



**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**  
**2025**



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## 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
Companies Ordinance	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
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	17 April 2026
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

## DEFINITIONS

Nomination Committee	the nomination committee of the Company
Orient Everwell	Orient Everwell Group 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 2025
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 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 (*resigned on 4 June 2025*)

Mr. Yuan Yuan (*appointed on 4 June 2025*)

Mr. Suo Suo

Mr. Yu Ronald Patrick Lup Man

## COMPANY SECRETARY

Lu Rulan

## 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

Lu Rulan

## AUDIT COMMITTEE

Yu Ronald Patrick Lup Man (*Chairman*)

Cao Kuangyu (*resigned on 4 June 2025*)

Yuan Yuan (*appointed on 4 June 2025*)

Suo Suo

## REMUNERATION COMMITTEE

Suo Suo (*Chairman*)

Yu Ronald Patrick Lup Man

Cao Kuangyu (*resigned on 4 June 2025*)

Yuan Yuan (*appointed on 4 June 2025*)

## NOMINATION COMMITTEE

Suo Suo (*Chairman*)

Yu Ronald Patrick Lup Man

Cao Kuangyu (*resigned on 4 June 2025*)

Yuan Yuan (*appointed on 4 June 2025*)

## STOCK CODE

695

## REGISTERED OFFICE

190 Elgin Avenue

George Town

Grand Cayman

KY1-9008

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Ganxian District, Ganzhou City, Jiangxi Province

Lili Town, Wujiang District

Suzhou City, Jiangsu Province, the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4308, 43/F.,

Far East Finance Centre

16 Harcourt Road

Admiralty, Hong Kong

## SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

## HONG KONG LEGAL ADVISOR

Stephenson Harwood

43/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

## CONTACTS DETAILS

Tel: (852) 2520 0978

Fax: (852) 2520 0696

Email: [admin@dongwucement.com](mailto:admin@dongwucement.com)

## COMPANY WEBSITE

<http://www.dongwucement.com>

# FINANCIAL HIGHLIGHTS

## Consolidated statement of comprehensive income

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

	2025	2024 (Represented)
Revenue	215,225	184,840
Operating loss	(47,980)	(32,900)
Loss before income tax	(54,190)	(28,710)
Loss for the year attributable to owners of the Company	(66,797)	(58,630)
Basic and diluted earnings per share (expressed in HKD per share)	<u>(0.121)</u>	<u>(0.106)</u>

## Consolidated statement of financial position

(expressed in HK\$'000)

	2025	2024
Non-current assets	255,197	430,227
Current assets	273,821	612,008
Total assets	529,018	1,042,235
Total equity	337,693	476,845
Non-current liabilities	16,340	182,037
Current liabilities	174,985	383,353
Total liabilities	191,325	565,390
Total equity and liabilities	<u>529,018</u>	<u>1,042,235</u>

## Consolidated statement of cash flows

(expressed in HK\$'000)

	2025	2024
Net cash flow generated from/(used in) operating activities	5,179	(71,565)
Net cash flow generated from investing activities	127,926	149,505
Net cash flow (used in)/generated from financing activities	(122,912)	38,548
Net increase in cash and cash equivalents	<u>10,193</u>	<u>116,488</u>

# FINANCIAL HIGHLIGHTS

## Financial Highlights in Previous Years

### Results

	2025 HK\$'000	Year ended 31 December			
		2024 HK\$'000 (Represented)	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	<b>215,225</b>	184,840	307,263	372,338	589,461
Cost of sales	<b>(226,783)</b>	(190,352)	(311,750)	(368,961)	(478,230)
Gross (loss)/profit	<b>(11,558)</b>	(5,512)	(4,487)	3,377	111,231
Operating (loss)/profit	<b>(47,980)</b>	(32,900)	(43,948)	(56,351)	62,924
(Loss)/profit before tax	<b>(54,190)</b>	(28,710)	(41,570)	(51,820)	73,529
Income tax credit/(expense)	<b>10,402</b>	3,581	392	8,747	(29,523)
(Loss)/profit for the year attributable to owners of the Company	<b>(66,797)</b>	(58,630)	(36,525)	(40,468)	46,541

### Assets and liabilities

	2025 HK\$'000	As at 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<b>529,018</b>	1,042,235	1,153,702	1,034,643	1,113,674
Total liabilities	<b>191,325</b>	565,390	516,963	454,366	431,948
Total equity	<b>337,693</b>	476,845	636,739	580,277	681,726

The consolidated financial statements of the Group with HKD as its presentation currency is the consolidated financial statements of the Group for the year ended 31 December 2025. The change of presentation currency will be applied retrospectively and the comparative figures will be restated in HKD in the said consolidated financial statements, if applicable.

## BUSINESS REVIEW

In 2025, the national cement market presented a severe situation characterized by “declining volume, weakening prices, and pressure on profitability”. Due to the severe drop in cement demand, and supply constraints experienced phased easing in some regions, coupled with fragile competition and collaboration dynamics among enterprises, resulting in a quarter-by-quarter weakening of the cement market throughout the year. In certain areas, cement prices fell below cost due to “involutionary” competition. This led to continuous price declines and mounting pressure on profitability. National cement production in 2025 was 1.69 billion tonnes, representing a year-on-year decrease of 6.9%, marking the lowest output since 2010. In East China, where the Group operates, cement output accounted for 33.4% of the national total, decreasing 7.1% year-on-year due to the severe drop in demand.

