company may, in confidence, raise concerns about potential improper behaviors arising from financial reporting, internal control, risk management or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigations of such matters and appropriate actions;

(k) to timely ascertain the reasons of resignation of the executive Director, general manager, financial controller or head of internal audit/head of credit control of the Company upon their resignations;

(l) to prepare draft reports and summary of work reports for the prescribed period, the former shall be submitted to the Board for review and the latter shall be included in the Group's quarterly, interim and annual reports;

(m) to consider the proposal of the Board in relation to the appointment, replacement and removal of any member of the Audit Committee and the auditors;

(n) to review regularly the following matters with the Company's financial officer and the external auditor:

(i) all major deficiencies and serious defects in the internal control measures of financial report during the setting or implementation may adversely impact the Company's capability of recording, handling, summarizing and reporting of financial information; and

(ii) any fraudulent acts in respect of the management or other employees who play an important role in the internal control over the Company's financial report, regardless of the seriousness of such frauds;

(o) to act as the key representative body to oversee the Company's relationship with its external auditor; and

(p) to consider other matters as authorized by the Board.

The Company has also set up the internal audit function, which reports directly to the Audit Committee and is responsible for making analysis and independent assessment as to whether the risk management and internal control systems is sufficient and effective.

Procedures on Identifying, Assessing and Managing Material Risks

The risk management procedures of the Group are as follows:

Project initiation – to initiate risk management and prepare for relevant activities.

Risk identification – to identify the current risk exposure.

Risk analysis – to conduct two-dimension risk analysis, including the extent of influence and possibility of occurrence.

Risk response – to select the proper risk response and develop strategies to mitigate risks.

Control activities – to propose up-to-date internal control measures and policy and process.

Risk control – to continuously monitor the identified risks and implement relevant internal control measures to ensure the effective operation of risk response strategies.

Risk management report – to conclude the findings of risk assessment and analysis and internal audit, formulate and report an action plan.

Procedures on Handling and Disseminating Inside Information and Internal Control Measures

The Group handles and disseminates inside information in accordance with the "**Guidelines on Disclosure of Inside Information**" issued by the Securities and Futures Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information. In addition, the Company keeps the Directors, senior management and employees appraised of the latest regulatory updates. The Company shall prepare or update appropriate guidelines or policies to ensure the compliance with regulatory requirements. The Board has reviewed the risk management and internal control systems for the year ended 31 December 2024 to ensure the effectiveness and adequacy of the systems. Such review shall be conducted annually. The Board considered that the risk management and internal control systems of Company for the year ended 31 December 2024 were effective and adequate.

Auditor's Remuneration

BDO Limited was the independent auditor of the Company. For the year ended 31 December 2024, the remuneration payable by the Company to BDO Limited is set out below:

Services rendered by the auditor	**Remuneration** *(HK$'000)*
Audit services	1,362
Non-audit services	150
	1,512

Communication with Shareholders and Investor Relationship

The Company leverages on various formal channels of communication to ensure a fair and transparent disclosure on the business and financial performance. The information of the Company will be published on its website at www.dongwucement.com. The interim and annual reports, circulars and notices of the Group will be uploaded on the websites of the Stock Exchange and the Company and hard copies of the same will be dispatched to the Shareholders.

The website of the Company provides information such as e-mail address, correspondence address and telephone number for public enquiries, as well as information on the business activities of the Company.

The annual general meeting of the Company provides a communicative opportunity between the Board and the Shareholders. The notice for the annual general meeting and related documents will be dispatched to the Shareholders in accordance with the Listing Rules, and will be published on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Shareholders' communication policy, including the multiple communication channels for Shareholders in place and the steps taken to handle Shareholders' enquiries, and considered that the Shareholders' communication policy has been properly implemented and effective.

During the year ended 31 December 2024, the Company has not made any changes to the Articles of Association. A latest version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

This report is the nineth Environmental, Social and Governance (“**ESG**”) Report of Dongwu Cement International Limited (the “**Company**” or “**Dongwu Cement**”, together with its subsidiaries, the “**Group**” or “**We**”), which presents the Group’s management approach and performance in ESG during the reporting period from 1 January 2024 to 31 December 2024, to facilitate stakeholders’ further understanding of the Group’s sustainability strategies.

Reporting Guidelines and Principles

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code (formerly named as the Environmental, Social and Governance Reporting Guide) set out in Appendix C2 of the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (“**HKEX**”), fulfilling the reporting obligation of “Comply or Explain” and adhering to the reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

Reporting Boundary

This report mainly discloses the environmental and social performance of the Group’s cement and rare earth related business. The information and data in the report cover Suzhou Dongwu Cement Co., Ltd.*（蘇州東吳水泥有限公司）, a subsidiary of the Group’s cement segment and Ganzhou Chengzheng Rare Earth New Material Co., Ltd.*（贛州誠正稀土新材料股份有限公司）, Ganzhou Chengzheng Motor Co., Limited*（贛州誠正電機有限公司）, Ganzhou Ruizhixing Metal Plating Co., Limited*（贛州瑞之興金屬表面處理有限公司）, Jiangxi Weiben New Energy Technology Co., Limited*（江西為本新能源科技有限公司）, Jiangxi Donghan Technology Innovation Co., Limited*（江西東涵科技協同創新有限公司）, Ganzhou Nengzan Rare Earth Material Co., Limited*（贛州能贊稀土材料有限公司）and Ganzhou Ruixing Metal Plating Company*（贛州市瑞興電鍍加工廠）, subsidiaries of the Group’s rare earth segment. For the corporate governance section, please refer to pages 44 to 58 of this report. For an overview of the disclosure of various indicators, please refer to the content index at the end of this report.

Feedback

This report is published in both Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail. Your comments and suggestions play an important role in our continuous improvement of the disclosure. We welcome your feedback at any time through the following methods:

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Tel: (852) 2520 0978

Fax: (852) 2520 0696

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Message from the Chairman

Dear Stakeholders,

Looking back on 2024, Dongwu Cement remained true to its original aspiration and led the development of the industry with its superior quality and innovative spirit. Upholding the corporate spirit of diligence and integrity, we have continuously consolidated the market position of the brand of "Dongwu Cement". Through technological innovation and lean management, we have achieved stable business performance. We recognize that sustainable development is the cornerstone of a company's long-term growth. Therefore, we have deeply rooted the concept of green development in our corporate culture and are committed to promoting the dual enhancement of economic benefits and social responsibilities.

During the year, we further deepened our green operation strategy. With "pollution prevention, energy conservation, consumption reduction and compliance" as our environmental management objectives, we successfully rolled out a number of new energy-saving and emission-reduction measures, and continuously optimized the allocation of resources to improve energy utilization efficiency. We actively addressed the opportunities and challenges brought about by climate change. Based on the Group's business characteristics and international standards, we identified the Group's climate-related risks and opportunities to ensure that the enterprise maintains its edge in the low-carbon transformation. In 2023, the Group acquired a 62.5% stake in Ganzhou Chengzheng Rare Earth New Materials Co., Ltd. ("**Ganzhou Chengzheng**"), further strengthening its presence in the green and low-carbon industries. In 2024, we continue to deepen strategic synergy within the rare earth sector, actively driving the Group's expansion in the renewable energy and energy efficiency sectors. We are committed to enhancing energy efficiency, reducing carbon emissions, supporting the transition to a green economy, and advancing sustainable development goals.

The Company has always regarded its employees as the core force driving the Group's development. We continuously optimize the employee training system, provide diversified learning and development opportunities, and create a safe, healthy and fair working environment. Adhering to the people-oriented principle, we strengthen occupational health and safety management, implement strict safety production standards, and continue to achieve high-quality results in the Group's occupational health objectives. We firmly believe that the growth and satisfaction of employees are the keys to the long-term success of the enterprise. We will continue to invest resources to effectively safeguard the health and well-being of employees and enhance their sense of belonging and satisfaction.

Product quality is the cornerstone of Dongwu Cement's business. Adhering to "Customer Oriented" principle, the Group maintains comprehensive oversight of the entire product chain from raw material procurement to product delivery and continues to optimise its supply chain management and product quality control processes, while enhancing product performance and environmental metrics through technological innovation and process upgrading. Concurrently, we are committed to providing our customers with high-quality and sustainable product solutions, continuing to demonstrate our resolve to pursue service innovation and quality enhancement.

Looking ahead, Dongwu Cement will continue to push forward the strategy of high quality development on exploring additional green and low-carbon technologies and applications to drive the green transformation of the cement industry. We will drive corporate progress with innovation and collaboration with all stakeholders to create more sustainable long-term value for society and to embrace a future full of hope and challenges.

Liu Dong
Chairman of the Board
Dongwu Cement International Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

We have established a robust governance framework to ensure the smooth implementation and continuous improvement of ESG-related initiatives. The Board of Directors, as the responsible body for overseeing ESG-related risks, is responsible for reviewing implementation progress and effectiveness against ESG-related objectives. The management structure (see below) headed by the general manager and supported by various functional departments, is responsible for formulating ESG strategies and policies, managing and evaluating ESG performance in a comprehensive manner, including systematic review on major issues. In order to ensure the smooth implementation of ESG work, each department strictly complies with relevant laws and regulations and the Company's internal policy, and always holds itself to high standards in production and management. The Company regularly conducts internal audits and performance evaluations to continuously promote the realisation of ESG objectives and lay a solid foundation for the long-term development of the enterprise.

The Quality, Environmental and Occupational Health and Safety Management Structure

General manager

The head of the quality, environmental and occupational health and safety management system

Representatives at management and staff levels

To coordinate and harmonize the works of relevant parties for ensuring the effective operation of the quality, environmental and occupational health and safety management system

Functional departments to coordinate and carry out relevant tasks

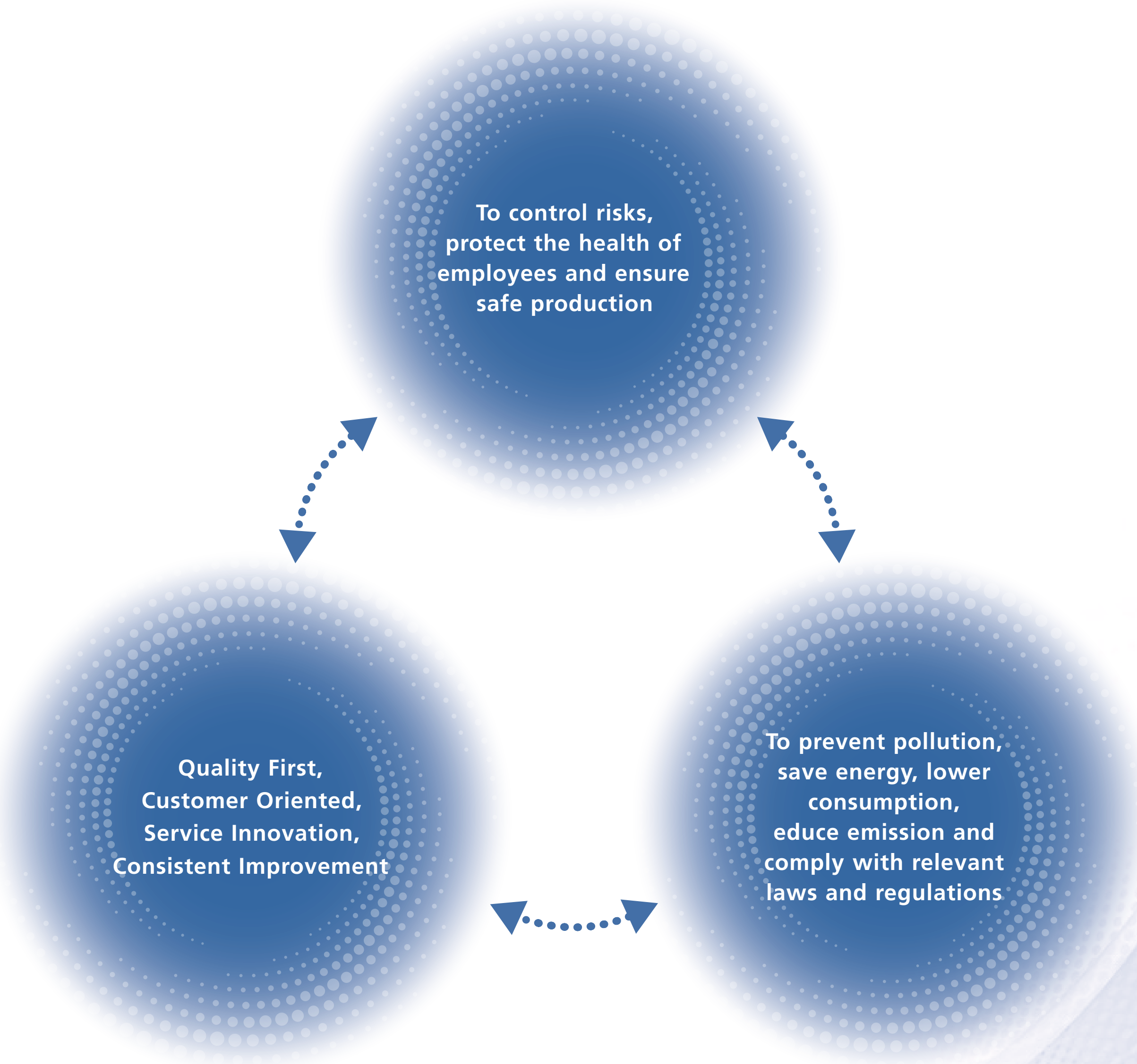
- Finance Department
- Office
- Laboratory
- Production Technology Department
- Safety and Environment Department
- Supply Department
- Sales Department

The Board acknowledges its responsibility to ensure the authenticity of this report and has reviewed it. To the best of its knowledge, this report covers all relevant material issues and makes objective and accurate disclosure on ESG performance. The Board has confirmed its content is true and complete.

ESG Management Approach

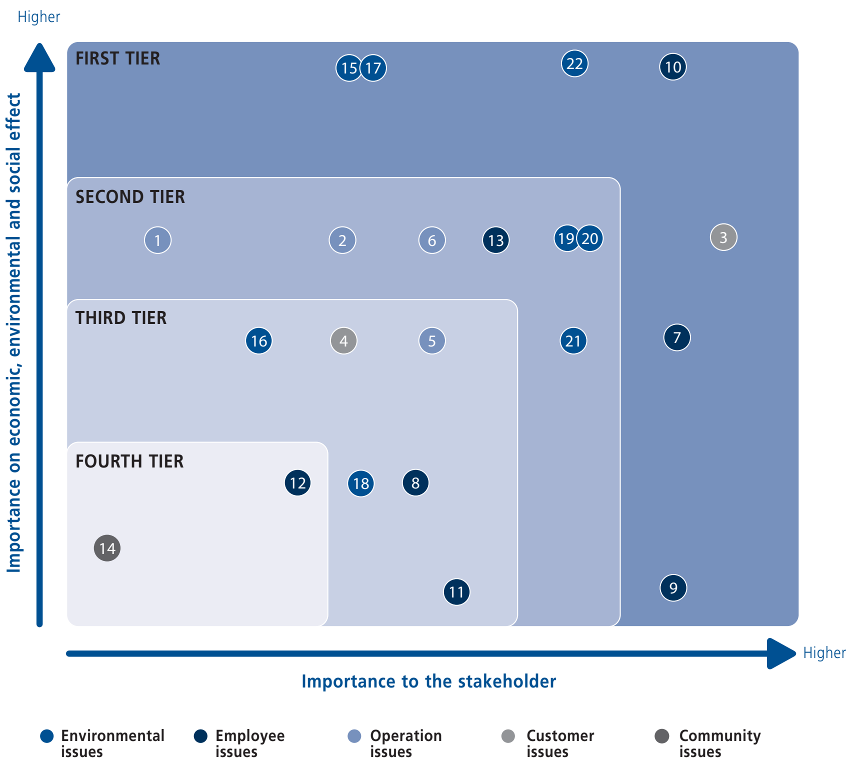
The ESG management approach of the Group provides clear guidances for promoting sustainable development in our daily operations. We have formulated and implemented the "Quality, Environmental and Occupational Health and Safety Management Handbook" (hereinafter referred to as the "**Management Handbook**") in compliance with relevant laws and regulations and international requirements to regulate the Group's quality, environmental and occupational health and safety management related work, and to ensure that relevant measures are standardised and efficiently implemented.

The Group also improved its ESG management measures by obtaining various domestic and international management system certifications. The Group has been accredited with ISO 45001 occupational health and safety management system, ISO 9001 quality management system and ISO 14001 environmental management system.



Develop Materiality Topics

The Group values the needs and expectations of stakeholders, and maintains regular communication with its stakeholders through diversified channels. We invited the Board of Directors of the Group and various stakeholders to participate in the assessment of materiality topics, with reference to the materiality topics assessment process of the Global Reporting Initiative (GRI), which covers four steps of identification, prioritization, validation and review, and took into full consideration of the characteristics of the Group's business development, to form a materiality matrix and identify a total of 7 materiality topics, including product quality and safety, personnel management, employee training and promotion, occupational safety and health, waste gas management and emission reduction, hazardous waste management and emission reduction, and environmental compliance.



FIRST TIER	SECOND TIER	THIRD TIER	FOURTH TIER
3 Product Quality and Safety	1 Anti-corruption	4 Customer Satisfaction	12 Employee Diversity and Equal Opportunity
7 Personnel Management	2 Supplier Management	5 Intellectual Property	14 Community Contribution
9 Employee Training and Promotion	6 Commercial Ethics	8 Employees' Compensation and Benefits	
10 Occupational Safety and Health	13 Child Labor and Forced Labor	11 Communication with Employees	
15 Waste Gas Management and Emission Reduction	19 Energy Management and Conservation	16 Greenhouse Gas Emission	
17 Hazardous Waste Management and Emission Reduction	20 Water Resource Management and Conservation	18 General Waste Management and Emission Reduction	
22 Environmental Compliance	21 Response to Climate Change		

Environment
Employee
Operation
Customer Service
Community Contribution

Response to Materiality Topics

The following table presents actions taken during the year on materiality topics, with additional management practices and commitments described in the corresponding sections.

Materiality Topics	Dongwu Cement's actions in 2024	Corresponding sections
Product Quality and Safety	• Overall customer satisfaction rate of 97% • 100% customer complaint handling rate • 100% passing rate of ex-factory cement • 100% passing rate of affluent strength of ex-factory cement • Initiating a technology modification project to improve product quality control	Operational Excellence
Personnel Management	• Higher-than-industry-average salary and benefits • Various salary subsidies such as holiday allowance and high temperature allowance	People Oriented
Employee Training and Promotion	• Various training courses • Employees with excellent performance were given priority in career paths and benefit	People Oriented
Occupational Safety and Health	• Regular production safety inspections and hold emergency drills • 0 major injuries and fatalities • 0 occupational disease incidence rate	People Oriented
Waste Gas Management and Emission Reduction	• Energy-saving technology transformation of cement mill system • Developing energy saving and emission reduction management program	Environmental Protection
Hazardous Waste Management and Emission Reduction	• Strengthening equipment repair and maintenance to extend the life of consumables and reduce waste	Environmental Protection
Environmental Compliance	• Compliance with relevant laws and regulations • Accepted environmental supervision and assessment to ensure compliance with emission standards	Environmental Protection

Operational Excellence

The Group regards product safety and customer trust as the cornerstone of corporate responsibility, striving to become a brand that customers can rely on. We firmly believe that excellent product quality is the foundation for sustainable development, and continue to strengthen our competitive edge in the field of circular economy.

Product Quality Management

Quality First is the core business philosophy of the Group. Dongwu Cement strictly adheres to relevant laws and regulations such as the "Product Quality Law of the People's Republic of China", the"Quality Management Procedures for Cement Enterprises" and the "Basic Conditions of Cement Enterprises Laboratory". The Company has obtained ISO 9001:2015 Quality Management System Certification and has implemented the GB 175-2023 "Common Portland Cement" standards during the year. Based on the Company's quality management and product production characteristics, the Group's cement segment has established relevant internal policies such as the "Product Inspection and Measurement Control Procedures" and the "Control Procedures for Non-compliance and Corrective and Preventive Measures", which clearly stipulate and strictly manage the control of cement raw materials and the key links of the production process. We conduct quality inspection on incoming goods, semi finished products and finished products, screen out and classify unqualified products, and properly review and handle them in accordance with the relevant procedure. We are also responsible for the overall management of monitoring and measuring equipment, and inspect, maintain and repair the production equipment of the enterprise to ensure stable operation.

The rare earth segment of the Group also sticked to the principle of high-quality management. It commenced a technology modification project for an annual production capacity of 2,000 tonnes of rare earth permanent magnetic materials. Through measures including workshop re-planning and upgrading, equipment renewal, establishment of an analysis and testing centre, and investment in digital tools such as 5S visual management, the Group has been able to improve its production efficiency while enhancing the fine control of its product quality and continuously perfecting its production.

Business of the Group	2024 Goals for Quality	Actual Performance
Cement segment	passing rate of exfactory cement: 100% passing rate of affluent strength of cement: 100%	**Achieved (100%)**
Rare earth segment	product delivery acceptance rate: 99%	**Achieved (99.53%)**

Products of the Group's cement segment are sold in bulk cement or under the registered brand“ ”with “Exfactory Cement Quality Certificate”, which includes the requirements of the “Common Portland Cement” standards. In response to the discovery and confirmation of unqualified ex-factory products or serious quality problems in the use of products, the following measures were taken:

- ➢ Rework unqualified products to meet the requirements;
- ➢ Downgrade its use under authorization or accept it with concession;
- ➢ Notify relevant customers to stop using, isolate or return unqualified products.

Upon the disposal of unqualified products, they are required to be re-inspected subject to the “Control Procedures for Product Monitoring and Measurement” with records kept.

To further enhance product quality management, the rare earth segment introduced additional testing equipment and procedures to ensure that products meet stringent standards at every stage of production. The rare earth segment also intensified quality awareness and skills training for its employees, deepening their understanding and recognition of product quality, and encouraging them to take a proactive and responsible role in quality control. Moreover, a comprehensive product traceability system has been established to document and track the production and sales processes, facilitating the swift identification and rectification of any quality issues that may arise. The Group prudently complies with the relevant laws and regulations such as the “Advertising Law of the People's Republic of China” in marketing and selling products, and prohibits all advertisements containing false or misleading contents.

Customer Service

Customer satisfaction

Adhering to the principle of "customer first", the Group is committed to provide its customer with outstanding products and service experience. During the year, the Group achieved a customer satisfaction rate of 97%, meeting the target customer satisfaction rate of more than 90%.

Target Customer Satisfaction and Actual Performance

We have established a diversified communication mechanism. We communicate with customers closely through phone calls, letters, visits, product exhibitions and other channels to understand customer needs. Every year, as directed by the Sales Department, we send customers a "Customer Satisfaction Questionnaire", which is scored in respect of product quality, service quality, product price and lead time, so as to fully and precisely understand the customer's satisfaction with the Company's products and services, thus to identify any room for improvement to improve their experience.

Customer Complaint Handling

The Group has always been attentive to customer demands and actively addresses consumer complaints and feedback. The Consumer Department is responsible for collecting complaints from customers and suppliers. Upon receiving a customer complaint, a designated person is assigned to follow up and take necessary corrective actions promptly to ensure the swift resolution of customer concerns. During the year, the Group's rare earth segment received one complaint, which has been resolved, achieving our goal of a 100% complaint resolution rate. Based on customer feedback, we continue to optimize our follow-up processes and enhance service quality to meet customer and stakeholder expectations and needs to the greatest extent.

Information Security and Privacy

The Group places a high priority on the protection of customer information security and privacy rights, strictly adhering to the "Cybersecurity Law of the People's Republic of China" and other relevant laws and regulations, and is committed to safeguarding the privacy and security of all stakeholders as well as the Group's internal operations. We require internal employees to sign confidentiality agreements to prevent the leakage of sensitive information, including the Group's technological data. For customer privacy and business secrets, we mandate that employees responsible for relevant customers collect and file information, establish appropriate access permissions, and handle customer data with caution to ensure full protection of customer privacy. In the event of any internal or external privacy breach, we will promptly take remedial actions to minimize potential impacts.

Supply Chain Management

Effective and reliable supply chain management is essential for the Group's sound operation. The Group maintains close contact with suppliers through visits, telephone consultations, supplier meetings, and other methods to ensure transparency of information and reach a consensus. The Group has established comprehensive procurement regulations and conducts annual evaluations of suppliers to ensure the quality of supply and production stability.

Supplier Selection and Assessment

During the year, the Group had 104 qualified suppliers, all of which were from mainland China. When engaging suppliers, the Group not only focuses on core quality factors such as the suppliers' corporate qualifications, samples, and relevant testing reports, but also considers their performance in environmental protection, occupational health and safety, and other areas, aiming to mitigate social and environmental risks in the supply chain from the source. The Group has established internal documents such as the "Procurement Control Procedure" to regulate the standardized operations of supplier screening, assessment, tracking, and evaluation. The Supply Department and the Procurement Department, as the core departments for supplier management, comprehensively supervise suppliers through regular tracking evaluations and irregular assessments. In addition to routine sample testing and quality management capability assessments, strict checks are also conducted on the compliance with employee rights and occupational safety and health for newly introduced suppliers. Only suppliers that pass these stringent audits qualify to be included in the "List of Qualified Suppliers".

Admission and Selection

- Assessment of environmental risk and social risk
- Assessment of corporate environmental responsibility, employees' right and occupational health and safety

Evaluation and Assessment

- Regular evaluation of the suppliers, including annual re-evaluation
- Irregular assessment of the suppliers, according to market conditions

Policies and Documents

- Purchase Control Procedure
- Management Procedures on the Influence Exerted on Interested Parties

Supply quality control

The Group clearly defines the standards for supply quality in the relevant systems. If non-conforming products are found, the return process will be initiated immediately. For suppliers with two or more instances of non-conformance, the Group will terminate cooperation with them. In addition, we have established the "Internal Control Standards for Quality of Raw Materials," under which the Laboratory is responsible for the acceptance of purchased raw materials. If quality issues arise, the Supply Department will promptly communicate with the relevant suppliers and conduct subsequent follow-up, including on-site inspections if necessary. The Supply Department also conducts regular source verification of suppliers in accordance with the "Control Procedure for Inspection and Measurement of Products" to ensure the supply quality meets the standards.

Green Procurement

Green procurement is an important approach for the Group to practice sustainable development. In terms of raw material selection, we prioritize the procurement and use of materials that are beneficial to environmental protection. Based on internal documents such as the "Catalogue for the Elimination of Obsolete Mechanical and Electrical Equipment (Products) with High Energy Consumption" and the "Industrial Structure Guidance Catalogue," the Group strives to select low-energy-consuming equipment products and devices encouraged by the state when making equipment purchases, while strictly prohibiting the purchase of outdated and eliminated equipment, in order to reduce environmental impact.

Intellectual Property Protection

The Group attaches importance to protection of the intellectual properties that are closely related to our operations. To ensure the smooth development of intellectual property protection work, we formulate and implement relevant intellectual property management methods and protection measures in accordance with the "Hong Kong Intellectual Property Law" for the Group's cement business segment. We add relevant intellectual property protection provisions to the contractual terms, and the Legal Department of the Group handles all operational contracts to avoid any possible infringement of the ownership of the intellectual achievement of individuals or enterprises and to reduce potential risks to customers, suppliers and the Group. Meanwhile, we have formulated internal policies such as the "Intellectual Property Information Release Control Procedures" and the "Intellectual Property Management Workflow and Early Warning Mechanism" for the rare earth business segment to further strengthen the management and protection of intellectual property rights. During the year, the rare earth business segment was awarded the honour of Ganxian District Intellectual Property Leading Enterprise, fully reflecting its positive contribution and leading position in the field of intellectual property. As at the end of the year, the Group's rare earth segment had a total of 37 active patents, including 25 patents for utility models and 12 patents for inventions.

Honest Operation

The Group has always been adhering to the principles of integrity and fairness in its operation and internal control. We strictly implement the internal "Prevention of Commercial Bribery Management Policy" to ensure that every employee is accurately aware of the regulations and operation measures of the policy, and timely disclose and prevent improper or illegal acts. To further strengthen anti-corruption risk management, the Group regularly provides anti-corruption and integrity compliance training to Board members and all employees. These sessions aim to enhance their ability to identify, prevent, and respond to integrityrelated risks. The Group has formulated "Anti-Corruption Work Plan" and established an dedicated anti-corruption team comprising of the general manager of the Company (as team leader), the chief financial officer (as deputy team leader) and responsible persons from each department as members. The team is responsible for the investigation and verification of corruption issues, the punishment on those responsible and the rewards to whistle-blowers to ensure the transparency and fairness of corporate operation.

Project Management

- Open tender for large value projects
- Management approves the amount of different service contracts by level

Supplier Management

- Consolidated review and evaluation of qualified suppliers by multiple related departments
- Verification, approval and signatures are required prior to procurement

Personnel Management

- Set up an audit team and a reporting channel for all business partners and employees to report in a timely manner
- WeChat work groups are established to encourage employees to report information to their supervisors in a timely manner
- Employees are required to report potential conflict of interest situations to management in a timely manner

Environmental Protection

The Group's commitment to enhancing resource efficiency and minimising the impact of operations on the environment are key to optimising production efficiency and achieving long-term sustainable development.

Environmental management

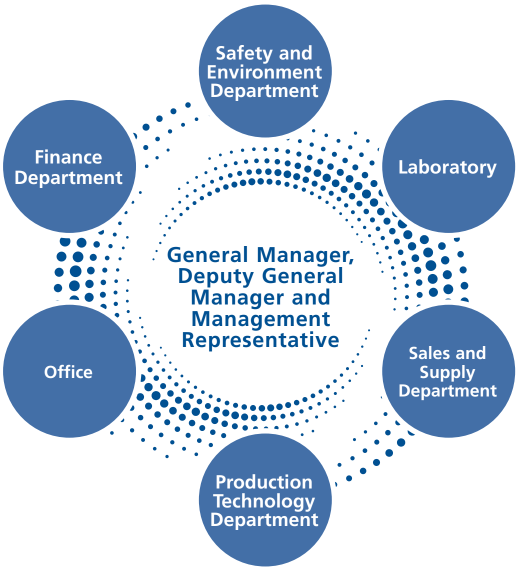
The Group's production processes involve resource consumption and are accompanied by the emission of pollutants such as dust and exhaust gas, which have a potential impact on the environment. The Group adheres to the environmental management policy of "pollution prevention, energy saving, consumption reduction and compliance with laws and regulations" throughout all aspects of production, and is committed to continuously reducing the impact on the environment in the process of production and operation. The Group also saved energy and reduced consumption by improving the production process technology. During the year, the Group was in compliance with the standards required by relevant laws and regulations in terms of environmental supervision and assessment.

Key work on environmental management in 2024

1. Energy-saving technology transformation of cement grinding system
2. Maintenance of environmental protection infrastructure

Management structure

The Group's environmental management system had passed the ISO 14001: 2015 certification. The Group has set up an "environmental protection leading group" led by the general manager, supported by the deputy general managers and the management representatives, and coordinated among various departments, workshops, and offices. The Group carried out various inspections, internal audits and management reviews to ensure legal discharging of the Group; the Group also clarified the division of labor among personnel at all levels and focused on environmental protection management to improve the efficiency in environmental protection.



Environmental Management Objective	Progress of 2024
100% pollutant emission compliance rate	Achieved✓
100% dust and noise emission compliance rate	Achieved✓
100% solid waste classification and collection rate	Achieved✓
100% integrated disposal of solid waste	Achieved✓

Environmental Management Objective and Progress

Identification of Potential Risks

According to "Environmental Factors Identification and Evaluation Procedures", the Group established an expert evaluation team consisting of the deputy general managers, responsible personnel of each department and workshop and other relevant personnel to comprehensively evaluate the environmental factors identified by each department. In 2024, the Group's cement segment identified a total of 847 environmental factors and 16 key environmental factors. In order to ensure the standardized operation of environmental emergency management, the Group's rare earth segment has prepared an "Environmental Emergency Response Plan" to minimise the time between the occurrence of a crisis and its effective handling. In addition, the Group's rare earth segment has also proactively taken positive control measures. In particular, the Group regularly entrusts professional third-party testing organisations to carry out environmental testing, and focuses on controlling emissions of waste gas and waste water as well as noise pollution, thereby safeguarding the safety and sustainable development of the surrounding ecological environment. In the future, we will continue to strengthen the inspection and rectification of equipment and environmental hygiene, and optimize the management of hazardous chemicals to ensure that risk management and control comply with the requirements of laws and regulations.

Climate change

The escalating climate change has emerged as a critical challenge for the global economy and environment, exerting profound impacts on various industries. To address this challenge, the Group is committed to formulating strategies aligned with global best practices to effectively mitigate the potential risks and impacts of climate change on business operations. The Group implements climate change management through four core dimensions: governance, strategy, risk management, and metrics and targets, while continuously refining relevant strategies.

Governance

The Group had developed a climate change policy, which was implemented by the Company's management team and its energy management team, to promote energy saving and emission reduction measures and set carbon reduction targets. The Board fully recognizes the extensive impacts that climate change may cause on the Group's business operations and profoundly understands the critical importance of effectively managing climate-related risks and seizing relevant opportunities for the enterprise's long-term sustainable development. Under the Group's overall strategic framework, the Board assumes ultimate responsibility for evaluating, determining, and ensuring the achievement of the Group's strategic objectives.

Strategies and risk management

In accordance with HKEX's "Guidance on Climate Disclosures" and "International Financial Reporting Standards S2 – Climate-related Disclosures" ("**IFRS S2**") issued by the International Sustainability Standards Board ("**ISSB**"), and aligned with the characteristics of the Group's business development, we have systematically conducted climate risk assessments to identify and categorize climate-related risks and opportunities that have significant impacts on the Group's operations. These include two physical risks, three transition risks, and two opportunities, as detailed below:

Type	Description	Possible financial impact	Measures
Physical Risks			
Acute Risks	The frequency and intensity of extreme weather such as typhoon and rainstorm increased	– Worsening weather may cause sudden equipment failures, tight supply of raw fuel materials and power outages, increasing maintenance or replacement costs; – Prolonged high temperatures lead to higher demand for plant utilities such as refrigeration and air conditioning, resulting in higher utility costs; – Impact the safety and efficiency of on-site workers, resulting in increased absenteeism, reduced productivity, and higher operational costs.	– Establish an internal climate response training system to enhance employees' expertise and skills for extreme weather; – Adopt green and efficient cooling equipment to reduce energy consumption as much as possible; – Scientifically allocate production plans, increase safety and health protection measures and capital investment for workers, and improve operational efficiency.
Chronic Risks	Changes in precipitation patterns and persistent high temperature		

Type of risk	Description	Possible financial impact	Measures
Transition Risks			
Policy and Legal Risks	More stringent regulatory requirements related to greenhouse gas emissions	– Excess greenhouse gas emissions lead to increased costs associated with litigation; – Increase the use of new technologies for energy conservation and emission reduction, and increase the procurement cost of green and efficient equipment;	– Closely monitor climate-related laws and regulations, strengthen the Company's greenhouse gas management and set corresponding targets; – Actively explore the feasibility and economic benefits of clean technologies;
Technological Risks	The cost of transition to low-carbon technologies		
Market Risks	Customers' higher standards for product quality, higher requirements for product construction adaptability, and higher expectations for supply cycles and after-sales service Rising costs and unstable quality of raw materials	– Higher customer requirements may affect product quality and delivery time, and increase service costs; – Raw materials may increase production costs and increase operating pressure.	– Regularly assess market demand and flexibly adjust product production schedules to ensure stable product quality and delivery; – Select multiple suppliers to diversify risk and actively develop the production of raw materials to ensure controllable quality and reduce the impact of price fluctuations.

Type of opportunity	Description	Possible business impact	Measures
Resource Efficiency	Improvement of the efficiency of energy and resource used in production	– Optimize production processes and technologies, reduce energy and raw material costs and increase production capacity.	– Adopt high-efficiency equipment and intelligent management system to optimize resource allocation.
Energy Sources	Increase of the use of renewable energy in the production process to achieve a low-carbon business model	– In the long term, reduce operating costs by saving energy costs and reducing carbon tax and compliance costs.	– Increase investment in clean energy infrastructure and optimize the structure of electricity consumption;

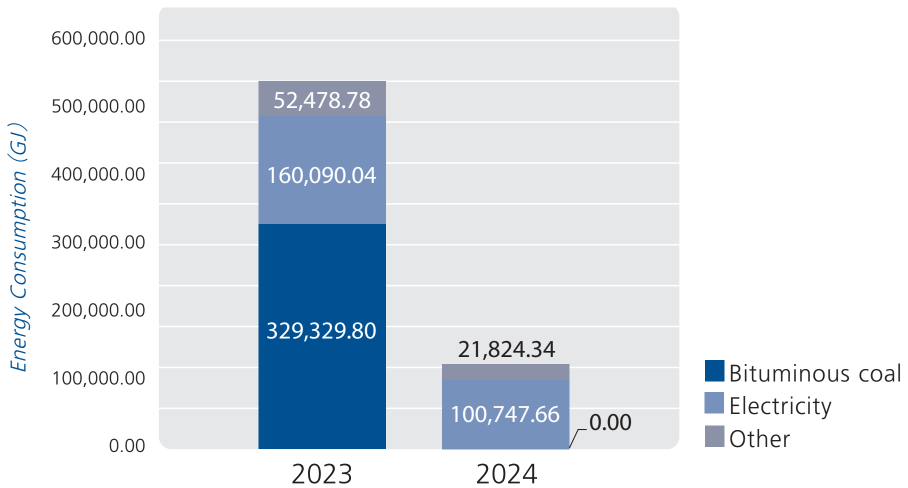
Indicators

Energy Usage

The Group strictly complied with the "Energy Conservation Law of the People's Republic of China", and thus established an internal "Energy Management Handbook" to ensure that energy management and pollution emissions comply with relevant national and local regulations. The Group has successfully passed the national energy system certification and evaluation, and continued to improve process transformation and energy conservation and emission reduction measures in accordance with relevant standards. The Group has set up an "Energy Leadership Group", which is composed of the deputy general manager and responsible personnel of various departments. It is required to work with various energy use departments to compile the "Energy Objectives and Targets Management Plan" for the following year, in December each year, and determine energy saving measures, use of resources and other matters for the following year. In addition, the Energy Leadership Group is responsible for receiving the latest energy policies from superiors and delivering such movements to employees to ensure smooth implementation of energy control measures and effectively eliminate waste of energy.

During the year, the Group's main energy consumption came from the use of electricity, natural gas, petrol and diesel. The total energy consumption was 122,572.00 GJ, and the energy consumption intensity was 0.55 GJ per thousand HK$ revenue. The Group has achieved our energy efficiency target of saving 4.00 million kWh with a decrease in the total energy consumption of 77.38%[1] compared with 2023.

Energy Consumption

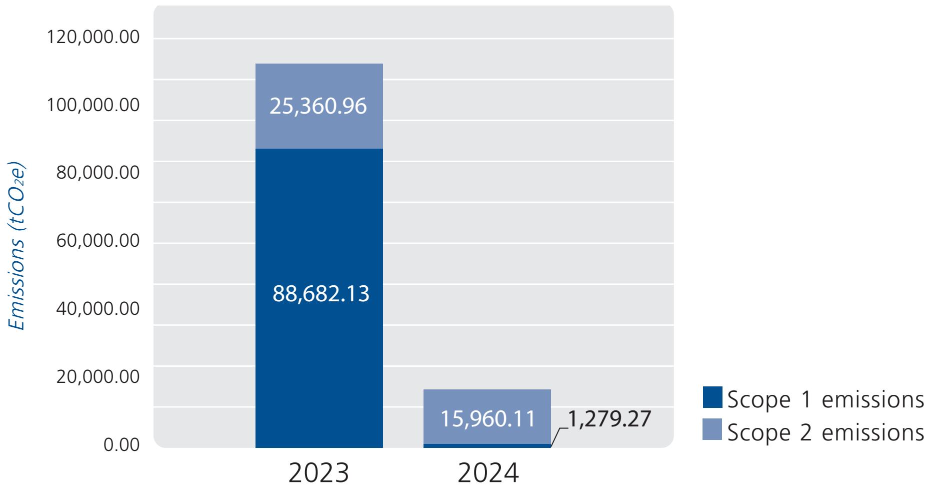


1 Energy consumption decreased in 2024 compared with 2023, mainly due to the shutdown of cement kilns in the cement segment

Greenhouse Gas (GHG) Emissions

In accordance with the "Notice on the Organization of Greenhouse Gas Emission Reporting for Key Enterprises and Public Institutions (Fa Gai Qi Hou No.12014163)" Issued by the National Development and Reform Commission, "Interim Measures for the Administration of Carbon Emission Trading" and other documents, the Group follows the relevant guidance in the three batches of the Accounting Methods and Reporting Guidelines for Corporate Greenhouse Gas (Trial) published by the Nation to calculate and report the GHG emissions, which provides a scientific reference for the Group's energy conservation and emission reduction work, and promotes the realization of sustainable development goals. During the year, the Group's total GHG emissions amounted to 17,239.38 tCO_2e, representing a year-on-year decrease of approximately 84.88%[2]. Direct emission (Scope 1) was 1,279.27 tCO_2e, which were generated from fuel combustion emissions, raw material decomposition emissions, non-fuel carbon calcination emissions and vehicles' fuel combustion in the production process, representing a year-on-year decrease of approximately 98.56%. Indirect emission (Scope 2) amounted to 15,960.11 tCO_2e, representing a year-on-year decrease of 37.07%. The emission intensity was 0.08 tCO_2e per thousand HK$ revenue.

GHG Emissions



Enhancing Climate Resilience

Renewable Energy Adoption

The Group's rare earth segment remains committed to optimizing its energy mix and actively advancing the application of renewable energy to achieve sustainable development goals. The rare earth segment has implemented a photovoltaic power generation system, which was meticulously planned and constructed. Since its operation, the system has operated stably and has supplied a cumulative total of 673,123.32 kWh of clean electricity to support production activities this year.