During the Reporting Period, facing intensified industry involution, the Group seized the opportunity to strengthen cost control, optimize the management of various consumables, and enhance the upgrading and management of production equipment and processes. In 2025, the Group achieved a cement output of 1.035 million tonnes, including approximately 45,000 tonnes of Grade 32.5R cement, 226,000 tonnes of Grade 42.5R cement, and 764,000 tonnes of Grade 42 cement. The production costs of both Grade 32.5 and Grade 42.5 cement decreased in 2025 compared with 2024.

During the Reporting Period, affected by the continuous increase in clinker production costs, outsourced clinker became more cost-effective than self-produced clinker. The Group therefore continued to adopt a production model of fully outsourcing clinker. The cement segment has not engaged in clinker self-production for many years. During the Reporting Period, the segment completed the transfer of idle cement clinker capacity indicators, and is currently proceeding with the disposal of clinker production lines and related equipment. The supply of raw and auxiliary materials for cement production was normal throughout the year, equipment operation was generally stable, and production safety was maintained. As a result, the annual ex-factory quality compliance rate of cement reached 100%.

During the Reporting Period, the Group achieved total cement sales volume of approximately 1,035,000 tonnes, including 46,000 tonnes of 32.5R grade, 228,000 tonnes of 42.5R grade and 761,000 tonnes of 42 grade cement, generating core business revenue of approximately HK\$215,225,000 for the cement segment. Despite the adverse impact of multiple unfavourable factors, including intensified market competition, rising upstream raw material costs, and a persistent and substantial contraction in downstream demand, the Group’s cement segment continued to expand its customer base. Confronted with a severe and complex industry environment, the Company forged ahead with determination, maintained prudent operations, and remained committed to identifying customer opportunities, while optimising customer structure and pricing strategies, thereby achieving steady growth in operating revenue. Due to factors such as subdued industry demand, intensified market competition, and rigid costs, the overall level of profitability declined.

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 products and high-level service. Currently, it is well recognized in Jiangsu, Zhejiang and surrounding areas and has set a sound brand image of DONGWU cement. The Company will continue to consolidate DONGWU cement’s brand image in this region to build a regional strong brand.

## BUSINESS REVIEW

The industry in which the Group's rare earth segment operates is the sintered neodymium-iron-boron permanent magnet materials sub-sector of the rare earth new materials industry, as well as the permanent magnet synchronous motor industry. The Company primarily produces high-performance sintered neodymium-iron-boron permanent magnet materials and brushless DC permanent magnet synchronous motors. In 2025, the global rare earth industry was in a period of transformation; the consolidation of the domestic supply pattern has accelerated the exit of small and medium-sized enterprises from the market, with resources and production capacity continuing to concentrate among leading enterprises that possess qualification advantages and technical strength. Domestically, a refined regulatory system has been established with the "Rare Earth Management Regulations" at its core, and the policy framework gives equal weight to total volume control and structural optimisation. Taking into account the impact of international geopolitical conflicts and changes in the complex external environment, the Group believes that the disposal is a strategic move that aligns with the Group's long-term objectives and current market conditions, enabling the Group to optimise its business structure, concentrate resources on strengthening its core business, enhance asset quality and profit resilience, and allowing the Group to reposition itself to focus on businesses with higher potential. During the Reporting Period, the Company has disposed of the Group's rare earth segment.

## 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 2025, together with audited consolidated financial statements.

### Financial Results

During the Reporting Period, the Group recorded a total revenue of approximately HK\$231,232,000. Among them, the cement segment recorded revenue of approximately HK\$215,225,000, representing an increase of HK\$30,513,000 or approximately 16.5% from approximately HK\$184,712,000 for the year ended 31 December 2024. On 12 September 2025, the Company disposed of the Group's rare earth segment. The transaction was completed on 24 December 2025. Upon completion of the disposal, the financial results of the rare earth segment are no longer consolidated into the Group's consolidated financial statements. For the period ended 24 December 2025, the rare earth segment recorded revenue of approximately HK\$16,007,000, representing a decrease of HK\$22,757,000 or approximately 58.7% compared to approximately HK\$38,764,000 for the year ended 31 December 2024. For details of the disposal, please refer to the announcements and circular of the Company dated 12 September 2025, 17 October 2025 and 5 December 2025.

### Business Review of 2025

In 2025, the Group's cement segment faced dual pressures from intensified industry competition and persistently weak downstream demand. Nevertheless, benefiting from the Group's proactive efforts to explore different regional markets and deepen customer outreach, the cement segment recorded revenue of approximately HK\$215,225,000 for the year ended 31 December 2025, representing an increase of HK\$30,513,000 or approximately 16.5% compared to HK\$184,712,000 in 2024.

During the Reporting Period, following prudent deliberation by the Board, the Group completed the disposal and asset transfer of its rare earth segment. This strategic asset divestment effectively revitalized underperforming assets, alleviated operational and financial burdens, and laid a solid foundation for the Group to optimize resource allocation and pivot toward emerging business sectors. For the period ended 24 December 2025, the rare earth segment recorded revenue of approximately HK\$16,007,000 compared to approximately HK\$38,764,000 for the year ended 31 December 2024.

## DIVIDEND

At the Board meeting held on 5 December 2024, the Board resolved to declare a special dividend of HK\$0.136 per share to the shareholders of the Company whose names appear on the register of members of the Company on 23 December 2024. Such special dividend was paid during the year ended 31 December 2025. For further information regarding the above matter, please refer to the announcements of the Company dated 5 December 2024, 6 January 2025 and 16 January 2025, respectively.