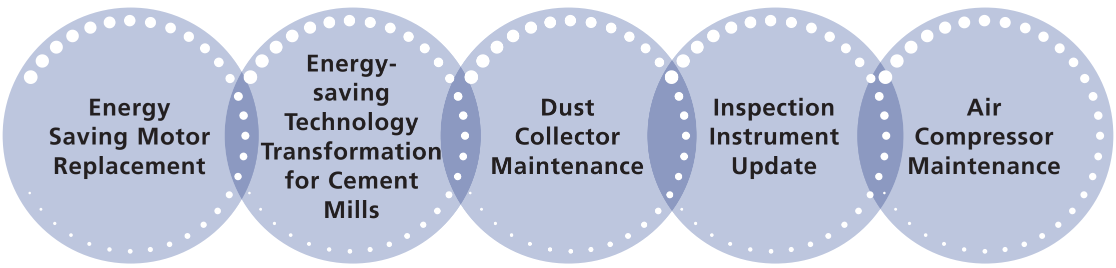
The implementation of this photovoltaic power generation system helps to reduced traditional fossil fuels consumption, mitigate CO_2 and other greenhouse gas emissions, thereby reflecting the Group's steadfast commitment to green and low-carbon development and contributing tangible efforts to mitigate climate change. Economically, the photovoltaic power system has effectively decreased reliance on external grid electricity, lowering operational energy costs. Additionally, under compliance with relevant policies, surplus electricity on-grid has generated incremental revenue for the Company. Looking ahead, the Group will continue to advance green energy initiatives, further enhancing energy utilization efficiency, reducing dependency on conventional energy sources, and driving progress toward achieving long-term sustainable development goals.

[2] GHG emissions decreased in 2024 compared with 2023, mainly due to the shutdown of cement kilns in the cement segment

Energy Conservation and Emission Reduction Initiatives

The cement industry, characterized by its energy intensive and high emission nature, has always been a priority management and control target for national energy conservation and emission reduction policies. Recognizing its responsibility in driving the sector's green transformation, the Group steadfastly adheres to sustainable development principles, continuously optimizing production processes and adopting advanced technologies to enhance energy efficiency and reduce resource consumption. The Company is committed to minimizing greenhouse gas emissions and pollutant discharges throughout its production course, advancing its low-carbon transition to support the achievement of industry's energy conservation and emission reduction goals.

In advancing energy conservation and emission reduction, the cement segment has implemented multiple critical initiatives to optimize resource efficiency and reduce greenhouse gas emissions. A cornerstone measure is the energy-saving technology transformation of cement mill system. This year, the Company invested RMB1.2 million to modernize the mill system's energy performance. By adjusting operational parameters, upgrading equipment configurations, and streamlining production processes, the project has boosted hourly output while significantly lowering electricity consumption per unit of product. The upgrades are projected to save 3 million kWh of electricity annually, not only slashing production costs but also achieving energy conservation and consumption reduction targets. Moreover, these improvements directly reduce CO_2 emissions at the source, providing robust support for the company's transition to low carbon manufacturing. Additionally, the Company prioritizes the maintenance and optimization of environmental protection infrastructure, particularly the regular maintenance and upgrading of core equipment such as dust collectors, to ensure their long-term stable and efficient operation. These efforts have effectively reduced the emission of dust and other pollutants, further enhanced the Company's environmental management capability, continued to promote environmental performance improvement and contributed to the realisation of sustainable development objectives. During the Year, the details of the environmental maintenance work in the cement segment are as follows:



Maintenance of Environmental Protection Infrastructure

Water Resources Management

The Group actively promotes the raising of water-saving awareness and the effective implementation of water-saving measures. The water resources consumed by the Group were sourced from urban tap water, which are mainly for production and office operations. In 2024, total water consumption was 33,419 tonnes, with an intensity of 0.149 tonne per thousand HK$ revenue. All waste water is mainly used for greening after treatment and meeting standards. The Group has achieved the water efficiency goals of zero sewage discharge and 100% recycling of water consumption in the workshop.

Emission Control

Exhaust Gas Emissions

The Group attaches great importance to the management of air pollutant emissions, and strictly abides by the "Atmospheric Pollution Prevention and Control Law of the People's Republic of China", the "Air Pollution Emission Standards from Cement Plants", the "Integrated Emission Standards" for Air Pollutants and other relevant laws and regulations. During the production process, we introduced advanced environmentally-friendly production technologies to improve the efficiency of pollution control. We also carried out annual inspections of vehicle exhaust to ensure meeting the national emission standards. For the exhaust gas emissions from cement kiln, we implemented an online monitoring system and continued to improve the configuration of dust-removing equipment to ensure that exhaust gas emissions meet higher environmental standards. In response to the heavy pollution weather that may occur in autumn and winter, the Group has formulated the following in-depth emission reduction measures to reduce the risk of air pollution:

- Stop using National IV and below heavy goods vehicles (including gas) for transportation
- Strengthen the inspection of emission control facilities to ensure their normal operation, so as to improve the efficiency of emission control
- Store as much low sulphur and low ash smoke coal as possible in the production process
- Optimise production processes with emphasis on refinement of operations
- Strengthen supervision efforts to ensure proper protection of autumn and winter campaigns and major events
- Increase the frequency of sunlight and spraying by fog cannon at dust emission points to reduce disorganised emissions
- The emission limits for the main pollutants are based on the "Ultra-low Emission Standards for Air Pollutants in the Cement Industry in Hebei Province" (DB13/2167-2020)

Major emission reduction measures

Waste Disposal

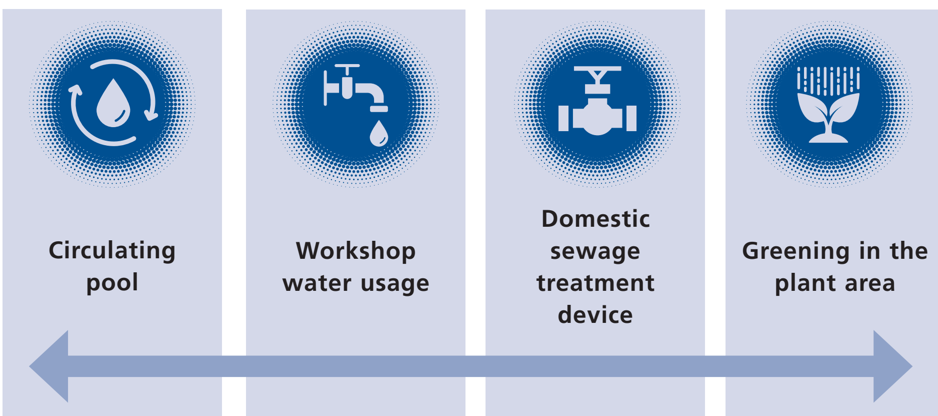
The Group strictly complies with the "Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes" and other relevant laws and regulations to ensure that the management and disposal of waste meet national environmental standards and effectively reduce the potential impact on environment. During the year, 48.30 tonnes of non-hazardous waste was generated by the Group, while hazardous waste generated was 0.02 tonnes, and all of the hazardous waste was derived from the rare earth segment. The Group's production and operation also require the use of plastic film woven bags and cartons as packaging materials, and the consumption during the year was 72.25 tonnes and 4.50 tonnes, respectively.

Waste reduction target:
10%
decrease

Adhering to the principle of repairing and utilizing old or discarded things, we strengthen the daily care and maintenance of production equipment to extend the useful life of consumables, in a bid to further achieve the goal of waste reduction. This measure not only effectively reduces the waste of resources, but also optimises the efficiency of equipment use, enabling the Group to promote sustainable production while reducing waste generation.

Wastewater Management

The Group strictly complies with laws and regulations such as the "Water Pollution Prevention and Control Law of the People's Republic of China" and the "Integrated Wastewater Discharge Standard", and continuously strengthens wastewater management to ensure that all wastewater is treated according to the required standards and recycled as resources. The Group actively adopted a closed-circuit water recycling system to maximize the efficiency of water use, thus reducing water consumption. Through the system in which the water used in the workshop has reached 100% recycling rate in the circulating pool, while the domestic sewage treatment device treats and purifies the unrecyclable sewage and then uses it for greening in the plant area, the Group has achieved zero sewage discharge. During the year, we generated approximately 26,907 liters of wastewater. All wastewater was properly disposed of, with approximately 26,907 liters being recycled and used.



Noise Management

The Group strictly complies with the relevant laws and regulations, such as "Emission Standard for Industrial Enterprises Noise at Boundary Sound-absorbing Equipment", and entrust third-party organizations to regularly monitor factory environmental noise, to ensure that the noise is always below the permitted limit. In order to control noise impacts effectively, we implement a series of measures, including using qualified sound-deadening materials, regularly checking and cleaning the production equipment, to ensure equipment operates normally and reduce noise. In addition, we also continuously optimize factory environment management to minimize noise impacts on surrounding areas. During the year, the Group met the noise emission goals target.

Green Operations

The Group actively promotes multiple resource-conservation measures at office premises to boost employees' environmental awareness and encourage energy-saving practices in daily work. We advocate resource-saving and environmental protection, integrating sustainable development goals into our corporate culture. This is done through reducing energy and resource consumption, promoting paperless offices, and optimizing resource efficiency. We encourage employees to contribute to environmental protection and the Group's green development by implementing these measures.

- Regularly monitor the consumption volume of paper, toner cartridges and ink cartridges
- Encourage employees to separate waste sources and recycle waste
- Promote green information and electronic communication to implement "paperless system" and "systematization" concepts
- Place environmental tips to improve employee's awareness of environmental protection
- Utilize double-side printing, and single-side printing is only available for official and confidential documents

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group attaches great importance to greening construction and ecological restoration, being committed to fostering a good ecological environment and sustainable development space. We cooperate with professional greening companies to do regular maintenance to all greenings in office areas, living areas and factory areas. In order to further reduce the potential environmental impact caused by noise, exhaust gas and others, the Group has formulated the "Greening Plan in Factory", through enhance green coverage to improve the ecological environment and promote ecological balance. In 2024, the Group's green area was about 40,000 square meters, accounting for over 30% of the factory area.

- The planting of trees such as paulownia and cypress trees on both sides of the road and around the factory area, as well as the planting of lawn and trees in a large area of open space in the southwest of the factory take the diversity of vegetation into full consideration. A complex multilevel greening system of combining "trees, shrubs, flowers and grasses" is adopted, with a reasonable distribution of tall and low plants, making the factory area green throughout the year and a beautiful environment

- A certain amount of greenbelts around noise and waste gas sensitive points in the factory area being constructed to achieve noise reduction and dust absorption
- Greening landscape were built in the vacant space of office buildings
- Hiring a professional land scaping company to maintain the Company's greenery regularly

Response to Major Environmental Accidents

The Group strictly complies with laws and regulations such as the "Environmental Protection Law of the People's Republic of China", the "Emergency Management Measure for Environmental Emergencies", and has formulated internal system documents such as the "Emergency Management Plan for Environmental Emergencies", the "Emergency Preparation and Corresponding Control Procedures" and the "Accident Handling and Control Procedures" to improve the emergency response mechanism for environmental emergencies so as to avoid damage to the ecological environment as a result of environmental emergencies. We also organized employees to carry out fire, water and oil pollution accident to enhance their emergency response capability, and to ensure that we can effectively deal with the related environmental pollution and minimize losses.

People-Oriented

The Group always regards the rights, health, and safety of employees as a top priority and actively promotes the creation of a fair, transparent, and inclusive work environment to enhance employee well-being and teamwork.

Health and Safety

Employees' health and safety is a prerequisite and a guarantee for all our work. The Group strictly complies with relevant laws and regulations, including the "Work Safety Law of the People's Republic of China," the "Law on Prevention and Control of Occupational Diseases of the People's Republic of China," and the "Special Equipment Safety Law of the People's Republic of China,". The Group has also obtained the ISO 45001: 2018 Occupational Health and Safety Management System Certification, and continues to improve and perfect its occupational safety and health management system based on the actual situation of its production and operation, make the best efforts to supervise safety production, actively implement safety training and education, and strive to protect the health and safety of each employee.

In order to control occupational health and safety hazards, we conducted risk identification and assessment in accordance with the "Hazard Identification, Risk Assessment, and Control Procedure" during the year. A total of 636 hazards, including 14 key hazards were identified and consolidated. We actively implemented risk controls to reduce potential risks and strengthen management. The Group has established a set of efficient and systematic operation procedures, covering procurement, emergency preparation and response, accident handling, flammable and explosive products' fire control, non-compliance and corrective preventive measures, and waste management, supervised and managed by the Safety and Environment Department to reduce occupational safety and health risks in all aspects of business operations.

The Group's rare earth segment has conducted an occupational disease hazard assessment of its production workshops with the aim of identifying risk factors that may potentially affect the health of its employees. At the same time, this segment has developed and implemented internal management systems such as the "Compilation of Management Systems" to ensure the strict implementation of measures related to occupational health and safety. Currently, the rare earth segment has obtained the qualification of standardised production safety certification, which ensures that the production environment meets industry safety standards. Meanwhile, it continuously improves the working environment and protective measures to create a safer and healthier working environment for employees.

Safety Production

We attach great importance to work safety by taking the health and safety of employees as the cornerstone of the Company's operation, and continuously strengthening management and supervision. To prevent and reduce production accidents, we regularly conduct inspections and maintenance of production equipment, and organize monthly special inspections on equipment, safety, environmental hygiene, occupational health, labor discipline, lubricants of special equipment and main engine, etc., to comprehensively identify potential risks, and timely identify and rectify problems. At the same time, we improve safety production measures, clearly standardize the necessary products for safety production, strengthen the distribution and use of labor protection supplies and strictly manage the warehouses hazardous chemicals. We also strictly require our laboratory inspectors and speciality staff to work with certificates to fully implement the Company's safety production responsibilities, and ensure the safety and compliance of production and operation. The Group's rare earth segment has formulated an "Emergency Response Plan for Production Safety Accidents", which provides forward-looking planning for potential production safety hazards and minimises the impact of crises on personnel, property and the ecological environment through analysis and scientific prediction. In the past three years, the number of work-related deaths of the Group was zero.

Safety Management Objectives of the Cement Segment	Progress of the Year 2024
Zero incident rate of major casualty	Achieved
Zero fire incident rate	Achieved
Zero occupational disease incident rate	Achieved
Less than 1% general work-related injury	Achieved
100% protective equipment distribution rate	Achieved
100% certificate rate for special type of work	Achieved

Occupational safety target and the progress of the cement segment in 2024

Safety Management Objectives of the Rare Earth Segment	Progress of the Year 2024
Zero serious injury and work-related fatality accident, with the injury rate per thousand people less than 1‰	Achieved
Gradually improving the operational environment to reduce occupational hazards, with zero occupational disease incident rate	Achieved
Zero major fire-protection and in-factory traffic accident	Achieved
100% safety education rate for all employees and 100% certificate rate for special type of work	Achieved
100% timely rectification rate of accident hazards	Achieved
Zero major fire incident rate	Achieved
Zero electric shock accident	Achieved

Safety production target and the progress of the rare earth segment in 2024

Safety Education

The Group attaches great importance to employees' safety education. During the year, we recorded a total of 156 participants in safety training with a total of 450 training hours. The Group also ingrains safety awareness in the minds of employees through preparation, improvement and distribution of internal safety management system documents. We formulated a training implementation plan at the beginning of the year, to provide corresponding safety training for the personnel in important, critical and special positions in quality, environment and safety through a combination of internal and external trainings.

The rare earth segment of the Group also actively launched activities of safe production month, and conducted training on 5 types of production safety accident case studies to strengthen the safety concepts of its employees and ensure operational safety. In order to enhance its emergency management capability, the rare earth segment formulated an emergency drill plan during the year and launched an emergency evacuation drill for all employees in relation to fire accidents, with a view to enhancing the speed of emergency rescue response and coordination among employees and minimising the hazards that may be caused by unexpected accidents. In addition to formulating and implementing various types of emergency drills, the rare earth segment regulates the work of its employees through the implementation of stringent supervision and assessment mechanisms, in order to strengthen the foundation of safety management and ensure the safety of its employees during the production.

Case: Emergency Drill Plan

During the year, the Group's rare earth segment conducted emergency drills on fire accidents in diesel tanks and the Company's terminals to enhance the speed of emergency rescue response and coordination among employees and to minimise the hazards that may be caused by unexpected accidents.

Employment Practices

The Group is committed to creating a working environment of equality, respect and diversity and prohibits any form of discriminatory behaviour. We ensure that all employees enjoy equal treatment and fair promotion opportunities regardless of their status, race or gender. The Group strictly complies with the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China" and other relevant laws and regulations, and has formulated internal policies, such as the "Human Resources Procedures" and the "Human Resources Management System", to safeguard the legitimate rights and interests of our employees.

The Employing Department fills in the "Staff Recruitment Demand List" according to the actual personnel needs and submits the list to human resources office for recruitment upon approval by the deputy general manager and the general manager

The human resources office selects relevant recruitment channels according to department requirements and conducts preliminary interviews with candidates

Candidates who pass the preliminary interview will be further selected by the director of each department and the outstanding one will be interviewed and selected by the deputy general manager or the general manager

After selection, the personnel of human resources office will notify the employee to conduct physical examination and prepare relevant personal information for induction

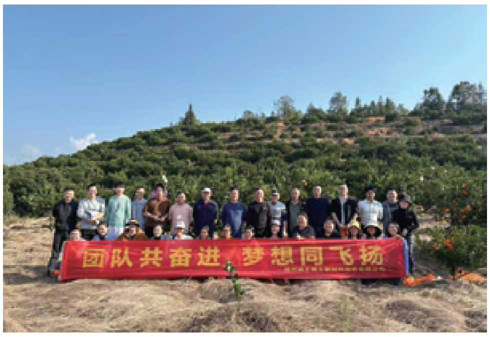
After induction, the human resources office will enter into the labor contract with the employee and inform him/her of the Company's relevant rules and regulations with three-level safety training conducted by the workshop manager, and then he/she will be assigned to the demand department

Employee recruitment process

The Group attaches great importance to the legal compliance of the recruitment process, and attracts outstanding talents in line with the Group's development strategy with the principle of "comprehensive assessment, meritocracy, and internal selection before external recruitment". The staff recruitment process is set out in the Management Regulations on Staff Recruitment to select elite talents with potential. In addition, the Group seriously states that only employees aged 16 or above are employed. During recruitment, we carefully check whether the applicant's identity card is consistent with the information in the application form and strictly prohibit child labor and forced labor. When a violation is discovered, the use of child labor and forced labor will be stopped immediately and will be reported to the local labor authority. Physical examination will be arranged and if there is any disease, treatment will be provided promptly and the Company will bear the expenses. Employees are also free to leave the Group, and the relevant departments will conduct exit interviews to understand the employees' views on the Group and formulate improvement measures to rectify unreasonable areas.

Employee Rights and Care

The Group believes that a good benefit package can fully motivate employees to develop their personal capabilities and enhance their sense of belonging to their jobs. The Group provides employees with remuneration packages that are higher than the industry average. In addition to the basic salary which consists of three components, namely basic salary, overtime pay and performance bonus, the Group also provides various salary subsidies such as holiday allowance and high temperature allowance. We pay five insurance and one fund (pension insurance, medical insurance, unemployment insurance, maternity insurance and housing provident fund) for our employees in accordance with law, and our employees are entitled to paid marriage leave, maternity leave and statutory holidays. During the year, the Group's rare earth segment organised navel orange picking group activity for its staff to enhance their cohesion and sense of belonging and to promote a healthy work-life balance.



Navel Orange Picking Group Activity

After the owner introduced the orchard and notes on picking, the employees were divided into groups to carry out the picking activity and organised a navel orange picking competition, with a positive and enthusiastic atmosphere at the scene. This activity promoted the staff to get close to nature and relieve stress, which further strengthened internal communication and collaboration, enhanced team cohesion, provided a healthy and upward working atmosphere for the staff, and demonstrated the Company's concern for the staff's well-being.

Staff Training

The Group places great emphasis on staff training. In terms of the training content, we focus on the environment, quality, and occupational safety and health training, as well as training for special positions; while in terms of the training method, we conduct training activities with different themes for employees in different departments by internal and external trainings. After training, we adopt methods such as on-site questioning and evaluation as well as practical assessment to ensure the practical learning of employees. During the year, the Group's various training sessions recorded a total of 301 participants, with a total of 1,090 hours, and achieved 100% coverage in training. We actively listen to the opinions from our employees and provide diversified training that suits their career as well as the development of the Group.

	Training Courses	Training Contents
Training Related to Professional Skills	Dissemination of "Laboratory Quality Management Manual"	Explain in detail the 17 management systems in the manual, clarify the revised internal control standards, and conduct on-site questioning and evaluation
	Training for professional technical personnel of cement enterprise laboratory assessors	Quality education for assessors, management measures for laboratory evaluation, introduction to the standard GB175-2023 "Common Portland Cement", etc.
	Professional assessment training for inspection personnel of cement enterprise laboratories	Knowledge of physical inspection of cement, chemical analysis, and production control, product standards, inspection methods, etc. as stipulated in the "Quality Management Regulations for Cement Production Enterprises" (T/CBMF17-2017)
	Training for central control office operator	Explain the operation instruction manual for the central control office, implementation of performance assessment, work safety knowledge, etc.
	Training on safe production	Include relevant contents of the theme of the Safety Month, "Everyone Talks about Safety and Everyone Can Respond to Emergencies", as well as the key points for the identification and prevention of major safety risks in port enterprises
Training Related to Environment and Integrated Management	Training of Management Handbook and procedure documents	Master the knowledge related to the integrated management system standards and the contents of the Company's management manual and procedure documents
	Conference on dual carbon governance work	Explain the contents such as carbon footprint certification, ESG management, and construction of green factories
	Training on work safety and pollution prevention and control for port enterprises	Understand the importance of work safety and pollution prevention and control in ports, and master the key contents of wharf management work
	Training on the concentrated tackling action of port pollution prevention and control	Explain the main contents of the concentrated tackling action of port pollution prevention and control in the whole city

Key Training Contents for cement segment in 2024

The Group's cement segment conducts assessments monthly and yearly to evaluate employees' work efficiency, operating ability, work attitude, and professional knowledge. Employees with outstanding year-end assessment results will be offered higher priority in promotion and better benefits and welfare.