Save as disclosed above, the Board does not recommend payment of any final dividend for the year ended 31 December 2025.

# CHAIRMAN'S STATEMENT

## Business Review of 2025

Despite facing multiple adverse factors such as intensified market competition, rising upstream raw material costs, and persistent and significant weakness in downstream demand, the Group's cement segment continued to expand its customer base. In response to the severe and complex industry environment, the Company rose to the challenge, maintained steady operations, and persistently pursued customer opportunities while optimizing customer structure and pricing strategies, thereby achieving steady revenue growth. Due to factors such as sluggish industry demand, intensified market competition, and rigid costs, overall profitability declined to some extent. For the year ended 31 December 2025, revenue from sales of cement products amounted to approximately HK\$215,225,000, representing an increase of HK\$30,513,000, or approximately 16.5%, as compared to revenue of approximately HK\$184,712,000 for the year ended 31 December 2024.

During the Reporting Period, affected by the continuous increase in clinker production costs, outsourced clinker became more cost-effective than self-produced clinker. The Group therefore continued to adopt a production model of fully outsourcing clinker. The cement segment has not engaged in clinker self-production for many years. During the Reporting Period, the segment completed the transfer of idle cement clinker capacity indicators, and is currently proceeding with the disposal of clinker production lines and related equipment. The supply of raw and auxiliary materials for cement production was normal throughout the year, equipment operation was generally stable, and production safety was maintained. As a result, the annual ex-factory quality compliance rate of cement reached 100%.

The industry in which the Group's rare earth segment operates is the sintered neodymium-iron-boron permanent magnet materials sub-sector of the rare earth new materials industry, as well as the permanent magnet synchronous motor industry. The Company primarily produces high-performance sintered neodymium-iron-boron permanent magnet materials and brushless DC permanent magnet synchronous motors. In 2025, the global rare earth industry was in a period of transformation; the consolidation of the domestic supply pattern has accelerated the exit of small and medium-sized enterprises from the market, with resources and production capacity continuing to concentrate among leading enterprises that possess qualification advantages and technical strength. Domestically, a refined regulatory system has been established with the "Rare Earth Management Regulations" at its core, and the policy framework gives equal weight to total volume control and structural optimisation. Taking into account the impact of international geopolitical conflicts and changes in the complex external environment, the Group believes that the disposal is a strategic move that aligns with the Group's long-term objectives and current market conditions, enabling the Group to optimise its business structure, concentrate resources on strengthening its core business, enhance asset quality and profit resilience, and allowing the Group to reposition itself to focus on businesses with higher potential. As mentioned above, during the Reporting Period, the Company has disposed of the Group's rare earth segment.

# CHAIRMAN'S STATEMENT

## FUTURE PROSPECTS

In 2026, the Group will focus on the three core objectives of achieving stable growth, increasing profits and preventing risks. In the cement business, the Company will continue to strengthen cost control across the entire value chain, steadily expand into diversified regional markets, actively explore pathways for sustainable industry development, and strive to carve out a differentiated path of “anti-internal competition” to continuously improve profitability. In addition, the Group will continue to carry out safety maintenance and upgrade of its existing production facilities, steadily improving production efficiency and ensuring safe operations. Upholding the principles of green and clean production, the Group is committed to building modern, sustainable factories. It will also strengthen customer service, market expansion, internal control construction, and talent team building, while continuously improving its overall operational management to effectively create long-term value for both customers and shareholders.

While maintaining a strong focus on its core cement business, the Group will make transformation and development its core strategy. We will seize the opportunities arising from the global technological revolution and industrial upgrading to drive our high-quality and sustainable development, delivering long-term and stable value returns to our shareholders. At present, artificial intelligence (AI) and new energy are emerging as key engines driving global economic growth, backed by increasingly robust policy support, accelerating technological iteration, rapidly expanding application scenarios, and vast room for industrial development. The Group will seize this historic opportunity by harnessing technological innovation as a key driver, with a strategic focus on high-potential sectors such as AI, new energy, and green and low-carbon solutions. We will actively seek high-quality projects that feature strong technological moats, substantial market potential, and clear profitability prospects.

Guided by the principle of open and win-win cooperation, the Group will actively engage with industrial resources, research institutions, and high-quality capital, and deepen cross-sector and cross-entity collaboration. We will promote the efficient integration of technology, capital, and channels, thereby building a long-term, stable industrial ecosystem. Through strategic transformation and innovative deployment, the Group will evolve from a traditional building materials enterprise into a comprehensive industrial group that maintains a solid traditional business while being empowered by emerging industries. By pursuing quality improvement through transformation and upgrading through development, the Group will strive to create a new chapter of high-quality development that is stronger, more resilient, and more dynamic.

## Acknowledgements

Last but not least, on behalf of the Board, I would like to express our heartfelt gratitude to all shareholders, customers, clients, and partner banks for your long-standing trust and support. I also extend my sincere appreciation to our management team and all employees. You are the most valuable assets of the Company. With your professionalism, dedication and hard work, you have made indispensable and significant contributions to the Company's development in both daily operations and the advancement of key projects.