The rare earth segment of the Group has made remarkable achievements in employee training. According to the training satisfaction survey conducted within the year, most employees highly recognize the training content and the professional capabilities of the instructors, and they believe that the training has provided positive assistance in solving practical problems at work. This training covered employees from various departments and different levels of the company, including newly recruited employees and long-serving employees. A total of 135 questionnaires were distributed, and 107 valid questionnaires were collected, with an effective collection rate of 79%. In addition, through a comprehensive review and evaluation of the employee training and promotion management system, the training plan for 2025 has been optimized with an aim to further improve the quality of training, promote employees' professional development and enhance their capabilities, thus laying a solid foundation for the continuous growth of employees and the long-term development of the Company.

Case: Safety Skills at the Safety Skills Training Base for the Chemical Industry in Gan County

The rare earth segment of the Group actively conducts various safety skills training programs, including the correct connection of the oxygen supply valve and the mask, as well as practical training on cardiopulmonary resuscitation (CPR) techniques. Through simulated drills, employees are able to quickly and accurately connect the oxygen supply device in the event of an accident, ensuring the safety of the respiratory tract. Moreover, they can master the operation of CPR, providing an effective guarantee for dealing with life-threatening situations in emergencies.

Social Investment

The Group is committed to fulfilling its corporate social responsibility and making contributions to the community with a positive impact. The rare earth segment of the Group was dedicated to giving back to society through donation of RMB10,000 to Ganzhou Care for the Next Generation Foundation in 2024 to support students with financial difficulties to complete their studies. We will continue to explore opportunities to make more contributions to the local community and promote community development in the areas where it operates.

Laws and Regulations

Regarding different aspects of sustainable development, the Group strictly complies with the applicable national laws and regulations, which are listed in the following table:

ASPECTS	LAWS AND REGULATIONS	COMPLIANCE DETAILS
Environment	Environmental Protection Law of the People's Republic of China Water Pollution Prevention and Control Law of the People's Republic of China Atmospheric Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Pollution from Environment Noise Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes Ambient Air Quality Standard Integrated Emission Standards for Air Pollutants Integrated Wastewater Discharge Standard Emission Standard for Industrial Enterprise Noise at Boundary Air Pollution Emission Standards from Cement Plants Energy Conservation Law of the People's Republic of China Environmental Protection Law of the People's Republic of China Emergency Management Measure for Environmental Emergencies	During the year, there was no violations of laws and regulations relating to air and greenhouse gas emissions, discharges to water and land and the generation of hazardous or non-hazardous wastes that would have a significant impact on the Group.
Safety	Production Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Special Equipment Safety Law of the People's Republic of China Regulation of the People's Republic of China on Prevention and Control of Pneumoconiosis Fire Control Law of the People's Republic of China Regulations of Jiangsu Province on Firefighting and Prevention Regulation on Work-related Injury Insurance of Jiangsu Province	During the year, there were no serious work-related injuries or work-related fatalities. During the year, the Group was not aware of any violations of laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group.

ASPECTS	LAWS AND REGULATIONS	COMPLIANCE DETAILS
Employment	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Provisions on the Prohibition of Using Child Labor of the People's Republic of China Social Insurance Law of the People's Republic of China Law of the People's Republic of China on the Protection of Women's Rights and Interests Law of the People's Republic of China on the Protection of Disabled Persons	The Group was not aware of any violations of laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare., prevention of child and forced labour that would have a significant impact on the Group.
Product Responsibility	Quality Management Procedures of Cement Enterprise Basic Conditions of Cement Enterprise Laboratory Product Quality Law of the People's Republic of China Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Trademark Law of the People's Republic of China Copyright Law of the People's Republic of China Personal Data (Privacy) Ordinance of Hong Kong Hong Kong Intellectual Property Law	During the year, the Group was not aware of any non-compliance with laws and regulations that had a significant impact on the Group in relation to health and safety, advertising, labelling, privacy matters, intellectual property rights and remedies related to the Group's products and services.
Anti-corruption	Criminal Law of the People's Republic of China Anti-unfair Competition Law of the People's Republic of China Prevention of Bribery Ordinance of Hong Kong	During the year, the Group did not identify any violations of laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, nor were there any concluded legal cases regarding corruption.

Performance Data Summary

		2024	2023
Environment[3]	**Resource consumption**		
	Energy consumption (GJ)	122,572	541,899
	Energy consumption intensity (GJ per thousand HK$ revenue)	0.55	1.96
	Electricity (kWh)	27,985,461	44,469,457
	Bitumite (Tonnes)	0	12,618
	Petrol (kg)	47,705	16,559
	Diesel (kg)	975	42,904
	Water resource (Tonnes)	33,419	48,333
	Water recourses consumption intensity (Tonnes per thousand HK$ revenue)	0.149	0.175
	Emission		
	Greenhouse gas emission (tCO_2e)		
	Scope 1: direct carbon emission	1,279	88,682
	Scope 2: indirect carbon emission	15,960	25,361
	Total	17,239	114,043
	Greenhouse gas emission intensity (tCO_2e per thousand HK$ revenue)	0.08	0.41
	Exhaust Gas Emission (kg)		
	NOx	2,047	13,231
	SOx	1,643	802
	PM	931	1,314
	Mercury	0	0
	Ammonia	0	244
	Fluoride[4]	0	0
	Waste (Tonnes)		
	Hazardous waste	0.02	1.71
	Non-hazardous waste		
	Generated	78	68
	Recycled	78	58
	Disposed	0	10
	Sewage (Liters)		
	Generated	26,907	8,924
	Recycled	26,907	5,300
	Disposed	0	3,624
	Packaging Materials (Tonnes)		
	Compound plastic bags	72	93
	Carton boxes	5	3

3 Cement kiln of cement segment ceased operation in 2024
4 Including dust and gas fluoride

		2024	2023
Employee	**Total headcount**		
	By geographical distributions		
	Hong Kong	0	0
	Mainland China	265	336
	By age		
	≤30	22	24
	31-50	140	170
	≥51	103	142
	By gender		
	Male	172	226
	Female	93	110
	By employment type		
	Full-time	258	336
	Part-time	7	0
	By function		
	Management	49	50
	General employees	216	286
	Employee turnover rate (%)		
	By geographical		
	Hong Kong	–	–
	Mainland China	61	12
	By age		
	≤30	105	29
	31-50	69	7
	≥51	42	15
	By gender		
	Male	55	12
	Female	73	11
	Employee new hire (%)		
	By geographical		
	Hong Kong	–	–
	Mainland China	44	6
	By age		
	≤30	145	–
	31-50	52	6
	≥51	11	8
	By gender		
	Male	34	7
	Female	62	5

		2024	2023
Occupational Safety and Health	**Performance of occupational safety and health**		
	Number of work-related accidents	10	0
	Number of work-related injuries	9	0
	Number of work-related death	0	0
	Lost days due to work-related injury	85	0
	Training on occupational safety and health		
	Total person-times training	156	871
	Total training hours	450	210
Development and Training[5]	**Average training hours per employee**		
	By gender		
	Male	4.99	3.65
	Female	8.27	5.03
	By Function		
	Management	9.22	5.26
	General employees	18.05	3.75
	Percentage of employees trained (%)		
	By gender		
	Male	100	100
	Female	100	100
	By Function		
	Management	100	100
	General employees	100	100
Suppliers	**Suppliers distribution**		
	Hong Kong	0	0
	Mainland China	104	86
Society	**Community investment**		
	Donation (RMB)	10,000	0

5 Data of rare earth segment is also included in Development and Training this year

ESG Content Index

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements	Section/Remark
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement
Reporting Principles	A description of, or an explanation on, the application of the following reporting principles in the preparation of the ESG report: (a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. (b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Guidelines and Principles
Reporting Boundary	A narrative explaining the reporting boundary of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Boundary

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
A. Environmental	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Protection – Environmental Management, Emission Control
Aspect A1: Emissions	KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Emission Control
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Emission Control
	KPI A1.3	Total hazardous waste produced in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	No hazardous waste was generated from the operation of the Group
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Emission Control
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection – Emission Control
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Emission Control

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect A2: Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Protection – Energy Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Water Resources Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Energy Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Water Resources Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Energy Management

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect A3: Environmental and Natural Resources	**General Disclosure** Policies on minimising the issuer's significant impacts on the environment and natural resources.		Environmental Protection – Environmental Management, Climate Change, Energy Management, Emission Control, Green Operations
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Climate Change, Emission Control, Green Operations
Aspect A4: Climate Change	**General Disclosure** Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Environmental Protection – Climate Change, Green Operations
	KPI A4.1	Description of the significant climate related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Environmental Protection – Climate Change, Green Operations

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
B. Social	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.		People-Oriented – Employment Practices
Aspect B1: Employment	KPI B1.1	Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region.	Performance Data Summary
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
Aspect B2: Health and Safety	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		People-Oriented – Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-Oriented – Health and Safety
	KPI B2.2	Lost days due to work injury.	Performance Data Summary
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-Oriented – Health and Safety

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect B3: Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		People-Oriented – Staff Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
Aspect B4: Labor Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		People-Oriented – Employment Practices
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	People-Oriented – Employment Practices
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No non-compliance during the year

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect B5: Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.		Operational Excellence – Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Performance Data Summary
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Operational Excellence – Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operational Excellence – Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operational Excellence – Supply Chain Management

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect B6: Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.		Operational Excellence – Product Quality Management, Customer Service, Intellectual Property Protection
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no recall due to safety and health reasons during the year
	KPI B 6.2	Number of products and service-related complaints received and how they are dealt with.	Operational Excellence – Customer Complaint Handling
	KPI B 6.3	Description of practices relating to observing and protecting intellectual rights.	Operational Excellence – Intellectual Right Protection
	KPI B 6.4	Description of quality assurance process and recall procedures.	Operational Excellence – Product Quality Management
	KPI B 6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Excellence – Intellectual Right Protection

Key Performance Indicator (KPI)	HKEX ESG Reporting Code Requirements		Section/Remark
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Operational Excellence – Honest Operation
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There were no corruption lawsuits during the year.
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operational Excellence – Honest Operation
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operational Excellence – Honest Operation
Aspect B8: Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		People-Oriented – Social Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	People-Oriented – Social Investment
	KPI B8.2	Resources contributed to the focus area.	People-Oriented – Social Investment

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TO THE SHAREHOLDERS OF DONGWU CEMENT INTERNATIONAL LIMITED
(東吳水泥國際有限公司)
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Dongwu Cement International Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 109 to 200, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Impairment assessment of trade receivables

Refer to Notes 5(c), 23 and 36(c) to the consolidated financial statements.

The gross carrying amount of the Group's trade receivables as at 31 December 2024 was approximately HKD22,373,000 and provision for impairment loss thereon was approximately HKD356,000.

Management applied judgement in assessing the expected credit loss. The Group maintains a provision for impairment of trade receivables arising from the inability of its customers and debtors to make the required repayments. The Group makes its estimates mainly based on the ageing of its trade receivable balances, debtors' creditworthiness, historical default experience and other forward-looking factors. If the financial condition of its debtors was to deteriorate so that actual impairment loss might be higher than expected, the Group would revise the basis of making the impairment.

We have identified the impairment assessment of trade receivables as a key audit matter because of significance of the carrying amount of trade receivables to the consolidated financial statements and because applying the Group's accounting policies in this area involves a significant degree of judgement exercised by the management in identification of impairment indicators and the determination of the amount of impairment loss.

Our response:

Our key audit procedures in relation to management's impairment assessment of trade receivables included:

– Understanding and validating the credit control procedures performed by the management, including its procedures on periodic review of aged receivables and assessment on expected credit loss allowance of receivables;

– Evaluating the reasonableness of the methodologies adopted in the valuation models;

– Evaluating the reasonableness of the assumptions and inputs adopted, including the historical settlement pattern, correspondence with the customers, evidence from external sources including market research regarding the relevant forward-looking information such as macroeconomic factors;

– Testing on a sample basis, the subsequent settlement of trade receivables against bank receipts;

– Comparing the management's inputs used in the computation of historical credit loss rates to actual impairment loss recorded in prior years and reviewing data used by the management in determining forward-looking adjustments; and

– Checking the arithmetic accuracy of the expected credit loss allowance computation.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performance for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Choi Kit Ying
Practising Certificate Number P07387

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000 (Represented)
Revenue	7	**223,604**	307,263
Cost of sales		**(237,524)**	(311,750)
Gross loss		**(13,920)**	(4,487)
Distribution expenses		**(2,916)**	(2,714)
Administrative expenses		**(43,645)**	(46,080)
Other income and other gain, net	8	**8,809**	13,942
Operating loss		**(51,672)**	(39,339)
Finance income		**10,763**	10,256
Finance expenses		**(13,182)**	(8,513)
Finance (expenses)/income – net	9	**(2,419)**	1,743
Share of results of associates	20	**(1,212)**	678
Loss before income tax	10	**(55,303)**	(36,918)
Income tax credit	14	**3,064**	392
Loss for the year from continuing operations		**(52,239)**	(36,526)
Discontinued operation			
Loss for the year from a discontinued operation, after tax	10(b)	**(16,814)**	(4,652)
Loss for the year		**(69,053)**	(41,178)
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**(20,738)**	(14,483)
Total comprehensive loss for the year		**(89,791)**	(55,661)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000 (Represented)
Loss for the year attributable to:			
Owners of the Company			
– From continuing operations		**(43,309)**	(33,501)
– From a discontinued operation	10(b)	**(15,321)**	(3,024)
		(58,630)	(36,525)
Non-controlling interests			
– From continuing operations		**(8,930)**	(3,025)
– From a discontinued operation	10(b)	**(1,493)**	(1,628)
		(10,423)	(4,653)
		(69,053)	(41,178)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
– From continuing operations		**(60,227)**	(49,334)
– From a discontinued operation		**(15,829)**	(3,024)
		(76,056)	(52,358)
Non-controlling interests			
– From continuing operations		**(12,559)**	(1,858)
– From a discontinued operation		**(1,176)**	(1,445)
		(13,735)	(3,303)
		(89,791)	(55,661)
Loss per share from continuing and discontinued operations attributable to owners of the Company			
– Basic and diluted (HKD per share)	12	**(0.106)**	(0.066)
Loss per share from continuing operations attributable to owners of the Company			
– Basic and diluted (HKD per share)	12	**(0.078)**	(0.061)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**222,022**	220,625
Goodwill	17	**47,183**	61,589
Intangible assets	18	**12,845**	22,046
Deposits paid for purchases of machineries	23	**341**	1,812
Deposit paid for acquisition of property	23	**–**	24,716
Investments in associates	20	**32,417**	34,798
Deferred tax assets	30	**7,392**	5,313
Financial assets at fair value through profit or loss	21	**108,027**	–
Total non-current assets		**430,227**	370,899
Current assets			
Inventories	22	**196,531**	211,580
Trade and other receivables	23	**55,119**	61,158
Short-term bank deposits	24	**206,866**	450,385
Pledged bank deposits	25	**15,932**	37,785
Cash and cash equivalents	25	**135,495**	21,895
		609,943	782,803
Assets classified as held for sale	10(b)	**2,065**	–
Total current assets		**612,008**	782,803
Current liabilities			
Trade and other payables	26	**123,688**	178,210
Contract liabilities	27	**11,109**	17,206
Lease liabilities	16	**382**	83
Borrowings	28	**171,604**	141,806
Income tax payables		**–**	5
Dividend payable		**75,072**	–
		381,855	337,310
Liabilities associated with assets classified as held for sale	10(b)	**1,498**	–
Total current liabilities		**383,353**	337,310
Net current assets		**228,655**	445,493
Total assets less current liabilities		**658,882**	816,392

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000
Non-current liabilities			
Lease liabilities	*16*	**463**	–
Borrowings	*28*	**128,151**	120,835
Deferred income	*29*	**20,232**	23,278
Deferred tax liabilities	*30*	**33,191**	35,540
Total non-current liabilities		**182,037**	179,653
Net assets		**476,845**	636,739
EQUITY			
Share capital	*31*	**5,520**	5,520
Reserves		**381,795**	529,335
Total equity attributable to owners of the Company		**387,315**	534,855
Non-controlling interests	*40*	**89,530**	101,884
Total equity		**476,845**	636,739

On behalf of the board of directors (the "**Board**"):

Liu Dong
Director

Wu Junxian
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Equity attributable to owners of the Company						
	Share capital *HKD'000* *(Note 31)*	**Other reserves** *HKD'000* *(Note 32)*	**Translation reserve** *HKD'000* *(Note 32)*	**Retained earnings** *HKD'000* *(Note 32)*	**Total** *HKD'000*	**Non-controlling interests** *HKD'000* *(Note 40)*	**Total equity** *HKD'000*
At 1 January 2023	5,520	460,321	(54,319)	175,691	587,213	(6,936)	580,277
Loss for the year	–	–	–	(36,525)	(36,525)	(4,653)	(41,178)
Exchange difference arising on translation of financial statements of foreign operations	–	–	(15,833)	–	(15,833)	1,350	(14,483)
Total comprehensive loss for the year	–	–	(15,833)	(36,525)	(52,358)	(3,303)	(55,661)
Appropriation to statutory reserve	–	22	–	(22)	–	–	–
Additions through business combination *(Note 34)*	–	–	–	–	–	112,123	112,123
At 31 December 2023 and 1 January 2024	**5,520**	**460,343**	**(70,152)**	**139,144**	**534,855**	**101,884**	**636,739**
Loss for the year	**–**	**–**	**–**	**(58,630)**	**(58,630)**	**(10,423)**	**(69,053)**
Exchange difference arising on translation of financial statements of foreign operations	**–**	**–**	**(17,426)**	**–**	**(17,426)**	**(3,312)**	**(20,738)**
Total comprehensive loss for the year	**–**	**–**	**(17,426)**	**(58,630)**	**(76,056)**	**(13,735)**	**(89,791)**
Disposal of partial equity interest in a subsidiary *(Note)*	**–**	**3,588**	**–**	**–**	**3,588**	**1,381**	**4,969**
Appropriation to statutory reserve	**–**	**5**	**–**	**(5)**	**–**	**–**	**–**
Special dividend declared *(Note 11)*	**–**	**–**	**–**	**(75,072)**	**(75,072)**	**–**	**(75,072)**
At 31 December 2024	**5,520**	**463,936**	**(87,578)**	**5,437**	**387,315**	**89,530**	**476,845**

Note: On 8 April 2024, the Group has entered into a share transfer agreement to dispose 3.7% effective equity interest of a subsidiary, namely Ganzhou Chengzheng Motor Co., Limited to its minority shareholder, at a cash consideration of approximately RMB4,591,000 (equivalent to approximately HK$4,969,000). The management regard such disposal does not result in loss of control of the subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000
Cash flows from operating activities			
Loss before income tax			
– Continuing operations		**(55,303)**	(36,918)
– Discontinued operation	10(b)	**(16,814)**	(4,652)
		(72,117)	(41,570)
Adjustments for:			
Depreciation of property, plant and equipment	15	**23,704**	23,049
Depreciation of right-of-use assets	15	**967**	1,399
Amortisation of intangible assets	18	**3,745**	1,199
Provision for impairment losses on goodwill	17	**12,547**	–
Provision for impairment losses on intangible assets	18	**2,732**	–
Provision for impairment on trade receivables, net	23	**38**	160
(Reversal of provision for)/provision for impairment on other receivables, net	23	**(24)**	89
Gain on lease modification		**–**	(141)
Government grants		**(3,834)**	(2,442)
(Gain)/loss on disposal of property, plant and equipment		**(129)**	420
Foreign exchange loss, net		**120**	267
Change in fair value of financial assets at fair value through profit or loss	8	**(1,981)**	(5,762)
Finance income	9	**(10,763)**	(10,256)
Finance expenses		**13,182**	8,556
Share of results of associates	20	**1,212**	(678)
Operating loss before working capital changes		**(30,601)**	(25,710)
Decrease in inventories		**7,957**	889
Decrease in trade and other receivables		**4,184**	9,955
Decrease in trade and other payables		**(48,621)**	(100,949)
(Decrease)/increase in contract liabilities		**(5,620)**	2,407
Increase in deferred income		**1,540**	1,127
Cash used in operating activities		**(71,161)**	(112,281)
Income tax paid		**(404)**	(14)
Net cash used in operating activities		**(71,565)**	(112,295)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HKD'000	2023 HKD'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	34	–	(20,919)
Purchases of property, plant and equipment		(6,994)	(14,072)
Proceeds from disposal of property, plant and equipment		266	478
Deposits paid for purchases of machineries		–	(1,461)
Additions to intangible assets		–	(244)
Deposit refunded for cancellation on purchase of intangible assets		–	1,901
Purchase of financial assets at fair value through profit or loss		(108,254)	–
Proceeds from redemption of investment in financial assets at fair value through profit or loss		–	116,063
Placement of short-term bank deposits		(189,445)	(452,233)
Release of short-term bank deposits		422,191	456,645
Placement of pledged bank deposits		(110,714)	(37,940)
Release of pledged bank deposits		131,823	58,911
Interests received		10,632	10,256
Dividend received from an associate		–	8,148
Net cash generated from investing activities		149,505	125,533
Cash flows from financing activities	41		
Proceeds from disposal of partial equity interest in a subsidiary		4,969	–
Proceeds from borrowings		230,554	247,319
Repayments of borrowings		(183,870)	(239,605)
Repayments of principal portion of lease liabilities		(391)	(707)
Interests paid		(12,714)	(7,790)
Net cash generated from/(used in) financing activities		38,548	(783)
Net increase in cash and cash equivalents		116,488	12,455
Cash and cash equivalents at the beginning of the year		21,895	7,662
Effect of foreign exchange rate changes on cash and cash equivalents		(2,858)	1,778
Cash and cash equivalents at the end of the year		135,525	21,895
Represented by:			
Cash and cash equivalents		135,495	21,895
Cash and cash equivalents classified as held for sale	10(b)	30	–
		135,525	21,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

1. GENERAL INFORMATION

Dongwu Cement International Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 29 November 2011. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 June 2012. The Company's registered office is located at the office of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. In the opinion of the Company's directors, the immediate and ultimate holding company of the Company is Goldview Development Limited, a company incorporated in the British Virgin Islands (the "**BVI**").