Looking forward to the new financial year of 2026, we will uphold a spirit of unity, collaboration and determination, continuously deepen multi-party cooperation, integrate advantageous resources, and focus our efforts on high-quality development. In this Year of the Horse, may we move forward with tireless energy and take the lead with confidence—overcoming challenges, striving for excellence, and advancing steadily amid intense market competition—jointly writing a transformative chapter of the Company's high-quality development.

**Liu Dong**  
*Chairman*

27 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Overview

### Cement Segment

In 2025, China's real estate investment continued its adjustment trend and the growth rate of fixed asset investment turned from positive to negative, leading to a sustained decline in cement demand. Due to the severe drop in cement demand, the existing reduction control measures were still unable to respond promptly to the rapidly changing market conditions. Additionally, supply constraints experienced phased easing in some regions, coupled with fragile competition and collaboration dynamics among enterprises, resulting in a quarter-by-quarter weakening of the cement market throughout the year. In certain areas, cement prices fell below cost due to "involutionary" vicious competition, disrupting the industry ecosystem. This led to persistently high national inventory levels, continuous price declines, and mounting pressure on profitability.

The gross domestic product for the year amounted to RMB140,187.9 billion in China, representing a growth of approximately 5.0% over the corresponding period of last year in terms of constant price (2024: 5.0%). According to the National Bureau of Statistics ("NBS"), the fixed asset investment in China (excluding rural households) from January to December 2025 reached RMB48,518.6 billion, representing a year-on-year growth of 3.8% (2024: 3.2%). The fixed asset investment (excluding rural households) increased by 1.13% (2024: 0.33%) in December over the corresponding period of last year. In 2025, the real estate development investment in China reached RMB82,788 trillion, representing a year-on-year decrease of 17.2%, with the decline widening by 6.6 percentage points over the corresponding period of last year. The area under construction by real estate developers was 6,598.90 million square meters, representing a decrease of 10.0% over the corresponding period of last year (2024: -12.7%). Among them, the residential construction area was 4,601.23 million square meters, representing a year-on-year decrease of 10.3% (2024: -13.1%). The area of new property construction was 587.70 million square meters, representing a year-on-year decrease of 20.4% (2024: -23.0%). (Source: NBS). The national cement market presented a severe situation characterized by "declining volume, weakening prices, and pressure on profitability". According to the NBS, national cement production in 2025 was 1.69 billion tonnes, representing a year-on-year decrease of 6.9% (on a comparable basis), marking the lowest output since 2010. The growth rate narrowed by 2.6 percentage points over the corresponding period of last year. This figure hit the lowest annual output of cement since 2010. In terms of regions, the six major regions in China generally recorded significant production declines over the corresponding period of last year. In particular, Northeast China experienced the highest decline, approaching double digits, while Southwest China recorded the smallest decline, and other regions also saw declines exceeding the national average. The pace of supply-side contraction nationwide showed signs of phased easing, with the overall effectiveness of off-peak production adjustments during slack and peak seasons falling short of expectations. For most of the year, industry inventories remained at elevated levels.

The average price in the national cement market exhibited an overall trend of "a high start followed by a low finish, with bottom volatility and adjustments". The cement market trend throughout the year exhibited a "quarter-by-quarter weakening" pattern. In 2025, the average transaction price in the national cement market (PO42.5 bulk cement landed price) was RMB367/tonne, representing a decrease of RMB17/tonne or 4.4% as compared to last year (2024: year-on-year decrease of 2.6%). The core factors influencing price trends include: first, the impact of the macroeconomic environment, where downstream market demand continued to shrink significantly, providing insufficient support for price increases; second, the weakened implementation of staggered production by enterprises in some regions, leading to a less-than-expected contraction in supply and persistently high inventory levels, which exerts downward pressure on prices; and third, fluctuations in the prices of major costs such as coal, which also have a certain impact on the trend of cement prices. (Source: Digital Cement)

## MANAGEMENT DISCUSSION AND ANALYSIS

From a regional perspective, in 2025, only the Northeast China region recorded a slight year-on-year increase in cement prices among the six major regions, whilst other regions including North China, East China, Central and South China, and Southwest China all experienced varying degrees of decline. The most notable year-on-year decline occurred in the Northwest China region, with a drop of RMB35 per tonne, while North China and East China also saw year-on-year decreases of RMB20 per tonne. In East China, where the Group operates, cement prices followed a trajectory of “starting high and ending low with volatile declines” throughout the year. The Yangtze River Delta market, in particular, has shifted from being a former “price highland” to a “price lowland,” with multiple rebound attempts proving largely ineffective. The average transaction price in the cement market for 2025 stood at RMB357 per tonne, representing a year-on-year decrease of 5% and falling RMB10 per tonne below the national average. Price performance in the Yangtze River Delta region was notably weak, with only a brief and modest uptick in March and April that failed to generate sustained momentum. Starting in May, the market entered a downward channel, and after bottoming out in July, repeated attempts to rebound were thwarted. It was not until late December that a slight price recovery emerged, with an actual increase of only RMB10 per tonne, indicating a significantly weak rebound. The core issue in the Yangtze River Delta region lies in the difficulty of coordinating market strategies among regional enterprises and the lack of consensus on pricing, which has led to a decline in industry sentiment and positioned it as one of the weaker markets nationwide, with most enterprises operating on thin margins. By the end of December, ex-factory cement prices across various prefecture-level cities in East China ranged from RMB190 to RMB270 per tonne. In 2025, the Group’s cement segment continued to face the dual challenges of low-price competition and persistently sluggish downstream demand. By strengthening supply chain management to enhance revenue and improve profitability as the Company’s core objective, overall revenue increased. As at 31 December 2025, revenue from the sale of cement products amounted to approximately HK\$215,225,000, representing an increase of HK\$30,513,000 or approximately 16.5% compared to the revenue of approximately HK\$184,712,000 for the year ended 31 December 2024.