The Company is an investment holding company. The Group is principally engaged in the production and sales of cement, the production and sales of magnetic materials and other application products, and the trading business.

The Group's principal place of business is located at Fenhu Economic Development Zone, Wujiang District, Suzhou City, Jiangsu Province, the People's Republic of China (the "**PRC**").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments and interpretations to HKFRSs - first effective on 1 January 2024

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") issued the following amendments and interpretations to HKFRSs that are relevant to the Group's accounting policies and business operations adopted for the first time prepared and presented on the Group's consolidated financial statements for the annual period beginning on or after 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

None of these amendments and interpretations to HKFRSs has a material impact on the Group's results and financial position for the current or prior periods.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's accounting policies and business operations, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the dates when they become effective and they are not expected to have any material impact on the Group's accounting policies, financial results and financial position which will be prepared and presented in the Group's consolidated financial statements except for those stated below:

Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for the annual periods beginning on or after 1 January 2025

2 Effective for the annual periods beginning on or after 1 January 2026

3 Effective for the annual periods beginning on or after 1 January 2027

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in the annual periods beginning on or after a date to be determined

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18")

HKFRS 18 was issued by the HKICPA in July 2024 which supersedes HKAS 1 Presentation of Financial Statements and will result in major consequential amendments to HKFRSs including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items presented in the consolidated financial statements, it is expected to have a significant impact on the presentation and disclosures of certain items. These changes include categorisation and aggregation in the consolidated statement of profit or loss, aggregation or disaggregation and labelling of financial information, and disclosure of management-defined performance measures.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of the reporting period, as explained in the Group's accounting policies set out below.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell as further described in Note 4(t).

(c) Use of critical accounting judgements and estimates

The preparation of consolidated financial statements in conformity with HKFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgements and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 5.

(d) Functional and presentation currencies

The financial statements of individual group entities are prepared by using the respective currencies of the primary economic environment where they operate (the "**functional currency**").

The Company's functional currency is Hong Kong dollar ("**HKD**") since most of the operating and financing activities are denominated and settled in HKD, whereas the rest of the group entities are in Renminbi ("**RMB**"). The consolidated financial statements are presented in HKD since the Company's shareholders and potential investors may have a better understanding of the Group's financial results and financial performance, and are rounded to the nearest thousand, unless otherwise stated.

4. MATERIAL ACCOUNTING POLICIES

(a) *Business combination and basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at costs less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) ***Associates*** *(Continued)*

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying amount of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) ***Goodwill***

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("**CGUs**") that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 4(n)), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Apart from construction in progress, other property, plant and equipment are stated at costs less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Apart from construction in progress, other property, plant and equipment are depreciated so as to write off their cost, net of expected residual value, over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted, if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Properties and plant	20-40 years
Machinery	5-20 years
Motor vehicles	4-5 years
Furniture, fittings and equipment	3-10 years

Construction in progress is stated at cost less impairment losses, if any. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An item of property, plant and equipment is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The calculation of recoverable amount is set out in Note 4(n).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continuous usage of the asset. Any gain or loss on disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the asset which is recognised in profit or loss on the date of disposal or determined as no future economic benefit.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The amortisation expense is recognised in profit or loss. The useful lives, residual value and amortisation method are reviewed, and adjusted, if appropriate, at the end of each reporting period. Amortisation is provided to write off the cost of intangible assets, net of expected residual value, over their estimated useful lives on a straight-line basis as follows:

Technical know-how	10 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. When the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of recoverable amount and recognised in profit or loss immediately.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Leases

The Group as a lessee

At the inception of contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract coveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but the accounting policy choices exist for an entity to choose not to capitalise: (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset:

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 “Property, plant and equipment” and are carried at depreciated cost.

The useful lives of the above right-of-use assets is over the lease terms of 3 to 50 years.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) ***Leases*** *(Continued)*

The Group as a lessee *(Continued)*

Lease liability:

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed lease payments less any lease incentive receivable; (ii) variable lease payments that depend on an index or a rate, which was initially measured using the index or rate at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying amount of the lease liability is similarly revised when the variable element of future lease payments dependent on a rate or an index is revised, except for the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the negotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) ***Leases*** *(Continued)*

The Group as a lessee *(Continued)*

Lease liability: (Continued)

In the consolidate statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) ***Financial instruments***

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) ***Financial instruments*** *(Continued)*

(i) Financial assets *(Continued)*

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("**ECL**") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating the ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 "Financial Instruments" ("**HKFRS 9**") simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment where the debtors locate.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECLs.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets *(Continued)*

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

In particular, the management considers the following information as indicators for certain debtor has increased the credit risk since initial recognition: (i) failure to make payments of principal and/or interest on their contractual due dates; (ii) actual or expected significant deterioration of a financial instrument's internal and/or external credit ratings, if applicable; (iii) actual or expected significant deterioration of the operating results of the debtor; and (iv) existed or forecasted changes in either technological, market, economic or legal environment that have a significant adverse impact on the debtor's ability to meet its credit obligation to the Group.

The Group assumes that the credit risks of a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security, if any is held; or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as the nature of business operation, geographical location, past due status and credit risk ratings.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account of the legal advice where appropriate. Any subsequent recoveries are recognised in profit or loss.

Interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, lease liabilities and dividend payable are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments (Continued)

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated by using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added taxes or other sales taxes and is after deduction of any trade discounts, volume rebates, rights of return or allowances.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract with reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) ***Revenue recognition*** *(Continued)*

When the contract contains a financing component which provides the customer a significant benefit of financing for the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted by using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at the contract inception date.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**").

(i) Sales of goods

Customers obtain control of the goods, including cements, motor machines and parts and rare earth materials, when the goods are delivered to and have been accepted by the customers. Revenue from sales of goods is therefore recognised at a point in time when the customers accepted the goods. There is generally one performance obligation for all categories of goods sold. The sales invoices payments are normally due ranged from 30 to 90 days when the customers receive the sales invoices. The Group does not provide customers for any significant trade discounts, volume rebates, rights of return or allowances that may arise any variable considerations, but the Group may require certain customers to provide upfront deposits to secure the sales order before the delivery of goods which is recognised as contract liabilities.

(ii) Solid waste processing services income

Revenue from solid waste processing services income is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance obligations as the processing services rendered. The sales invoices payments are normally due ranged from 30 to 90 days when the customers receive the sales invoices.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Revenue recognition *(Continued)*

(iii) Metal processing services income

Revenue from metal processing services income is recognised over time as the Group's performance obligations enhance the metal products that are controlled by the customers. The sales invoices payments are normally due ranged from 30 to 90 days when the customers receive the sales invoices.

(iv) Commodity metals trading income

Revenue from commodity metals trading income represents the net cash proceeds arising from trading of commodity metals which can be used in the production of motor machines and magnetic materials. In accordance with the sales agreements, the Group has a practice of taking delivery of the metals and selling it within a short period of time after delivery for the purpose of generating profits from short-term fluctuations of prices rather than held for own use. Therefore, the sales agreements are classified as financial instruments and the underlying fair value changes are within the scope of HKFRS 9.

In the prior year, the Group intended to trade the commodity metals which are the spare parts resulted in the production of motor machines and magnetic materials rather than speculating the price difference to trade those commodity metals. As a result, the revenue from commodity metals trading income is recognised at a point in time when the customers accepted the commodity metals and is generally one performance obligation within the scope of HKFRS 15.

(v) Interest income

Interest income is recognised by using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating the interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Revenue recognition *(Continued)*

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer before the related revenue is recognised. The Group generally requires certain customers to pay deposits in advance before the delivery of cement, magnetic materials and other application products. The carrying amount of contract liability is released to revenue when the Group satisfies the underlying performance obligation to deliver the products to customers.

Principal versus agent determination in revenue recognition

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or services before that goods or services is transferred to customers. The Group is an agent if its performance obligation is to arrange for the provisions of the specified goods or services by another party. In this case, the Group does not control the specified goods or services provided by another party before that goods or services is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fees or commissions to which it is expected to be entitled in exchange for arranging for the specified goods or services to be provided by the another party.

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from the ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax. Current tax also includes any tax arising from dividends.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) ***Income taxes*** *(Continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Foreign currencies

Transactions entered into by individual group entities in currencies other than the functional currency where they operate (as defined in Note 3(d)) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary assets and liabilities, and from the translation of monetary assets and liabilities, are recognised in profit or loss in the period of which they arise. Exchange differences arising from the retranslation of non-monetary assets and liabilities carried at fair value are included in profit or loss in the period except for differences arising from the retranslation of non-monetary assets and liabilities in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HKD) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences recognised in profit or loss of the individual group entities' separate financial statements arising from the translation of long-term monetary assets and liabilities forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising from an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the exchange rate prevailing at the end of reporting period. Exchange differences are recognised in the translation reserve.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. Short-term employee benefits are recognised in the year when the employees render the related services.

Employees' entitlement to annual leave is recognised when it has to be accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Non-accumulated compensated absences (e.g. sick leave and maternity leave) are not recognised until the time of leave.

(ii) Defined contribution retirement plans

The Group contributes on a monthly basis to the defined housing, medical and other benefit plans organised by the local PRC government who undertakes to assume the benefit obligations of all existing and retired employees under these plans in the PRC. All contributions to these plans are expensed when it incurred and the Group has no further contribution obligations for their qualified employees under these plans.

In addition, the Group operates a defined Mandatory Provident Fund ("**MPF**") retirement benefits scheme (the "**MPF Scheme**") restricted under the MPF Scheme Ordinance applicable to all of the employees located in Hong Kong. All contributions are made based on a certain percentage of the employees' basic salaries and expensed when it incurred. The assets of the MPF Scheme are held separately by various independent administered funds. The Group's employer contributions vest fully with the employees when it contributed to the MPF Scheme.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(n) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (Note 15);
- right-of-use assets (Note 15);
- intangible assets (Note 18);
- investments in associates (Note 20); and
- investments in subsidiaries (Note 19).

The above assets excluded those assets that were classified as held for sale which are considered separately in Note 4(t).

Goodwill is tested for impairment annually, irrespective of whether there is any indication of impairment.

For impairment testing of non-financial assets, they are grouped together into the smallest group of assets that generates cash inflows from continuous usage that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to an individual or group of CGU(s) that are expected to be benefit from the synergies of the combination.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset or CGU is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets In the CGU on a pro-rata basis.

Value in use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses that the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or other acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period of which they become receivable and are recognised as other income, rather than reducing the related expense.

(p) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Board for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the Board are determined following the Group's major products and services lines.

The Group has Identified four reportable segments, including: (I) production and sales of cement; (ii) production and sales of magnetic materials and other application products; (iii) trading business; and (iv) research and development in biotechnology (classified as discontinued operation).

Each of these operating segments is managed separately as each of the products and services lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies which the Group used for reporting segment results under HKFRS 8 "Operating Segments" ("**HKFRS 8**") are the same as those used in its financial statements prepared under HKFRSs, except for corporate income and expenses which are not directly attributable to the business activities of any reportable segment are not included in arriving at the operating results of the reportable segment.

Segment assets include all assets but deposit paid for acquisition of property, financial assets at FVTPL, cash and cash equivalents and corporate assets which are not directly attributable to the business activities of any reportable segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude dividend payable and corporate liabilities which are not directly attributable to the business activities of any reportable segment and are not allocated to a segment.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(q) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and short-term bank deposits that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are subject to ECL assessment as specified in Note 4(h)(ii).

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising from a result of a past event, which is probable to result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;

- (ii) has significant influence over the Group; or

- (iii) is a member of key management personnel of the Group or the Company's parent.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) ***Related parties*** *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when: (i) they are available for immediate sale; (ii) management is committed to a plan to sell; (iii) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; (iv) an active programme to locate a buyer has been initiated; (v) the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and (vi) a sale is expected to be completed within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy and fair value less costs to sell. Impairment loss on initial classification as held for sale and subsequent gain and loss on remeasurement is recognised in profit or loss.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated or amortised, and any equity-accounted investee is no longer equity accounted.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss and other comprehensive income, which comprises the post-tax profit or loss of the discontinued operation and post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation. The comparative figures is represented as if the operation had been discontinued from the beginning of the comparative year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Carrying value of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried at cost less accumulated depreciation or amortisation. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use of an asset or the CGU to which an asset relates. In estimating the recoverable amounts of assets or CGUs, various assumptions, including fair value of CGU, estimated costs of disposal, are made. If future events do not correspond to such assumptions, the recoverable amounts are revised, and this may have an impact on the Group's results of operations or financial position.

(b) Useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Such estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

(c) Estimated impairment of trade and other receivables

The Group maintains a provision for impairment of trade and other receivables arising from the inability of its customers and debtors to make the required repayments. The Group makes its estimates mainly based on the ageing of its trade receivable balances, debtors' creditworthiness, historical default experience and other forward looking factors. If the financial condition of its debtors was to deteriorate so that actual impairment loss might be higher than expected, the Group would revise the basis of making the impairment. As at 31 December 2024, provision for impairment on trade receivables and other receivables amounted to HKD356,000 (2023: HKD330,000) and HKD153,000 (2023: HKD177,000) respectively.

(d) Estimated write-down of inventories

The Group writes down inventories to net realisable value based on an assessment of the recoverability of inventories. The assessment of write-downs requires the management's judgement and estimates. Where expectation is different from an original estimate, the difference will impact the carrying values of inventories and may result in write-downs of inventories in the period in which such estimates have been changed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY *(Continued)*

(e) Income taxes

The Group is mainly subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax charges based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

(f) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of value in use or fair value less costs of disposal. The value in use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(g) Fair value measurement

A number of assets included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**fair value hierarchy**"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the financial assets at FVTPL at fair value (Notes 21 and 36(e))

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

6. SEGMENT REPORTING

The chief operating decision-maker for application of HKFRS 8 is identified as the Board. The segments are managed separately as each business offers different products and services and requires different business strategies. The Group's products and services lines identified as reportable operating segments are as follows:

Continuing reportable segments:

– Production and sales of cement;

– Production and sales of magnetic materials and other application products; and

– Trading business

Discontinued reportable segment:

– Research and development in biotechnology

Except the revenue derived from external customers of trading business, all other revenue derived from external customers and most of the non-current assets of the Group are derived from activities located in the PRC. Accordingly, no geographical information is presented.

6. SEGMENT REPORTING *(Continued)*

In the following table, revenue is disaggregated by major products and services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments as follows:

	Continuing operations			Discontinued operation	
	Production and sales of cement *HKD'000*	**Production and sales of magnetic materials and other application products** *HKD'000*	**Trading business** *HKD'000*	**Research and development in biotechnology** *HKD'000*	**Total** *HKD'000*
For the year ended 31 December 2024:					
Time of revenue recognition:					
At a point in time	184,712	31,728	58	–	216,498
Transferred over time	70	7,036	–	–	7,106
Segment revenue	184,782	38,764	58	–	223,604
Segment results	(19,054)	(26,594)	(916)	(16,814)	(63,378)
Unallocated expenses					(8,739)
Income tax credit/(charge)	3,581	(517)	–	–	3,064
Loss for the year					(69,053)
As at 31 December 2024:					
Segment assets	592,497	324,639	178	2,065	919,379
Financial assets at FVTPL					108,027
Unallocated assets					14,829
Total assets					1,042,235
Segment liabilities	202,706	262,273	85	1,498	466,562
Dividend payable					75,072
Unallocated liabilities					23,756
Total liabilities					565,390

6. SEGMENT REPORTING *(Continued)*

	Continued operations			Discontinued operation	
	Production and sales of cement *HKD'000*	Production and sales of magnetic materials and other application products *HKD'000*	Trading business *HKD'000*	Research and development in biotechnology *HKD'000*	Total *HKD'000*
For the year ended 31 December 2023:					
Time of revenue recognition:					
At a point in time	265,908	6,003	30,311	–	302,222
Transferred over time	221	4,820	–	–	5,041
Segment revenue	266,129	10,823	30,311	–	307,263
Segment results	(16,076)	(8,755)	(579)	(4,652)	(30,062)
Unallocated expenses					(11,508)
Income tax credit	331	61	–	–	392
Loss for the year					(41,178)
As at 31 December 2023:					
Segment assets	781,077	316,162	239	19,092	1,116,570
Deposit paid for acquisition of property					24,716
Unallocated assets					12,416
Total assets					1,153,702
Segment liabilities	258,192	233,522	–	1,917	493,631
Unallocated liabilities					23,332
Total liabilities					516,963

6. SEGMENT REPORTING *(Continued)*

Other segment information

	Continued operations		Discontinued operation		
	Production and sales of cement *HKD'000*	Production and sales of magnetic materials and other application products *HKD'000*	Research and development in biotechnology *HKD'000*	Unallocated and corporate *HKD'000*	Total *HKD'000*
For the year ended 31 December 2024:					
Depreciation of property, plant and equipment and right-of-use assets	21,433	2,710	38	490	24,671
Amortisation of intangible assets	–	2,931	814	–	3,745
Additions to property, plant and equipment	25,432	6,460	–	2,071	33,963
Provision for impairment losses on goodwill	–	–	12,547	–	12,547
Provision for impairment losses on intangible assets	–	–	2,732	–	2,732
(Reversal of provision for)/provision for impairment on trade and other receivables, net	(247)	261	–	–	14
Change in fair value of financial assets at FVTPL	–	–	–	(1,981)	(1,981)
Finance income	(10,747)	(8)	–	(8)	(10,763)
Finance expenses	4,361	7,829	–	992	13,182
Government grants	(105)	(3,700)	(29)	–	(3,834)
Share of results of associates	(1,281)	–	–	69	(1,212)
Carrying amount of investments in associates	29,172	–	–	3,245	32,417

6. SEGMENT REPORTING *(Continued)*

Other segment information *(Continued)*

	Continued operations		Discontinued operation		
	Production and sales of cement	Production and sales of magnetic materials and other application products	Research and development in biotechnology	Unallocated and corporate	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
For the year ended 31 December 2023:					
Depreciation of property, plant and equipment and right-of-use assets	22,604	775	399	670	24,448
Amortisation of intangible assets	–	372	827	–	1,199
Additions to property, plant and equipment	4,235	3,139	27	7,809	15,210
Additions to intangible assets	–	244	–	–	244
(Reversal of provision for)/provision for impairment on trade and other receivables, net	149	112	(9)	(3)	249
Change in fair value of financial assets at FVTPL	–	–	–	(5,762)	(5,762)
Finance income	(10,187)	(64)	(1)	(4)	(10,256)
Finance expenses	4,366	3,178	43	969	8,556
Government grants	(141)	(2,201)	(100)	–	(2,442)
Share of results of associates	415	–	–	263	678
Carrying amount of investments in associates	31,507	–	–	3,291	34,798

Segment revenue reported above represents revenue generated from external customers. Except the revenue attributable to trading business, the remaining revenue attributable to the remaining segments are within the scope of HKFRS 15 (2023: all revenue are within the scope of HKFRS 15). There was no inter-segment sales for both years.

Revenue derived from the single largest external independent customers from the Group's production and sales of cement segment amounted to approximately HKD10,292,000 (2023: HKD35,705,000), which represent 4.60% of the Group's revenue for the year ended 31 December 2024 (2023: 11.62%).

7. REVENUE

The principal activities of the Group are production and sales of cement, production and sales of magnetic materials and other application products, and trading business. The following is the disaggregation of revenue from contracts with customers by major products and services lines recognised during the year:

	2024	2023
	HKD'000	*HKD'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods		
Sales of Composite Portland cement strength class 32.5R	**8,036**	63,128
Sales of Ordinary Portland cement strength class 42.5	**123,179**	202,780
Sales of Composite Portland cement strength class 42.5	**53,497**	–
Sales of motor machines and parts	**20,924**	3,201
Sales of rare earth materials	**10,804**	2,802
Sales of metals	**–**	30,311
	216,440	302,222
Provisions of processing services income		
Solid waste processing services income	**70**	221
Metal processing services income	**7,036**	4,820
	7,106	5,041
Revenue from other sources not within the scope of HKFRS 15:		
Commodity metals trading income	**58**	–
	223,604	307,263

The following table provides information about trade receivables and contract liabilities arising from contracts with customers:

	2024	2023
	HKD'000	*HKD'000*
Trade and bills receivables, net *(Note 23)*	**24,850**	30,851
Contract liabilities *(Note 27)*	**(11,109)**	(17,206)

7. REVENUE *(Continued)*

The contract liabilities mainly relate to the advance consideration received from customers. Approximately HKD17,206,000 (2023: HKD15,175,000) of the contract liabilities as of 1 January 2024 (2023: 1 January 2023) had been recognised as revenue due to the performance obligations was satisfied during the year.