### **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. Therefore, the Group ceased its investments in the biomedical segment in the first half of 2024 and completed the disposal of the relevant assets on 26 June 2025.

### **Rare Earth Segment**

Rare earths refer to a total of 17 metallic elements in the periodic table, comprising the 15 lanthanide elements as well as scandium and yttrium. Due to their unique 4f electron configuration, they possess excellent physicochemical properties such as optical, electrical, magnetic, and catalytic capabilities, enabling significant improvement in material performance even with extremely low addition levels. As such, their applications span across industrial production, national defense construction, cutting-edge technology, and public welfare, earning them the reputation as “industrial vitamins”. They play an indispensable strategic role in emerging industries such as new energy, electronic information, energy conservation and environmental protection, and high-end equipment manufacturing. In 2025, China’s rare earth reserves stood at approximately 44 million tonnes, accounting for 51% of the global total, and its production volume reached 270,000 tonnes, representing 70% of the global total, remaining flat with the production volume in the same period.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 19 February 2025, the Ministry of Industry and Information Technology (“**MIIT**”) issued the Interim Measures for the Total Volume Control and Management of Rare Earth Mining, Smelting and Separation (Draft for Public Consultation) (hereinafter referred to as the “**Measures for the Total Volume Control and Management**”). Compared to the Interim Measures for the Management of Directive Production Plans for Rare Earths issued in 2012, the main differences in the Measures for the Total Volume Control and Management include incorporating monazite ore into the scope of rare earth mining for regulation and bringing rare earth mineral products imported from overseas under the production quota for smelting and separation. Additionally, it explicitly designates large-scale rare earth enterprise groups approved by MIIT and relevant departments as the primary entities, underscoring the state’s centralized control and regulatory capacity over the rare earth industry.

On 4 April 2025, the Ministry of Commerce and the General Administration of Customs issued an announcement imposing export controls on certain medium and heavy rare earth-related items. In accordance with the Export Control Law of the People’s Republic of China, the Foreign Trade Law of the People’s Republic of China, the Customs Law of the People’s Republic of China, and the Regulations on the Export Control of Dual-Use Items of the People’s Republic of China, and in order to safeguard national security and interests and fulfill international non-proliferation obligations, the State Council has approved the decision to impose export controls on seven categories of medium and heavy rare earth-related items, including samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium. These measures took effect immediately upon the date of announcement.

In July 2025, the MIIT and other three ministries and commissions jointly issued the Interim Measures for the Total Volume Control and Management of Rare Earth Mining, Smelting and Separation, which became effective from the date of publication. This marks that China’s rare earth management has entered a new stage of law-based and refined governance. As a supporting document to the Rare Earth Management Regulations, these measures further clarify the rules for total volume control, ensuring the connection and upgrading of the policy system. The measures stipulate that the state implements total volume control management over the entire process of rare earth mining, as well as the smelting and separation of rare earth products obtained through mining, import, and processing of other minerals. Rare earth production enterprises must be designated by the MIIT in conjunction with the Ministry of Natural Resources; other organizations and individuals are not permitted to engage in rare earth mining and smelting separation operations. Enterprises must conduct production within the total volume control targets. If they are subject to administrative penalties, their total volume control targets for the following year will be reduced.

## MANAGEMENT DISCUSSION AND ANALYSIS

The implementation of rare earth policies is reshaping the industry's development logic from three dimensions, i.e. supply, industry structure, and global landscape, driving a comprehensive transition from scale expansion to high-quality development. On the supply side, the dual constraints of regulatory control and aggregate volume management have accelerated the exit of small and medium-sized enterprises from the market, with resources and production capacity continuously concentrating among leading enterprises possessing qualification advantages and technological expertise, forming a more efficient industrial structure for resource allocation. Stringent environmental protection requirements and policies encouraging secondary resource utilisation have compelled enterprises to increase investment in green technology research and development. Circular economy models such as waste magnet recycling and residue regeneration have been gradually implemented, reducing reliance on primary ores while incorporating green technologies into core competitiveness. At the industry level, the optimisation of quota structures under policy guidance has better aligned light rare earth supply with the growth in end-market demand from sectors such as new energy vehicles and wind power, while strategic controls over medium and heavy rare earths have strengthened the supply security of critical materials. To adapt to policy requirements, enterprises have proactively expanded downstream into high-end magnetic materials and functional materials, enhancing value added through full industry chain and moving beyond business models reliant solely on resource extraction.