In addition, the Group has applied the practical expedient under HKFRS 15 to account for its sales agreements in terms of sales of cement, motor machines and parts and rare earth materials, and provisions of solid waste and metal processing services, therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales agreements that had an original expected duration of one year or less for both current and prior years.

8. OTHER INCOME AND OTHER GAIN, NET

	2024	2023
	HKD'000	*HKD'000*
		(Represented)
Continuing operations:		
Other income/(losses)		
Government grants *(Note)*	**3,805**	2,342
Rental income	**1,217**	755
Change in fair value of financial assets at FVTPL	**1,981**	5,762
Gain on disposal of financial assets at FVTPL	**1,516**	–
Bad debts recovered	**–**	5,330
Foreign exchange loss, net	**(120)**	(395)
Others	**284**	110
	8,683	13,904
Other gain, net		
Gain on disposal of property, plant and equipment	**126**	38
	8,809	13,942

Note: The amount refers to the government's subsidy for encouraging biotechnology development, saving energy and reducing pollution emissions and development in magnetic application products research.

9. FINANCE (EXPENSES)/INCOME – NET

	2024 *HKD'000*	2023 *HKD'000* (Represented)
Continuing operations:		
Finance expenses:		
Interest expenses on bank and other borrowings	**(13,152)**	(8,507)
Interest expenses on lease liabilities *(Note 16)*	**(30)**	(6)
	(13,182)	(8,513)
Finance income:		
Interest income on bank deposits	**10,763**	10,256
	(2,419)	1,743

10. LOSS BEFORE INCOME TAX

(a) Loss before income tax is arrived at after charging/(crediting):

	2024 *HKD'000*	2023 *HKD'000* (Represented)
Continuing operations:		
Costs of inventories recognised as expenses	**234,841**	303,357
Depreciation of property, plant and equipment	**23,666**	22,879
Depreciation of right-of-use assets	**967**	1,170
Amortisation of intangible assets	**2,931**	372
Provision for impairment on trade receivables, net	**38**	160
(Reversal of provision for)/provision for impairment on other receivables, net	**(24)**	98
Short-term leases expenses	**60**	248
Employee costs (including directors' emoluments *(Note 13)):*		
– Salaries, wages and other benefits	**26,883**	24,038
– Contributions to defined contribution retirement plans	**5,628**	6,632
Auditor's remuneration:		
– Audit services	**1,362**	1,412
– Non-audit services	**150**	151

10. LOSS BEFORE INCOME TAX *(Continued)*

(b) Discontinued operation

On 22 May 2024, the Board resolved to dispose the business operations of Orient Everhealth Biomedical Company Limited and its 65% equity owned subsidiary, Suzhou Everhealth Biomedical Company (together the "**Everhealth Group**"), which was principally engaged in the research and development in biotechnology in the PRC. As of 31 December 2024, the Group had actively located potential buyer and the related assets and liabilities of the Everhealth Group were expected to be disposed within twelve months and therefore classified as held for sale presented separately in the consolidated statement of financial position.

For the purpose of presenting this discontinued operation, the comparative information of consolidated statement of profit or loss and other comprehensive income and the related notes have been represented as if the operations deemed as discontinued during the year had been discontinued at the beginning of the comparative year of 2023.

The amounts of results, cashflows and net assets of the Everhealth Group are disclosed as follows:

	2024	2023
	HKD'000	*HKD'000*
Revenue	**–**	–
Other income and other gain, net	**136**	39
Administrative expenses	**(1,671)**	(4,648)
Finance expenses	**–**	(43)
Provision for impairment losses on goodwill	**(12,547)**	–
Provision for impairment losses on intangible assets	**(2,732)**	–
Loss for the year from a discontinued operation	**(16,814)**	(4,652)
Loss for the year attributable to:		
– Owners of the Company	**(15,321)**	(3,024)
– Non-controlling interests	**(1,493)**	(1,628)
	(16,814)	(4,652)
Total comprehensive loss attributable to:		
– Owners of the Company	**(15,829)**	(3,024)
– Non-controlling interests	**(1,176)**	(1,445)
	(17,005)	(4,469)

10. LOSS BEFORE INCOME TAX *(Continued)*

(b) Discontinued operation *(Continued)*

	2024 HKD'000	2023 HKD'000
Net cash used in operating activities	**(162)**	(308)
Net cash generated from investing activities	**34**	579
Net cash used in financing activities	**–**	(238)
Effect of foreign exchange rate changes on cash and cash equivalents	**92**	19
Total cash (outflows)/inflows	**(36)**	52

As of 31 December 2024, the carrying amounts of the assets and liabilities of the Everhealth Group are disclosed as follows:

	2024 HKD'000
Property, plant and equipment	**14**
Intangible assets	**2,015**
Prepayment	**6**
Cash and cash equivalents	**30**
Total assets classified as held for sale	**2,065**
Accruals and other payables	**(1,498)**
Total liabilities associated with assets classified as held for sale	**(1,498)**
Total net assets classified as held for sale	**567**

11. DIVIDEND

	2024	2023
	HKD'000	*HKD'000*
2024 special dividend declared of HKD0.136 per share (2023: Nil)	**75,072**	–

At the Board meetings held on 5 December 2024, the Board resolved to declare special dividend of HKD0.136 per share based on 552,000,000 ordinary shares (2023: Nil).

Except for the above special dividend declared, no interim or final dividend was declared and paid to the shareholders of the Company for both current and prior years. The Board did not recommend any payment of final dividend after the end of the reporting period for both current and prior years.

12. LOSS PER SHARE

From continuing and discontinued operations

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company of approximately HKD58,630,000 (2023: HKD36,525,000) by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2023: 552,000,000).

As there were no dilutive operations and other dilutive potential ordinary shares in issue for the years ended 31 December 2023 and 2024, diluted loss per share is the same as the basic loss per share.

From discontinued operation

Basic and diluted loss per share for the year from a discontinued operation is approximately HKD0.028 (2023: HKD0.005), based on the loss for the year from a discontinued operation attributable to owners of the Company of approximately HKD15,321,000 (2023: HKD3,024,000) divided by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2023: 552,000,000).

From continuing operation

Basic and diluted loss per share for the year from continuing operations was approximately HKD0.078 (2023: HKD0.061), based on the loss for the year from continuing operations attributable to owners of the Company of approximately HKD43,309,000 (2023: HKD33,501,000) divided by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2023: 552,000,000).

13. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments for the year, disclosed pursuant to the Listing Rules and Section 383 of the Hong Kong Companies Ordinance, (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) were as follows:

	Fees	Salaries, wages and other benefits	Contributions to defined contribution retirement plans	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
For the year ended 31 December 2024:				
Executive Directors				
Mr. Liu Dong	–	240	–	240
Mr. Wu Junxian	–	442	–	442
Non-Executive Directors				
Mr. Tseung Hok Ming	240	–	–	240
Ms. Xie Yingxia	240	–	–	240
Independent Non-Executive Directors				
Mr. Cao Kuangyu	180	–	–	180
Mr. Suo Suo	180	–	–	180
Ms. Yu Xiaoying *(Note ii)*	168	–	–	168
Mr. Yu Ronald Patrick Lup Man *(Note i)*	5	–	–	5
	1,013	682	–	1,695

13. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Fees	Salaries, wages and other benefits	Contributions to defined contribution retirement plans	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
For the year ended 31 December 2023:				
Executive Directors				
Mr. Liu Dong	–	240	–	240
Mr. Wu Junxian	–	451	–	451
Non-Executive Directors				
Mr. Tseung Hok Ming	240	–	–	240
Ms. Xie Yingxia	240	–	–	240
Independent Non-Executive Directors				
Mr. Cao Kuangyu	180	–	–	180
Ms. Yu Xiaoying *(Note ii)*	180	–	–	180
Mr. Suo Suo	180	–	–	180
	1,020	691	–	1,711

Notes:

(i) Mr. Yu Ronald Patrick Lup Man was appointed as an Independent Non-Executive Director effective from 23 December 2024; and

(ii) Ms. Yu Xiaoying was resigned as an Independent Non-Executive Director effective from 6 December 2024.

13. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

No actual or accrued payment or arrangement in relation to: (i) an inducement to join or upon joining the Company; (ii) loss of office in connection with the management affairs of the Group; and (iii) loans, quasi-loans and other dealings in favour of the directors, and no director waived or agreed to waive any emoluments with respect to the services rendered to the Group for both current and prior years.

None of the director was granted or exercised any share option under the Share Option Scheme as detailed in the Directors' Report.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest emoluments within the Group included one individual (2023: one individual) was the director of the Company whose emoluments paid or payable during the year is disclosed in Note 13(a) above. The emoluments of the remaining four individuals (2023: four individuals) paid or payable during the year is disclosed as follows:

	2024 ***HKD'000***	2023 *HKD'000*
Salaries, wages and other benefits	**2,379**	2,873
Contributions to defined contribution retirement plans	**36**	48
	2,415	2,921

The remaining four individuals (2023: four individuals) with the highest emoluments within the Group paid or payable during the year are within the following bands:

	2024 ***No. of individuals***	2023 *No. of individuals*
Nil to HKD1,000,000	**4**	3
HKD1,000,001 to HKD1,500,000	**–**	1

No actual or accrued payment in relation to: (i) an inducement to join or upon joining the Company; and (ii) loss of office in connection with the management affairs of the Group for both current and prior years.

14. INCOME TAX CREDIT

The amount of taxation included in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	HKD'000	*HKD'000*
		(Represented)
Continuing operations:		
Current tax		
– Provision for the year	**25**	19
– Under provision in the prior year	**374**	–
	399	19
Deferred tax *(Note 30)*	**(3,463)**	(411)
	(3,064)	(392)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated taxable profits arising in Hong Kong for both current and prior years. No provision for Hong Kong Profits Tax was recognised as the Group had no estimated taxable profits arising in Hong Kong for both current and prior years.

Except for certain subsidiaries incorporated in the PRC that have been certified as a High and New Technology Enterprise ("**HNTE**") by the Ministry of Science and Technology provided their Enterprise Income Tax at a reduced tax rate of 15% (2023: 15%), the remaining subsidiaries incorporated in the PRC provided their Enterprise Income Tax at 25% (2023: 25%) of the estimated taxable profits arising in the PRC for both current and prior years.

The provision for other foreign taxation is calculated at the respective statutory tax rates of the estimated taxable profits arising in those tax jurisdictions, including the Cayman Islands, the British Virgin Islands (the "**BVI**") and Lao People's Democratic Republic ("**Laos**") for both current and prior years. No provision for those foreign taxation was recognised as the Group had no estimated taxable profits arising in those tax jurisdictions for both current and prior years.

14. INCOME TAX CREDIT *(Continued)*

Income tax credit for the year can be reconciled to the Group's loss before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024	2023
	HKD'000	*HKD'000*
		(Represented)
Continuing operations:		
Loss before income tax	**(55,303)**	(36,918)
Tax credit calculated at the PRC Enterprise Income Tax rate of 25% (2023: 25%)	**(13,826)**	(9,230)
Tax effect of expenses not deductible for tax purposes	**4,552**	2,376
Tax effect of revenue not taxable for tax purposes	**(193)**	–
Tax effect of unused tax losses not recognised	**4,526**	5,542
Tax effect of share of results of associates	**303**	(170)
Tax effect of provision of withholding tax	**(1,647)**	(662)
Effect of different tax rates of subsidiaries operating in other tax jurisdictions	**733**	1,053
Effect of concessionary tax rate of subsidiaries certified as HNTE	**2,114**	699
Under provision in the prior year	**374**	–
Income tax credit	**(3,064)**	(392)

15. PROPERTY, PLANT AND EQUIPMENT

	Properties and plant *HKD'000*	Machinery *HKD'000*	Motor vehicles *HKD'000*	Furniture, fittings and equipment *HKD'000*	Right-of-use assets *HKD'000* *(Note (a))*	Construction in progress *HKD'000*	Total *HKD'000*
For the year ended 31 December 2024:							
Opening net book amount	**90,582**	**90,921**	**1,738**	**2,211**	**19,301**	**15,872**	**220,625**
Additions	**1,373**	**3,035**	**537**	**142**	**1,153**	**27,723**	**33,963**
Disposals	**–**	**(41)**	**(82)**	**(14)**	**–**	**–**	**(137)**
Classified as held for sale *(Note 10(b))*	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Transfer	**696**	**1,328**	**–**	**10**	**–**	**(2,034)**	**–**
Depreciation	**(9,228)**	**(12,942)**	**(581)**	**(953)**	**(967)**	**–**	**(24,671)**
Exchange differences	**(2,960)**	**(2,944)**	**(52)**	**(61)**	**(648)**	**(1,079)**	**(7,744)**
Closing net book amount	**80,463**	**79,357**	**1,560**	**1,321**	**18,839**	**40,482**	**222,022**
At 31 December 2024:							
Costs	**238,612**	**322,158**	**4,148**	**16,859**	**27,146**	**40,482**	**649,405**
Accumulated depreciation	**(158,149)**	**(242,801)**	**(2,588)**	**(15,538)**	**(8,307)**	**–**	**(427,383)**
Closing net book amount	**80,463**	**79,357**	**1,560**	**1,321**	**18,839**	**40,482**	**222,022**

	Properties and plant *HKD'000*	Machinery *HKD'000*	Motor vehicles *HKD'000*	Furniture, fittings and equipment *HKD'000*	Right-of-use assets *HKD'000* *(Note (a))*	Construction in progress *HKD'000*	Total *HKD'000*
For the year ended 31 December 2023:							
Opening net book amount	75,429	97,128	1,405	3,161	17,014	–	194,137
Additions through business combination *(Note 34)*	24,066	5,187	796	192	4,649	6,783	41,673
Additions	1,771	4,261	73	49	–	9,056	15,210
Disposals	–	(888)	(10)	–	–	–	(898)
Depreciation	(9,044)	(12,389)	(500)	(1,116)	(1,399)	–	(24,448)
Lease modification	–	–	–	–	(599)	–	(599)
Exchange differences	(1,640)	(2,378)	(26)	(75)	(364)	33	(4,450)
Closing net book amount	90,582	90,921	1,738	2,211	19,301	15,872	220,625
At 31 December 2023:							
Costs	245,043	329,211	4,826	17,475	28,375	15,872	640,802
Accumulated depreciation	(154,461)	(238,290)	(3,088)	(15,264)	(9,074)	–	(420,177)
Closing net book amount	90,582	90,921	1,738	2,211	19,301	15,872	220,625

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Note (a):

Right-of-use assets	**Land use rights**	**Leasehold land and buildings**	**Total**
	HKD'000	*HKD'000*	*HKD'000*
At 1 January 2023	15,414	1,600	17,014
Acquired through business combinations *(Note 34)*	4,649	–	4,649
Depreciation	(501)	(898)	(1,399)
Lease modification	–	(599)	(599)
Exchange differences	(342)	(22)	(364)
At 31 December 2023 and 1 January 2024	19,220	81	19,301
Additions	–	1,153	1,153
Depreciation	(566)	(401)	(967)
Exchange differences	(648)	–	(648)
At 31 December 2024	18,006	833	18,839

The Group's land use rights are located in the PRC on the lease of 50 years and used for cement production. The land and buildings leased for the Group's own use.

Note (b):

As at 31 December 2024, certain land use right (included in right-of-use assets) and property, plant and equipment are pledged as security for the Group's bank borrowings of approximately HKD155,096,000 (2023: HKD137,916,000) (Note 28).

16. LEASE LIABILITIES

Leasehold land and buildings:	**2024** **HKD'000**	2023 *HKD'000*
At 1 January	**83**	1,826
Additions	**1,153**	–
Interest expenses	**30**	49
Lease payments	**(421)**	(738)
Lease modification	**–**	(1,026)
Exchange differences	**–**	(28)
At 31 December	**845**	83

The remaining future minimum lease payments under non-cancellable tenancy agreements to be recognised as lease liabilities will be due as of 31 December 2023 and 2024 as follows:

	Minimum lease payments ***HKD'000***	**Interest expenses** ***HKD'000***	**Present value of lease payments** ***HKD'000***
At 31 December 2024:			
Not later than one year	**405**	**(23)**	**382**
Later than one year and not later than two years	**405**	**(9)**	**396**
Later than two years and not later than five years	**67**	**–**	**67**
	877	**(32)**	**845**

	Minimum lease payments ***HKD'000***	**Interest expenses** ***HKD'000***	**Present value of lease payments** ***HKD'000***
At 31 December 2023:			
Not later than one year	83	–	83

16. LEASE LIABILITIES *(Continued)*

The present value of the remaining future minimum lease payments under non-cancellable tenancy agreements is analysed as follows:

	2024 HKD'000	2023 HKD'000
Current liabilities	**382**	83
Non-current liabilities	**463**	–
	845	83

During the year ended 31 December 2024, the total cash outflow for leases were approximately HKD483,000 (2023: HKD1,106,000).

17. GOODWILL

	2024 HKD'000	2023 HKD'000
Costs:		
At 1 January	**61,589**	13,064
Additions through business combination *(Note 34)*	**–**	48,359
Classified as held for sale	**(12,295)**	–
Exchange differences	**(2,111)**	166
At 31 December	**47,183**	61,589
Accumulated impairment losses:		
At 1 January	**–**	–
Impairment losses recognised during the year	**(12,547)**	–
Classified as held for sale	**12,295**	–
Exchange differences	**252**	–
At 31 December	**–**	–
Net carrying amount:		
At 1 January	**61,589**	13,064
At 31 December	**47,183**	61,589

17. GOODWILL *(Continued)*

Impairment testing of cash generating units ("CGUs") containing goodwill

For the purpose of impairment testing, the carrying amount of goodwill is allocated to the respective CGUs based on the nature of business and geographical locations as follows:

	2024	2023
	HKD'000	*HKD'000*
Everhealth CGU *(Note (a))*	–	12,732
Chengzheng CGU *(Note (b))*	**47,183**	48,857
	47,183	61,589

Note (a):

Goodwill arose from a business combination during the year ended 31 December 2020 and it was solely allocated to the CGU, namely the Everhealth Group.

During the year, goodwill attributable to the Everhealth Group was classified as assets held for sale.

Note (b):

Goodwill arose from a business combination during the year ended 31 December 2023 and it was solely allocated to the CGU, namely Ganzhou Chengzheng Rare Earth New Material Co., Limited and its subsidiaries, in the production and sales of magnetic materials and other application products segment.

The Group performed its annual impairment test with a valuation performed by an independent qualified professional valuer. The Group considers the relationship between its market capitalisation and its book value and assumptions are reflective of the prevailing market condition.

The recoverable amount of the CGU, in which the goodwill, property, plant and equipment including right-of-use assets, certain non-refundable deposits, and the intangible assets have been included that generate cash flows together in the respective CGU for the purpose of impairment assessment as at 31 December 2024 has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.02% (2023: 2.22%), which does not exceed the long-term growth rate for the rare earth industry in the PRC. Discount rate used of 18.53% (2023: 19.87%) is pre-tax and reflect specific risks relating to the relevant CGU. Operating margin and growth rate within the five-year period was based on past experience.

18. INTANGIBLE ASSETS

	Technical know-how	
	2024	2023
	HKD'000	*HKD'000*
Costs:		
At 1 January	**24,883**	8,453
Additions through business combination *(Note 34)*	**–**	16,235
Additions through internal development	**–**	244
Classified as held for sale *(Note 10(b))*	**(7,872)**	–
Exchange differences	**(936)**	(49)
At 31 December	**16,075**	24,883
Accumulated amortisation and impairment losses:		
At 1 January	**(2,837)**	(1,686)
Charge for the year	**(3,745)**	(1,199)
Provision for impairment losses	**(2,732)**	–
Classified as held for sale *(Note 10(b))*	**5,857**	–
Exchange differences	**227**	48
At 31 December	**(3,230)**	(2,837)
Net book amount:		
At 1 January	**22,046**	6,767
At 31 December	**12,845**	22,046

Technical know-how was recognised as part of business combination in prior years and current year and represents the intellectual property rights and self-developed technical know-how which have finite useful life and are amortised on a straight-line basis over its estimated useful life of 10 years respectively.

19. PARTICULARS OF SUBSIDIARIES

The particulars of the Company's subsidiaries as of 31 December 2024 and 2023 are as follows:

Name	Place and date of incorporation	Place of operation, principal activities and type of entity	Particulars of issued and paid-in capital/ registered capital	Equity interest held Direct	Indirect
Dongwu International Investment Limited	British Virgin Islands, 29 November 2011	Investment holding in Hong Kong, a limited liability company	United States dollar ("USD") 50,000 (2023: USD50,000)	100% (2023:100%)	–
Orient Chengzheng Rare Earth Co., Limited	Hong Kong, 25 November 2023	Investment holding in Hong Kong, a limited liability company	HKD10,000 (2023: HKD10,000)	100% (2023:100%)	–
Dongwu Cement (Hong Kong) Limited	Hong Kong, 16 December 2011	Investment holding in Hong Kong, a limited liability company	HKD1 (2023: HKD1)	–	100% (2023: 100%)
蘇州東吳水泥有限公司 (Suzhou Dongwu Cement Co., Ltd.*)	PRC, 5 June 2003	Production and sales of cement in the PRC, a limited liability company	USD29,000,000 (2023: USD29,000,000)	–	100% (2023: 100%)
Dongwu Science & Technology Investment Company Limited	Hong Kong, 2 October 2013	Science and technology investment in Hong Kong, a limited liability company	HKD1 (2023: HKD1)	–	100% (2023: 100%)
熙華(上海)投資管理有限公司 (Xihua Shanghai Investment Management Co., Ltd.*)	PRC, 19 November 2014	Investment management and consultation in the PRC, a limited liability company	USD10,000,000 (2023: USD10,000,000)	–	100% (2023: 100%)
東方恒康生命科學有限公司 (Orient Everhealth Biomedical Company Limited*)	PRC, 21 June 2018	Investment holding in the PRC, a limited liability company	RMB27,500,000 (2023: RMB27,500,000)	–	100% (2023: 100%)
蘇州恒康生命科學有限公司 (Suzhou Everhealth Biomedical Company Limited)	PRC, 25 December 2018	Research and development in biotechnology in the PRC, a limited liability company	RMB21,083,360 (2023: RMB21,083,360)	–	65% (2023: 65%)
Orient Chengzheng Rare Earth International Co., Limited	Hong Kong, 25 November 2023	Investment holding in Hong Kong, a limited liability company	HKD10,000 (2023: HKD10,000)	–	62.75% (2023: 62.75%)
Orient Chengzheng Overseas Resources (Laos) Sole Co., Ltd	Laos, 26 September 2023	Dormant company in Laos, a limited company	Lao Kip ("**KIP**") 20,000,000,000 (2023: KIP 20,000,000,000)	–	62.75% (2023: 62.75%)
東方誠正稀土科技(贛州)有限公司 (Orient Chengzheng Rare Earth Technology (Ganzhou) Company Limited*)	PRC, 17 April 2023	Investment holding in the PRC, a limited liability company	RMB67,000,500 (2023: RMB67,000,500)	–	100% (2023: 100%)

19. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation	Place of operation, principal activities and type of entity	Particulars of issued and paid-in capital/ registered capital	Equity interest held Direct	Indirect
東吳誠正科技 (蘇州) 有限公司 (Dongwu Chengzheng Technology (Suzhou) Company Limited*)	PRC, 24 May 2023	Investment holding in the PRC, a limited liability company	USD1,000,000 (2023: USD1,000,000)	–	100% (2023: 100%)
贛州誠正稀土新材料股份有限公司 (Ganzhou Chengzheng Rare Earth New Material Co., Limited* ("**Ganzhou Chengzheng**"))	PRC, 9 May 2008	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB112,000,000 (2023: RMB112,000,000)	–	62.5% (2023: 62.5%)
贛州誠正電機有限公司 (Ganzhou Chengzheng Motor Co., Limited*)	PRC, 18 April 2017	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB37,000,000 (2023: RMB37,000,000)	–	43.17% (2023: 46.87%)
贛州能贊稀土材料有限公司 (Ganzhou Nengzan Rare Earth Material Co., Limited*)	PRC, 7 August 2015	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB4,408,500 (2023: RMB4,408,500)	–	62.5% (2023: 62.5%)
江西東涵科技協同創新有限公司 (Jiangxi Donghan Technology Innovation Co., Limited*)	PRC, 20 September 2019	Research and development in magnetic materials and other application products in the PRC, a limited liability company	RMB100,000 (2023: RMB100,000)	–	62.5% (2023: 62.5%)
江西為本新能源科技有限公司 (Jiangxi Weiben New Energy Technology Co., Limited*)	PRC, 30 March 2013	Dormant company in the PRC, a limited liability company	RMB2,000,000 (2023: RMB2,000,000)	–	62.5% (2023: 62.5%)
贛州瑞之興金屬表面處理有限公司 (Ganzhou Ruizhixing Metal Plating Co., Limited*)	PRC, 6 April 2023	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB5,000,000 (2023: RMB5,000,000)	–	62.5% (2023: 62.5%)
贛州市瑞興電鍍加工廠 (Ganzhou Ruixing Metal Plating Company*)	PRC, 15 December 2011	Dormant company in the PRC, a unlimited liability company	RMB500,000 (2023: RMB500,000)	–	62.5% (2023: 62.5%)
東芮稀土 (東莞) 有限公司 (Dongrui Rare Earth Dongguan) Co., Limited*)	PRC, 22 February 2024	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB10,000,000 (2023: NIL)	–	62.5% (2023: NIL)

* The English translation of the entities names are for reference only. The official names of these entities are in Chinese.

20. INVESTMENTS IN ASSOCIATES

	2024	2023
	HKD'000	*HKD'000*
Unlisted equity investments:		
At 1 January	**34,798**	43,339
Share of results for the year	**(1,212)**	678
Dividend received	**–**	(8,148)
Exchange differences	**(1,169)**	(1,071)
At 31 December	**32,417**	34,798

The Group has a 43.2% (31 December 2023: 43.2%) interest in an associate, Suzhou Dongtong Environment and Technology Company Limited* (蘇州東通環保科技有限公司, "**Dongtong Environment and Technology**"), which was incorporated in the PRC. The principal activity of Dongtong Environment and Technology is research and development on environmental technology and provision of related services in the PRC. The cost of the investment was HKD27,637,000 (equivalent to RMB24,000,000).

The Group has a 30% (31 December 2023: 30%) interest in another associate, Zhuhai Huiyinhuiheng Investment Fund Management Company Limited* (珠海匯垠匯恒股權投資資金管理有限公司), which was incorporated in the PRC. The principal activity of the Company is financial investment management in the PRC. The cost of the investment was HKD3,327,000 (equivalent to RMB2,757,000).

* The English translation of the entities names are for reference only. The official names of these entities are in Chinese.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for any difference in accounting policies, prepared in accordance with HKFRSs, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

Suzhou Dongtong Environment and Technology Company Limited

	2024	2023
	HKD'000	*HKD'000*
At 31 December:		
Non-current assets	**5,535**	7,009
Current assets	**68,309**	78,437
Current liabilities	**(6,324)**	(12,521)

20. INVESTMENTS IN ASSOCIATES *(Continued)*

Suzhou Dongtong Environment and Technology Company Limited *(Continued)*

	2024	2023
	HKD'000	*HKD'000*
For the year ended 31 December:		
Revenue	**3,228**	6,521
(Loss)/profit for the year	**(2,965)**	962
Other comprehensive loss for the year	**(2,440)**	(2,294)
Total comprehensive loss for the year	**(5,405)**	(1,332)
Dividend received	**–**	8,148

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024	2023
	HKD'000	*HKD'000*
At 31 December:		
Net assets	**67,520**	72,925
Effective equity interest in the associate	**43.2%**	43.2%
Carrying amount in the consolidated financial statements	**29,172**	31,507

Aggregate financial information of an associate that is not material is disclosed below:

Zhuhai Huiyinhuiheng Investment Fund Management Company Limited

	2024	2023
	HKD'000	*HKD'000*
Aggregate carrying amount in the consolidated financial statements	**3,245**	3,291

	2024	2023
	HKD'000	*HKD'000*
Aggregate amount of the Group's share of the associate's:		
Profit for the year	**68**	263
Other comprehensive loss for the year	**(114)**	(80)
Total comprehensive (loss)/income for the year	**(46)**	183

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	HKD'000	*HKD'000*
Trust agreement investment:		
At 1 January	**–**	112,715
Additions	**108,254**	–
Disposals	**–**	(116,063)
Change in fair value	**1,981**	5,762
Exchange differences	**(2,208)**	(2,414)
At 31 December	**108,027**	–

The trusted fund under the Trust Agreement entered between the Group and the National Trust Ltd. ("**National Trust**") in 2022. The trusted fund is administered by National Trust who is responsible for managing the trusted assets to generate investment return contributed to the Group. The Group has designated the trust agreement investment as FVTPL and classified as a non-current asset since it is held for long-term investment purpose.

The fair value measurement of the trust agreement investment is further detailed in Note 36(e).

22. INVENTORIES

	2024	2023
	HKD'000	*HKD'000*
Raw materials	**125,105**	179,623
Work-in-progress	**13,564**	15,149
Finished goods	**57,862**	16,808
	196,531	211,580

23. TRADE AND OTHER RECEIVABLES

	2024	2023
	HKD'000	*HKD'000*
Trade and bills receivables	**25,206**	31,181
Less: Provision for impairment *(Note iii)*	**(356)**	(330)
Trade and bills receivables, net *(Note i)*	**24,850**	30,851
Prepayments and deposits *(Note ii)*	**17,550**	48,140
Less: Classified as held for sale *(Note 10(b))*	**(6)**	–
	17,544	48,140
Other receivables	**13,219**	8,872
Less: Provision for impairment *(Note iii)*	**(153)**	(177)
Other receivables, net	**13,066**	8,695
Prepayments, deposits and other receivables	**30,610**	56,835
Total trade and other receivables	**55,460**	87,686
Less: Non-current portion		
Deposits paid for purchases of machineries *(Note ii)*	**(341)**	(1,812)
Deposit paid for acquisition of property *(Note ii)*	**–**	(24,716)
Trade and other receivables – Current portion	**55,119**	61,158

Notes:

(i) Trade and bills receivables

Credit terms given to its customers generally range from 30 to 90 days (2023: 30 to 90 days). For major customers, depending on their business relationships with the Group and their creditworthiness, the Group may grant them the following credit terms: (i) a revolving credit limit of between RMB1,000,000 and RMB50,000,000 with a credit period of up to 365 days, and (ii) any outstanding payables in excess of the said revolving credit limit with a credit period of between 0 to 30 days.

Bills receivable represent bills received from customers for settlement of trade receivables. Bills receivables are normally due within 180 days.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes (Continued):

(i) ***Trade and bills receivables*** *(Continued)*

The trade and bills receivables are inclusive of value-added tax. Ageing analysis of trade and bills receivables (net of provision) by invoice date and issuance date of bills are as follows:

	2024	2023
	HKD'000	*HKD'000*
Within 90 days	**15,601**	20,292
From 91 to 180 days	**6,186**	5,522
From 181 days to 1 year	**2,482**	5,037
Over 1 year	**581**	–
	24,850	30,851

Ageing analysis of the Group's trade and bills receivables (net of provision) that were past due but not impaired is as follows:

	2024	2023
	HKD'000	*HKD'000*
Neither past due nor impaired *(Notes (a), (b))*	**16,566**	22,302
1 to 90 days past due	**5,352**	3,512
91 to 180 days past due	**2,496**	5,037
Over 181 days past due	**436**	–
	24,850	30,851

Notes:

(a) The balances that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(b) These are past due but not impaired and related to a number of independent customers that have a good track record with the Group. Based on past experience adjusted to current and forward-looking factors to the debtors and economic environment, the directors are of the opinion that these balances are not considered in default as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes (Continued):

(ii) Prepayments and deposits

As at 31 December 2024, included in the Group's prepayments and deposits were mainly represented by the prepayments and deposits amounted to approximately HKD16,006,000, HKD341,000, HKD Nil (31 December 2023: HKD20,402,000, HKD1,812,000, HKD24,716,000) paid to the suppliers for raw material purchases, purchases of machineries and purchase of property respectively.

(iii) Movement of the provision for impairment of trade and other receivables

	2024	2023
	HKD'000	*HKD'000*
Trade receivables:		
At 1 January	**330**	176
Provision for the year	**240**	296
Balances recovered for the year	**(202)**	(136)
Exchange differences	**(12)**	(6)
At 31 December	**356**	330

	2024	2023
	HKD'000	*HKD'000*
Other receivables:		
At 1 January	**177**	91
Provision for the year	**–**	89
Balances recovered for the year	**(24)**	–
Exchange differences	**–**	(3)
At 31 December	**153**	177

The provision and reversal of provision for impairment of trade and other receivables have been included in administrative expenses in the profit or loss. Amounts charged to impairment account are generally written off, when there is no realistic prospect of recovering additional cash. The Group recognised impairment loss on collective and individual assessments in accordance with the accounting policy stated in Note 4(h)(ii).

24. SHORT-TERM BANK DEPOSITS

As of 31 December 2023 and 2024, the carrying amount of short-term bank deposits with original maturity dates more than three months but less than one year was deposited to a local PRC bank. These deposits are carried at fixed interest rates ranged from 1.40% to 2.0% (2023: 1.95% to 2.50%) per annum, denominated in RMB and to be withdrawn upon the maturity dates.

Under the relevant laws and regulations of the foreign exchange control as stipulated by the PRC government, RMB is not a freely convertible currency and remittance of funds outside the PRC region is restricted to certain extent.

25. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Approximately HKD133,277,000 of the Group's cash and bank balances was denominated in RMB as at 31 December 2024 (2023: HKD20,373,000). RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 1.60% (2023: 0.01% to 1.25%) per annum. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, bank deposits of approximately HKD15,932,000 (2023: HKD37,785,000) are pledged as security for bills payables (Note 26) which carries at fixed interest rate ranged from 1.30% to 1.43% (2023: 1.30% to 1.43%) per annum.

26. TRADE AND OTHER PAYABLES

	2024	2023
	HKD'000	*HKD'000*
Trade payables	**27,298**	43,611
Bills payables	**29,426**	70,715
Accrued salaries and bonus	**5,010**	5,215
Value-added taxes ("**VAT**") payables *(Note (a))*	**777**	577
Amounts due to related parties *(Note 39)*	**3,565**	8,222
Other payables	**36,395**	27,900
Consideration payables	**21,217**	21,970
	123,688	178,210

The credit period granted by the Group's principal suppliers is ranged from 30 to 90 days (2023: 30 to 90 days).

As at 31 December 2024, bank deposits of approximately HKD15,932,000 (2023: HKD37,785,000) (Note 25) are pledged as security for bill payables.

Note (a):

Domestic sales of self-manufactured products made by the PRC subsidiary are subject to VAT at 13% (2023: 13%). Input VAT on purchases of raw materials, fuel, utilities, other production materials and certain purchased equipment can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

As of the end of the reporting period, the ageing analysis of trade payables based on invoice dates is disclosed as follows:

	2024	2023
	HKD'000	*HKD'000*
Within 30 days	**5,430**	7,938
From 31 to 90 days	**6,134**	11,488
From 91 to 180 days	**7,714**	10,649
From 181 days to 1 year	**5,917**	9,774
From 1 to 2 years	**712**	994
More than 2 years	**1,391**	2,768
	27,298	43,611

27. CONTRACT LIABILITIES

	2024 HKD'000	2023 HKD'000
Advance consideration received from customers:		
Sales of cement	**6,877**	16,292
Sales of magnetic materials and other application products	**4,232**	914
	11,109	17,206

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sales of cement

The Group required receipts in advance from certain customers before delivery of cement.

Sales of magnetic materials and other application products

The Group required receipts in advance from certain customers before delivery of magnetic materials and other application products.

Movement of the contract liabilities

	2024 HKD'000	2023 HKD'000
At 1 January	**17,206**	15,175
Revenue recognised for the balances included in the contract liabilities at the beginning of the year	**(16,956)**	(14,850)
Additions through business combination *(Note 34)*	**–**	1,361
Advance consideration received during the year	**11,336**	15,896
Exchange differences	**(477)**	(376)
At 31 December	**11,109**	17,206

As of 31 December 2023 and 2024, all of the contract liabilities were expected to be recognised as revenue within one year.

28. BORROWINGS

	2024	2023
	HKD'000	*HKD'000*
Bank borrowings, unsecured *(Notes (a) and (d))*	**133,959**	114,025
Bank borrowings, secured *(Notes (b) and (d))*	**155,096**	137,916
Other borrowings, unsecured *(Note (c))*	**10,700**	10,700
	299,755	262,641
Total bank borrowings that are repayable:		
On demand or within one year	**160,904**	131,106
More than one year, but not exceeding two years	**10,609**	20,157
More than two years, but not exceeding five years	**96,537**	55,035
More than five years	**21,005**	45,643
	289,055	251,941
Total other borrowings that are repayable:		
On demand or within one year	**10,700**	10,700
	299,755	262,641
Analysis for reporting purpose:		
Current portion	**171,604**	141,806
Non-current portion	**128,151**	120,835
	299,755	262,641

Note (a):

As of 31 December 2024, approximately HKD133,959,000 (2023: HKD114,025,000) of the bank borrowings carried at fixed interest rates ranged from 2.90% to 4.95% (2023: from 4.20% to 4.95%) per annum which was guaranteed by the Company.

Note (b):

As of 31 December 2024, approximately HKD155,096,000 (2023: HKD137,916,000) of the bank borrowings carried at fixed interest rates ranged from 3.60% to 7.85% (2023: from 4.20% to 8.10%) per annum which was secured by the equity interests of subsidiaries of the Company, land use rights of approximately HKD2,290,000 (2023: HKD2,392,000) and property, plant and equipment of approximately HKD22,153,000 (2023: HKD8,263,000).

28. BORROWINGS *(Continued)*

Note (c):

As of 31 December 2024, approximately HKD10,700,000 (2023: HKD10,700,000) of the other borrowings carried at a fixed interest rate of 9% (2023: 9%) per annum without any security collateral pledged.

Note (d):

As of 31 December 2024, the Group was offered a total amount of banking facilities of approximately HKD289,267,000 (2023: HKD273,911,000) which was utilised of approximately HKD289,055,000 (2023: HKD251,941,000) by the Group.

29. DEFERRED INCOME

	2024	2023
	HKD'000	*HKD'000*
Government grants:		
At 1 January	**23,278**	–
Additions through business combination *(Note 34)*	**–**	24,337
Additions	**–**	502
Refunded to government	**(255)**	–
Released to profit or loss	**(2,039)**	(1,817)
Exchange differences	**(752)**	256
At 31 December	**20,232**	23,278

As disclosed in Note 8, the carrying amount of deferred income represents the government grants related to research and development in magnetic materials and other application products that is attached with certain conditions to be fulfilled by the Group and temporarily recognised as deferred income before the conditions are satisfied.

30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities were offset when there is legally enforceable rights to set off the taxation levied by the same taxation authorities and is intended to be settled on a net basis. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2024	2023
	HKD'000	*HKD'000*
Deferred tax assets	**7,392**	5,313
Deferred tax liabilities	**(33,191)**	(35,540)
	(25,799)	(30,227)

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Withholding tax for distributable profits relating to equity holder	**Tax losses**	**Revaluation of property, plant and equipment**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
	(Note (a))	*(Note (b))*		
At 1 January 2023	(35,307)	5,790	–	(29,517)
Additions through business combination *(Note 34)*	–	–	(1,851)	(1,851)
Credited/(charged) to profit or loss	662	(331)	80	411
Exchange differences	894	(146)	(18)	730
At 31 December 2023 and 1 January 2024	(33,751)	5,313	(1,789)	(30,227)
Credited/(charged) to profit or loss	1,647	2,308	(492)	3,463
Exchange differences	1,123	(229)	71	965
At 31 December 2024	(30,981)	7,392	(2,210)	(25,799)

30. DEFERRED TAXATION *(Continued)*

Note (a):

Pursuant to the PRC Corporate Income Tax Law, effective from 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% upon the PRC tax bureau's approval at the time of dividend claim. The Group is therefore liable to withholding taxes on dividends distributed by the subsidiary established in the PRC in respect of their earnings generated from 1 January 2008.

Note (b):

As at 31 December 2024, the Group had unused tax losses of approximately HKD81,607,000 (2023: HKD46,810,000), available to offset against future profits. The unused tax losses of approximately HKD80,141,000 (2023: HKD46,231,000) will be expired in 5 years whereas approximately HKD1,466,000 (2023: HKD579,000) will not be expired. As at 31 December 2024, unused tax losses of approximately HKD29,570,000 (2023: HKD21,252,000) had been recognised in deferred tax assets, while approximately HKD52,037,000 (2023: HKD25,558,000) had not been recognised as at 31 December 2024, due to the unpredictability of future profit streams.

31. SHARE CAPITAL

	Number of shares *'000*	Nominal value *HKD'000*
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,000,000	100,000
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	552,000	5,520

32. OTHER RESERVES

The Group:	Share premium *HKD'000* *(Note a)*	Statutory reserve *HKD'000* *(Note b)*	Merger reserve *HKD'000* *(Note c)*	Other reserve *HKD'000* *(Note d)*	Capital reserve *HKD'000* *(Note e)*	Total *HKD'000*
At 1 January 2023	132,886	71,077	236,058	20,300	–	460,321
Appropriation to statutory reserve	–	22	–	–	–	22
At 31 December 2023 and 1 January 2024	132,886	71,099	236,058	20,300	–	460,343
Disposal of partial equity interest in a subsidiary	–	–	–	–	3,588	3,588
Appropriation to statutory reserve	–	5	–	–	–	5
At 31 December 2024	132,886	71,104	236,058	20,300	3,588	463,936

32. OTHER RESERVES *(Continued)*

	Share premium *HKD'000* *(Note a)*	Capital reserve *HKD'000* *(Note e)*	Accumulated losses *HKD'000* *(Note g)*	Total *HKD'000*
The Company:				
At 1 January 2023	132,886	249,558	(147,816)	234,628
Loss for the year	–	–	(11,321)	(11,321)
At 31 December 2023 and 1 January 2024	132,886	249,558	(159,137)	223,307
Loss for the year	–	–	(8,167)	(8,167)
Special dividend declared *(Note 11)*	–	–	(75,072)	(75,072)
At 31 December 2024	132,886	249,558	(242,376)	140,068

The following describes the nature and purpose of each reserve within the equity attributable to owners of the Company:

(a) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for the payments of distributions or dividends to the shareholders of the Company when the distributions or dividends is proposed to be paid under the provisions of the Memorandum and Articles of Association of the Company and the satisfaction of the statutory solvency test immediately after the payments.