On 9 October 2025, export controls were upgraded to form a comprehensive chain-wide control system covering minerals, production equipment, rare earth materials, and related technologies. These controls aim to strengthen China's strategic initiative in the global rare earth industry chain and ensure the controllability of supply chains. Notably, to implement the reciprocal outcomes of China-US economic and trade consultations and stabilise global industrial chains, the Ministry of Commerce and the General Administration of Customs announced that the upgraded export control measures would be suspended for one year effective from 7 November 2025. For the year ended 31 December 2025, China's cumulative imports of rare earth oxides totalled 56,107.4 tonnes, representing a year-on-year decrease of 48,868.5 tonnes, representing a year-on-year increase of 14.81% (source: China Customs). On 12 September 2025, the Company entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with a purchaser (the "**Purchaser**") to dispose of the Group's rare earth segment for a consideration of HK\$10,000,000. The transaction was completed on 24 December 2025 (the "**Completion Date**"). Subsequent to the Completion Date, the financial results of the rare earth segment are no longer consolidated into the Group's consolidated financial statements. The Group considers that the disposal represents a strategic initiative aligned with the Group's long-term objectives and prevailing market conditions, enabling the Group to reposition itself and focus on businesses with higher potential. For the period ended 24 December 2025, the rare earth segment recorded revenue of approximately HK\$16,007,000, representing a decrease of HK\$22,757,000 or approximately 58.7% compared to approximately HK\$38,764,000 for the year ended 31 December 2024.

### **International Trading Segment**

In 2025, impacted by geopolitical factors, commodity prices exhibited significant volatility. Coupled with multiple uncertainties, the Group did not conduct any trading business during the year. The Group is striving to seek and expand diverse models of international trade. It is focus on seeking strategic partners with synergistic potential and continues to proactively explore potential commercial opportunities, with the aim of creating sustainable value for shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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\$231,232,000. Among them, the cement segment recorded revenue amounted to approximately HK\$215,225,000, representing an increase of approximately HK\$30,385,000 or 16.4% from approximately HK\$184,840,000 in the corresponding period in 2024.

In 2025, the Company achieved revenue growth for the full year, yet its operational rhythm exhibited significant divergence: In the first half of the year, overall market demand remained weak, and the traditional peak season failed to meet expectations. However, the decline in demand narrowed, driving a recovery in the Company's revenue. Yet this positive momentum did not extend into the second half of the year, as market demand continued to soften without effective support. The oversupply situation of the industry became increasingly pronounced, and cement prices fluctuated downward accordingly.

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

	2025			2024		
	Sales Volume <i>Thousand tonnes</i>	Average Selling Price <i>HK\$/tonne</i>	Revenue <i>HK\$'000</i>	Sales Volume <i>Thousand tonnes</i>	Average Selling Price <i>HK\$/tonne</i>	Revenue <i>HK\$'000</i>
PC/PSS 32.5 Cement	46	163	7,551	37	217	8,036
PO 42.5 Cement	761	201	153,281	551	223	123,179
PC 42.5 Cement	228	238	54,393	189	283	53,497
Total	<u>1,035</u>		<u>215,225</u>	<u>777</u>		<u>184,712</u>

Categorized by product type, the sales volume of cement products in 2025 amounted to approximately 1,035 thousand tonnes, representing an increase of approximately 33.2% from 2024, while the revenue of cement products was approximately HK\$215,225,000, representing an increase of approximately 16.5% from 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	2025		2024	
	Revenue <i>HK\$'000</i>	% of total revenue	Revenue <i>HK\$'000</i>	% of total revenue
<b>Jiangsu Province</b>	<b>112,731</b>	<b>52.38%</b>	144,462	78.21%
– Wujiang District	<b>68,616</b>	<b>31.88%</b>	92,076	49.85%
– Suzhou (excluding Wujiang District)	<b>44,115</b>	<b>20.50%</b>	52,386	28.36%
<b>Zhejiang Province</b>	<b>100,043</b>	<b>46.48%</b>	37,428	20.26%
– Southern Zhejiang Province (Taizhou, Zhoushan and Ningbo)	<b>18,916</b>	<b>8.78%</b>	13,610	7.37%
– Jiaxing	<b>7,824</b>	<b>3.64%</b>	22,039	11.93%
– Huzhou	<b>73,303</b>	<b>34.06%</b>	1,779	0.96%
<b>Shanghai</b>	<b>2,451</b>	<b>1.14%</b>	2,822	1.53%
<b>Total</b>	<b>215,225</b>	<b>100.00%</b>	184,712	100.00%

During the Reporting Period, despite multiple challenges such as persistently weak market demand and intensified cross-regional competition, the Company proactively seized opportunities. On the one hand, it actively expanded multi-regional sales channels; on the other hand, it continuously enhanced brand awareness. As a result, the Company's sales in Zhejiang Province achieved significant growth as compared to the corresponding period last year.

During the Reporting Period, the Group's rare earth segment recorded revenue amounted to approximately HK\$16,007,000 (2024: approximately HK\$38,764,000) and the following table sets out an analysis of the revenue of the rare earths segment by type of revenue:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of motor machines	<b>5,777</b>	2,700
Sales of magnetic materials	<b>3,322</b>	18,224
Sales of anode materials and oxides	–	10,804
Electroplating and processing	<b>3,086</b>	4,091
Calcination service	<b>3,822</b>	2,945
	<b>16,007</b>	38,764

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's continuing operations recorded gross loss amounted to approximately HK\$11,558,000, which is contributed by the cement segment, representing an increase of approximately HK\$6,046,000 or approximately 109.7% as compared to approximately HK\$5,512,000 in 2024, while the gross profit margin amounted to approximately -5.4% in 2025, representing a decrease of approximately 2.4% as compared to approximately -3.0% in 2024. The decrease was mainly due to (1) a bottoming out and downward trend in cement prices caused by multiple factors including intensified market competition and continuous depression of downstream real estate sector; and (2) high cost of upstream raw materials during the Reporting Period.

During the Reporting Period, the rare earth segment recorded gross loss of approximately HK\$2,375,000, representing a decrease of HK\$6,033,000 or approximately 71.8% as compared to approximately HK\$8,408,000 in 2024. The gross profit margin amounted to approximately -14.8% in 2025, representing a decrease of 6.9% as compared to approximately -21.7% in 2024. The decrease was mainly due to a decrease in revenue and a narrowing of gross loss. However, the rare earth segment was affected by multiple factors such as intensified industry competition, insufficient production capacity and fluctuations in raw material prices, resulting in business profitability falling short of expectations and limited value from continuing operations. Accordingly, during the Reporting Period, in order to optimize the asset structure and revitalize underperforming assets, and in line with the Company's overall plan of strategic focus and business adjustment, the Company disposed of its rare earth segment and divested this loss-making business, aiming to improve the overall operational efficiency of the Company and enhance its financial stability. For details, please refer to "Major Acquisitions and Disposals of Subsidiaries and Associated Companies" of this results announcement.

## Other Income and Other Gain

The Group's other income and other gain amounted to approximately HK\$28,389,000 during the Reporting Period, of which cement segment recorded other income of approximately HK\$26,942,000, representing an increase of approximately HK\$21,774,000 or approximately 421.3% compared to approximately HK\$5,168,000 in 2024, which is mainly due to the transfer of 750,000 tons/year cement clinker production quota by the Company during the Reporting Period. The Company will continue to ensure the supply of clinker through outsourcing instead of self-production.

During the Reporting Period, rare earth segment recorded other income of approximately HK\$3,423,000, respectively a decrease of approximately HK\$326,000 or approximately 8.7% compared to approximately HK\$3,749,000 in 2024, which was mainly due to decrease in receipts of government grants during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sales and Distribution Expenses

The Group's sales and distribution expenses amounted to approximately HK\$2,285,000 during the Reporting Period, of which cement segment incurred sales and distribution expenses of approximately HK\$1,673,000, representing a decrease of approximately HK\$547,000 or approximately 24.6% as compared to approximately HK\$2,220,000 in 2024. The decrease was mainly due to the Company's implementation of refined management reform to improve management efficiency to drive cost optimization, while improving resource allocation efficiency to reduce distribution costs. Sales and distribution expenses of the cement segment in 2025 accounted for approximately 0.8% of the revenue of the cement segment, which roughly remained flat as compared to approximately 1.2% in 2024.

During the Reporting Period, rare earth segment incurred sales and distribution expenses of approximately HK\$612,000, representing a decrease of HK\$84,000 or approximately 12.1% as compared to approximately HK\$696,000 in 2024. The sales and distribution expenses incurred by the rare earth segment in 2025 accounted for approximately 3.8% of the revenue of rare earth segment, which slightly increased as compared to approximately 1.8% in 2024.

## General and Administrative Expenses

The Group's general and administrative expenses amounted to approximately HK\$40,946,000 during the Reporting Period, of which cement segment incurred general and administrative expenses of approximately HK\$15,642,000, representing a decrease of approximately HK\$5,897,000 or approximately 27.4% as compared to approximately HK\$21,539,000 in 2024. The decrease was primarily due to the efficient allocation of administrative resources and cost savings achieved through management optimization.

During the Reporting Period, rare earth segment incurred general and administrative expenses amounted to approximately HK\$14,188,000, representing an increase of HK\$771,000 or approximately 5.7% as compared to approximately HK\$13,417,000 in 2024. The increase was primarily due to the reclassification of certain personnel-related expenses affected by adjustments in production arrangements, resulting in a year-on-year increase in administrative expenses.

During the Reporting Period, biomedical segment incurred general and administrative expenses amounted to approximately HK\$13,000, representing a decrease of approximately HK\$1,658,000 or approximately 99.2% as compared to approximately HK\$1,671,000 in 2024, which is mainly due to the suspension of investment in biomedical segment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Tax

The Group's income tax credit amounted to approximately HK\$10,086,000 during the Reporting Period, representing an increase from approximately HK\$3,064,000 in 2024, which is mainly attributable to the release of deferred tax liabilities related to withholding tax for distributable profits and loss incurred during the year.

Details of the Group's tax are set out in note 8 of this results announcement.

## Net Profit Margin

During the Reporting Period, the Group's net profit margin was approximately -31.9%, representing a decrease of approximately 1.0% as compared to approximately -30.9% in 2024. 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, the downward trend in cement prices, high cost of upstream raw materials, and one-off impairment loss was provided to property, plant and equipment classified as held for sale due to excessive production capacity and property, plant and equipment under current operations of total amount approximately HK\$32,970,000; and
- (2) net-off to the gain recorded from the transfer of cement clinker production quota. Such production quota has been replaced by outsourced clinker.

## 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.

	<b>31 December 2025 HK\$'000</b>	31 December 2024 HK\$'000
Cash and cash equivalents	<b>154,115</b>	135,495
Borrowings	<b>104,541</b>	299,755
Debt to equity ratio	<b>56.7%</b>	118.6%
Debt to asset ratio	<b>36.2%</b>	54.2%

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cash Flow

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately HK\$154,115,000, representing an increase of approximately 13.7% from approximately HK\$135,495,000 as at 31 December 2024, which was primarily due to the cash inflow from operating activities and effect of exchange rate during the Reporting Period.