(b) Statutory reserve

All of the Company's subsidiaries incorporated in the PRC are required to appropriate 10% of their profit after income tax as calculated in accordance with the PRC's financial reporting standards to the statutory reserve account until the balance reaches 50% of the registered capital of the subsidiaries, where further appropriations will be at the sole discretion determined by the subsidiaries' directors. The statutory reserve account can be used to offset prior years' losses, if any, and may be capitalised as paid-in capital after the approval of the local government authorities, providing that the remaining balance of the statutory reserve account after the capitalisation shall not less than 25% of the paid-in capital of the subsidiaries.

Except for one of the PRC's subsidiaries had appropriated approximately HKD5,000 (2023: HKD22,000) to the statutory reserve account as it recorded net profit during the year, the rest of the PRC's subsidiaries have reported net losses and no appropriation to the statutory reserve account was made during the year.

32. OTHER RESERVES *(Continued)*

(c) Merger reserve

The merger reserve represents the excess amounts of investment costs against the share capital of the group entities subject to the group reorganisation was completed prior to 31 December 2011.

(d) Other reserve

In 2017, one the Company's subsidiaries, Dongwu Cement (Hong Kong) Limited ("**Dongwu HK**"), had planned to acquire the entire equity interest in a company, which owned five land parcels located in Saipan with a total site area of approximately 188,993 square metres and was wholly owned by Mr. Tseung Hok Ming ("**Mr. Tseung**"), a Non-Executive Director and shareholder of the Company. The company was sold to an independent third party in 2021. According to the agreed arrangement between the independent third party and Mr. Tseung, Mr. Tseung had compensated the Group for all of the costs incurred for such incomplete acquisition amounted to HKD20,300,000 and was deemed as a contribution from the shareholder and credited to this other reserve account upon the disposal of the company.

(e) Capital reserve

The Group

In 2024, the Group disposed 3.7% equity interest of Ganzhou Chengzheng Motor Co., Limited, at a consideration of approximately RMB4,591,000 (equivalent to approximately HKD4,969,000), to an independent third party, which deemed as equity transaction without losing the control of that subsidiary.

The Company

In 2011, Dongwu HK acquired the entire equity interest in Suzhou Dongwu Cement Co., Ltd. ("**Dongwu Cement**") from Far East International Investment Company Limited ("**Far East International**"), which is a limited liability company incorporated in Samoa and wholly owned by the same ultimate shareholder of the Company, at a consideration of USD33,000,000 (equivalent to approximately HKD249,558,000). The consideration payable to Far East International was regarded as a deemed distribution to the shareholders of the Company and was thereafter novated to Goldview Development Limited ("**Goldview**"), which is a limited liability company incorporated in the BVI and wholly owned by the same ultimate shareholder of the Company, and Concord Ocean Limited ("**Concord**"), which is a limited liability company incorporated in the BVI and wholly owned by the ultimate shareholder of the Company. Goldview and Concord had provided written confirmations to waive unconditionally and irrevocably the consideration payable, and therefore, the consideration waived was deemed as a contribution from the shareholders and credited to this capital reserve account.

(f) Translation reserve

Foreign exchange differences arising from the translation of the financial statements of foreign operations into the presentation currency of the Group.

(g) Retained earnings/(Accumulated losses)

Accumulated net gains and losses recognised in profit or loss.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HKD'000	2023 HKD'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	19	**249,955**	249,955
Current assets			
Prepayment		**–**	150
Amounts due from subsidiaries		**83,505**	83,425
Cash and cash equivalents		**540**	640
Total current assets		**84,045**	84,215
Current liabilities			
Accruals and other payables		**8,020**	11,227
Amounts due to subsidiaries		**94,620**	83,416
Borrowings		**10,700**	10,700
Dividend payable		**75,072**	–
Total current liabilities		**188,412**	105,343
Net current liabilities		**(104,367)**	(21,128)
Net assets		**145,588**	228,827
EQUITY			
Share capital	31	**5,520**	5,520
Reserves	32	**140,068**	223,307
Total equity		**145,588**	228,827

On behalf of the Board:

Liu Dong
Director

Wu Junxian
Director

34. BUSINESS COMBINATION

As at 31 July 2023, the Group acquired 62.5% of the equity interest of Ganzhou Chengzheng Rare Earth New Material Co., Ltd ("**Ganzhou Chengzheng**") and its subsidiaries (the "**Chengzheng Group**"). The principal activities of the Chengzheng Group are production and sales of magnetic materials and other application products. The cash consideration is RMB200,000,000 (equivalent to approximately HKD217,460,000) of which a consideration of RMB40,000,000 (equivalent to HKD43,492,000) to acquire 25% equity interest from an independent third party and a capital of RMB160,000,000 (equivalent to HKD173,968,000) to be inject into Chengzheng Group. The acquisition related costs of HKD604,000 have been expensed and are included in administrative expenses.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition and goodwill arising from the acquisition were as follows:

	HKD'000
Property, plant and equipment	37,024
Right-of-use assets	4,649
Intangible assets	16,235
Trade and other receivables	195,213
Cash and cash equivalents	827
Inventories	170,252
Trade and other payables	(35,565)
Contract liabilities	(1,361)
Borrowings	(79,862)
Deferred income	(24,337)
Deferred tax liabilities	(1,851)
Non-controlling interests	(112,123)
Total identifiable net assets acquired	169,101
Total consideration	217,460
Less: Total identifiable net assets acquired	(169,101)
Goodwill *(Note 17)*	48,359

34. BUSINESS COMBINATION *(Continued)*

An analysis of net cash outflows of cash and cash equivalents in respect of the acquisition was as follows:

	HKD'000
Total consideration	217,460
Less: Consideration paid through capital injection to Chengzheng Group	(173,968)
Less: Consideration remained unpaid	(21,746)
Less: Cash and cash equivalents acquired	(827)
Net cash outflows arising on acquisition of subsidiaries	20,919

The fair value of trade and other receivables at the date of acquisition amounted to HKD195,213,000, which is approximately the contractual amounts of those trade and other receivables acquired. The noncontrolling interests recognised at acquisition was measured at 37.5% of the net asset of Chengzheng Group.

Goodwill arose in the acquisition provides the Group with an opportunity to expand into magnetic materials and other application products sector, which can be seen as a way to diversify the Group's business in a realm with potential growth opportunity and enhance shareholder value.

Since the acquisition date, the Chengzheng Group has contributed revenue of HKD10,823,000 and loss of HKD8,693,000 to the Group for the year ended 31 December 2023. If the acquisition had occurred on 1 January 2023, Group's revenue and loss for the year ended 31 December 2023 would have been HKD318,222,000 and HKD49,113,000, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future performance.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows the carrying amounts and fair values of financial instruments, comprised of financial assets and liabilities, as of 31 December 2023 and 2024:

	2024	2023
	HKD'000	*HKD'000*
Financial assets:		
At amortised cost:		
Trade and other receivables	**37,916**	39,306
Short-term bank deposits	**206,866**	450,385
Pledged bank deposits	**15,932**	37,785
Cash and cash equivalents	**135,495**	21,895
At FVTPL:		
Trust agreement investment	**108,027**	–
Total	**504,236**	549,371
Financial liabilities:		
At amortised cost:		
Trade and other payables	**122,911**	177,633
Borrowings	**299,755**	262,641
Lease liabilities	**845**	83
Dividend payable	**75,072**	–
Total	**498,583**	440,357

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group has various financial assets and liabilities such as bank balances, short-term bank deposits, pledged bank deposits, trade and other receivables, trust agreement investment, borrowings, trade and other payables and divided payable.

The main risks arising from the Group's financial instruments are foreign currency risk, cash flow interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to currency risk is limited to its financial instruments denominated in HKD as majority of the Group's transactions, monetary assets and liabilities are denominated in RMB.

The carrying amounts of the Group's monetary assets and liabilities that are not denominated in RMB at the end of reporting periods are as follows:

	2024		2023	
	Original currency in HKD	**Original currency in USD**	Original currency in HKD	Original currency in USD
	HKD'000	***HKD'000***	*HKD'000*	*HKD'000*
Trade and other receivables	**10**	**41**	–	39
Cash and cash equivalents	**760**	**1,467**	887	344
Trade and other payables	**(8,105)**	**(1)**	(11,227)	–
Borrowings	**(10,700)**	**–**	(10,700)	–
Dividend payable	**(75,072)**	**–**	–	–
Net exposure	**(93,107)**	**1,507**	(21,040)	383

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) *Foreign currency risk* (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's loss before income tax expense for the year in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number below indicates an increase in profit or decrease in loss.

	Effect on loss before income tax	
	2024	2023
	HKD'000	*HKD'000*
HKD to RMB:		
Appreciated by 3% (2023: 3%)	**(2,793)**	(631)
Depreciated by 3% (2023: 3%)	**2,793**	631

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of reporting period and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group have significant interest-bearing assets. Fluctuation of deposit interest rates to financial assets does not have a significant impact to the Group's performance.

The Group's fair value interest rate risk arises primarily from borrowings and lease liabilities as disclosed in Notes 28 and 16, respectively. Borrowings were issued at fixed rates which expose the Group to fair value interest rate risk. The Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

	2024		2023	
	Effective interest rate		Effective interest rate	
	% per annum	***HKD'000***	*% per annum*	*HKD'000*
Financial assets:				
Fixed rate receivables				
– Short-term bank deposits	**1.40%-2.00%**	**206,866**	1.95%-2.50%	450,385
– Pledged bank deposits	**1.30%-1.43%**	**15,932**	1.30%-1.43%	37,785
Financial liabilities:				
Fixed rate payables				
– Bills payables	**0.23%**	**29,426**	0.55%	70,715
– Borrowings	**2.90%-9%**	**299,755**	4.20%-13%	262,641
– Lease liabilities	**3.62%**	**845**	4.94%	83

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Credit risk

The carrying amounts of the bank deposits and trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2023 and 2024, the Group's bank deposits were placed in the commercial banks with high credit ratings.

The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk on trade receivable is low. Based on past experience, the customer payment default rate is low. The Group has a significant concentration of credit risk in trade and bills receivables as 25.45% (2023: 36.99%) of the total trade and bills receivables was due from the Group's largest trade debtor and the amounts due from the Group's top five customers is as follows:

	As at 31 December	
	2024	2023
	HKD'000	*HKD'000*
Balance of trade receivables (net of provision) from top five customers	**10,059**	21,523
Balance of trade and bills receivables (net of provision) *(Note 23)*	**24,850**	30,851
Percentage	**40.48%**	69.76%

It is the Group's policy to receive settlement from customers in the form of cash, cheques or endorsed bank accepted bills. Credit sales are made generally to selected customers with long-term business trading history. The issuing banks of these bank acceptance bills are either state-owned banks with investment grade ratings or local banks with good reputation. The Group considered the default risk from these bank acceptance bills is low. Therefore, the directors consider the Group's bank acceptance bills and trade receivables have no significant exposure to credit risk.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated based on individual assessment and collective assessment using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

At 31 December 2024:	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
	%	***HKD'000***	***HKD'000***
Current (not past due)	**–**	**16,566**	**–**
From 1 to 90 days past due	**1.25**	**5,420**	**68**
From 91 to 180 days past due	**4.99**	**2,627**	**131**
Over 181 days	**26.48**	**593**	**157**
		25,206	**356**

At 31 December 2023:	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HKD'000*	*HKD'000*
Current (not past due)	–	22,302	–
From 1 to 90 days past due	1.36	3,561	49
From 91 to 180 days past due	5.29	5,318	281
		31,181	330

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience adjusted to current and forward-looking factors to the debtors and economic environment, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, based on undiscounted cash flows and the earliest date when the Group can be required to repay the financial liabilities:

	Effective Interest rate (% per annum) *HKD'000*	**On demand or within 1 year** *HKD'000*	**1 to 2 years** *HKD'000*	**2-5 years** *HKD'000*	**Over 5 years** *HKD'000*	**Total undiscounted cash flows** *HKD'000*	**Carrying amount**
At 31 December 2024:							
Trade and other payables	0.23%	123,193	–	–	–	123,193	122,911
Borrowings	2.90%-9%	181,841	15,582	103,788	21,298	322,509	299,755
Lease liabilities	3.62%	405	405	67	–	877	845
Dividend payable	–	75,072	–	–	–	75,072	75,072
		380,511	15,987	103,855	21,298	521,651	500,858

	Effective Interest rate (% per annum) *HKD'000*	On demand or within 1 year *HKD'000*	1 to 2 years *HKD'000*	2-5 years *HKD'000*	Over 5 years *HKD'000*	Total undiscounted cash flows *HKD'000*	Carrying amount
At 31 December 2023:							
Trade and other payables	0.55%	177,633	–	–	–	177,633	177,633
Borrowings	4.20%-13%	151,080	25,066	64,886	47,150	288,182	262,641
Lease liabilities	4.94%	83	–	–	–	83	83
		328,796	25,066	64,886	47,150	465,898	440,357

The above liquidity table includes both interest and principal cash flows.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Fair values

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**Fair Value Hierarchy**"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, trade and other receivables, short-term bank deposits, pledged bank deposits, trade and other payables, borrowings and dividend payable.

Due to their short term nature, the carrying value of cash and bank balances, trade and other receivables, short-term bank deposits, pledged bank deposits, trade and other payables and borrowings approximate their fair value.

(ii) Financial instruments measured at fair value

Financial assets at FVTPL included in the consolidated financial statements require measurement at, and disclosure of, fair value.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Fair values (Continued)

(ii) Financial instruments measured at fair value *(Continued)*

Information about level 3 fair value measurements

For the financial assets at fair value through profit or loss:

The Group's trust agreement investment categorised in Level 3 was managed by unrelated asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of the trusted fund is recorded based on valuations supplied by the trusted fund managers. These valuations are measured by the percentage of ownership of the trusted fund's net asset value, which is an unobservable input. The trusted fund managers estimated the fair value of underlying investments based on direct market quote for level 1 financial instruments. For other investments, the trusted fund managers apply appropriate valuation techniques such as latest transaction price, discounted cash flow, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

The Group reviews the valuations of the underlying investments held by respective trusted fund to assess the appropriateness of the net asset values as provided by the trusted fund managers, and may make adjustments for rights and obligations inherent within the ownership interest held by the Group as they consider appropriate.

There was no transfer under the fair value hierarchy classification during the year ended 31 December 2024.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Financial assets at FVTPL	**2024**	2023
	HKD'000	*HKD'000*
At 1 January	**–**	112,715
Purchase	**108,254**	–
Total gains or losses:		
– changes in fair value of financial assets	**1,981**	5,762
Redemption	**–**	(116,063)
Exchange differences	**(2,208)**	(2,414)
At 31 December	**108,027**	–

37. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the year.

Management regards total equity attributable to owners of the Company as capital. The amount of capital as at 31 December 2024 amounted to approximately HKD387,315,000 (2023: HKD534,855,000) which management considers as optimal having considered the projected capital expenditures and the strategic opportunities.

38. COMMITMENTS

Capital commitments

As of the end of the reporting period, the Group had the following commitments outstanding but not provided for in the consolidated financial statements:

	2024	2023
	HKD'000	*HKD'000*
Commitments for the acquisition of property, plant and equipment	**4,521**	1,562

39. RELATED PARTY TRANSACTIONS

(a) *Key management personnel remuneration*

The remuneration for the Group's key management personnel, including the directors and senior management of the Company, paid or payable during the year is disclosed as follows:

	2024	2023
	HKD'000	*HKD'000*
Salaries, wages and other benefits	**4,108**	4,598
Contributions to defined contribution retirement plans	**169**	48
	4,277	4,646

On 1 November 2018, Mr. Tseung Hok Ming ("**Mr. Tseung**"), a Non-Executive Director and shareholder of the Company offered an interest-free loan facility of HKD1,500,000 to the Group and any outstanding loan amount is repayable on demand. As of 31 December 2023 and 2024, the Group did not withdraw any loan amount from the facility.

Included in trade and other payables as disclosed in Note 26, approximately HKD3,565,000 (2023: HKD8,222,000) was payable to the companies commonly controlled by Mr. Tseung as of 31 December 2024. These balances are unsecured, interest-free and repayable on demand.

(b) *Material related party transactions*

The Group entered into the following material transactions with related parties during the year as follows:

	2024	2023
	HKD'000	*HKD'000*
Solid waste processing services income from an associate	**70**	221
Dividend income from an associate	**–**	8,148

The outstanding amounts in respect of dividends and sales receipts receivable from the associate are unsecured, interest-free and repayable on demand. Any of the outstanding balance will be settled in cash and the Group did not recognise any impairment arising from such related party transactions for both current and prior years.

The sales prices in respect of the provisions of solid waste processing services are mutually agreed between the Group and its associate.

40. NON-CONTROLLING INTERESTS

The particulars of the Company's non-wholly owned subsidiaries as of 31 December 2023 and 2024 arising the Group's material and immaterial non-controlling interests as follows:

Name of company	Place of incorporation and business	Equity interests held by non-controlling shareholder		Non-controlling interests arising from business combination		Total comprehensive income attributable to non-controlling interests		Accumulated non-controlling interests at 31 December	
		2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Chengzheng Group	The PRC	**37.5%**	37.5%	**–**	112,123	**(12,426)**	(1,774)	**99,305**	110,349
Individual immaterial subsidiaries with non-controlling interests	Hong Kong, the PRC and Laos	**35%-37.5%**	35%-37.5%	**–**	–	**(1,309)**	(1,529)	**(9,775)**	(8,465)
				–	112,123	**(13,735)**	(3,303)	**89,530**	101,884

40. NON-CONTROLLING INTERESTS *(Continued)*

Summarised financial information in relation to Chengzheng Group arising the Group's material non-controlling interests representing the amounts before any inter-company elimination:

	2024 *HKD'000*	2023 *HKD'000*
For the year ended 31 December:		
Revenue	**38,764**	10,823
Loss for the year	**(27,111)**	(7,335)
Total comprehensive income for the year	**(39,537)**	(4,609)
Total comprehensive income for the year attributable to non-controlling interests	**(12,426)**	(1,774)
Net cash generated from/(used in) operating activities	**8,546**	(21,422)
Net cash used in investing activities	**(218)**	(3,323)
Net cash generated from financing activities	**21,216**	24,496
Effect of foreign exchange rate changes on cash and cash equivalents	**(559)**	10
	28,985	(239)
At 31 December:		
Non-current assets	**42,137**	61,837
Current assets	**327,254**	316,681
Current liabilities	**(99,968)**	(65,650)
Non-current liabilities	**(31,901)**	(34,263)
Net assets	**237,522**	278,605
Accumulated non-controlling interests	**99,305**	110,349

41. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flow from financing activities:

	Borrowings *HKD'000* *(Note 28)*	**Interest payables** *HKD'000*	**Lease liabilities** *HKD'000* *(Note 16)*
At 1 January 2023	178,439	5,380	1,826
Changes from financing cash flows:			
Proceeds from borrowings	247,319	–	–
Repayments of borrowings	(239,605)	–	–
Repayments of principal portion of lease liabilities	–	–	(707)
Interest paid	–	(7,759)	(31)
Total changes from financing cash flows:	7,714	(7,759)	(738)
Other changes:			
Additions through business combination *(Note 34)*	79,862	605	–
Lease modification	–	–	(1,026)
Financial expenses *(Note 9)*	–	8,507	49
Exchange differences	(3,374)	(537)	(28)
Total other changes	76,488	8,575	(1,005)
At 31 December 2023	262,641	6,196	83

41. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Borrowings *HKD'000* *(Note 28)*	Interest payables *HKD'000*	Lease liabilities *HKD'000* *(Note 16)*	Dividend payable *HKD'000*
At 1 January 2024	**262,641**	**6,196**	**83**	**–**
Changes from financing cash flows:				
Proceeds from borrowings	**230,554**	**–**	**–**	**–**
Repayments of borrowings	**(183,870)**	**–**	**–**	**–**
Repayments of principal portion of lease liabilities	**–**	**–**	**(391)**	**–**
Interest paid	**–**	**(12,684)**	**(30)**	**–**
Total changes from financing cash flows:	**46,684**	**(12,684)**	**(421)**	**–**
Other changes:				
New leases entered during the year	**–**	**–**	**1,153**	**–**
Financial expenses *(Note 9)*	**–**	**13,152**	**30**	**–**
Special dividend declared *(Note 11)*	**–**	**–**	**–**	**75,072**
Exchange differences	**(9,570)**	**628**	**–**	**–**
Total other changes	**(9,570)**	**13,780**	**1,183**	**75,072**
At 31 December 2024	**299,755**	**7,292**	**845**	**75,072**

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 March 2025.