## Borrowings

	<b>31 December 2025 HK\$'000</b>	31 December 2024 HK\$'000
Borrowings		
– Cement segment	<b>93,841</b>	96,829
– Rare earth segment	–	192,226
– Unallocated	<b>10,700</b>	10,700
	<hr/> <b>104,541</b> <hr/>	<hr/> 299,755 <hr/>

As at 31 December 2025, the Group's bank borrowings amounted to approximately HK\$104,541,000, representing a decrease of approximately 65.1% from approximately HK\$299,755,000 as at 31 December 2024, which was mainly due to the disposal of rare earth segment business sector during the Reporting Period.

As at 31 December 2025, the aforesaid borrowings were not secured, pledged or guaranteed by the Group's property, plant and equipment, land use rights or other assets (31 December 2024: borrowings of approximately HK\$155,096,000 were secured by the Group's property, plant and equipment, land use rights and equity interest of subsidiaries).

As at 31 December 2025, the Group had no unutilised bank financing facilities (2024: unutilised bank financing facilities of approximately HK\$212,000).

## Debt to Equity Ratio

As at 31 December 2025, the Group's debt to equity ratio was approximately 56.7% (2024: 118.6%).

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Expenditure and Capital Commitments

The Group's capital expenditure amounted to approximately HK\$5,453,000 in 2025, of which approximately HK\$4,054,000 and HK\$1,089,000 was from the cement segment and rare earth segment respectively. It represented a decrease from approximately HK\$33,963,000 in 2024, which was mainly due to sufficient capacity in production and only equipment maintenance expenditure incurred.

As at 31 December 2025, the Group had no capital commitments (2024: capital commitments of approximately HK\$4,521,000 for the acquisition costs of property, plant and equipment).

## Pledge of Assets

As at 31 December 2025, the Group did not pledge any 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, land use rights with carrying amount of approximately HK\$2,290,000, and equity interest of subsidiaries, were pledged to secure certain bank borrowings of the Group.).

## Contingent Liabilities

As at 31 December 2024 and 2025, the Group had no material contingent liabilities.

## Foreign Currency Risk

The Group conducted its business primarily in the Chinese mainland 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 Chinese mainland 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company entered into the Sale and Purchase Agreement with the Purchaser, which is an independent third party, to dispose of the entirety of the Company's interests in Orient Chengzheng Rare Earth Co., Limited (東方誠正稀土有限公司) and its subsidiaries which comprises the rare earth segment of the Group's business (the "**Disposal Group**") at a consideration of HK\$10,000,000. The disposal (the "**Disposal**") was completed on 24 December 2025. Upon completion of the Disposal, the financial results of the rare earth segment is no longer consolidated into the consolidated financial statements of the Group. For details of the Disposal, please refer to the announcements and circular of the Company dated 12 September 2025, 17 October 2025 and 5 December 2025.

The Group ventured into the rare earth and rare earth permanent magnets businesses in 2023 through the acquisition of a majority equity interest in a company engaged in the production and sales of rare earth permanent magnet materials. For details of the acquisition, please refer to the announcement of the Company dated 9 June 2023. However, the Disposal Group has underperformed financially in the past two years, primarily due to the fierce market competition and the insufficient production scale of the Disposal Group. In light of the challenges faced by the rare earth business, the Group believes that the Disposal would optimize its asset structure, revitalize underperforming assets, and, in line with the overall plan of strategic focus and business adjustment, divest this loss-making business in order to improve the overall operational efficiency of the Company and enhance its financial stability. For the period ended 24 December 2025, the rare earth segment recorded revenue of approximately HK\$16,007,000, compared to approximately HK\$38,764,000 for the year ended 31 December 2024. The Group will proactively explore diversified investment opportunities, closely monitor and identify potential strategic collaboration opportunities, including but not limited to relevant fields such as artificial intelligence, humanoid robotics and green new energy.

Save as disclosed above, the Group did not have any other material acquisitions and disposals during the year under review.

## DIVIDEND

At the Board meeting held on 5 December 2024, the Board resolved to declare a special dividend of HK\$0.136 per share to the shareholders of the Company whose names appear on the register of members of the Company on 23 December 2024. Such special dividend was paid during the year ended 31 December 2025. For further information regarding the above matter, please refer to the announcements of the Company dated 5 December 2024, 6 January 2025 and 16 January 2025, respectively.

Save as disclosed above, the Board does not recommend payment of any final dividend for the year ended 31 December 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 115 employees. The total remuneration of our employees amounted to approximately HK\$29,807,000 (2024: HK\$32,511,000) 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

In 2026, the Group will focus on the core objectives of achieving stable growth, increasing profits and preventing risks. In the cement business, the Company will continue to strengthen cost control across the entire value chain, expand into diversified regional markets, explore pathways for sustainable industry development, and strive to carve out a path of “anti-internal competition” to steadily improve profitability. At the same time, we will strictly uphold production safety standards, adhere to the principles of green and low-carbon development, and build environmentally friendly, clean production facilities to reinforce the foundation of our cement operations.

Building upon the cement business, the Group will pursue transformation as a core strategic direction to drive its high-quality, sustainable development and deliver long-term, stable value for its shareholders. Transformation is not only a critical choice for breaking through the boundaries of development and expanding growth horizons but also a key lever for elevating operational capabilities and enhancing development quality and efficiency. The Group will leverage transformation as an opportunity to break free from traditional development models, unleash innovation in emerging sectors, and ensure that tangible transformation outcomes translate into real development gains. We will vigorously advance transformation, proactively identify and explore high-quality projects across diverse fields, and comprehensively seek out potential strategic partnerships, with a strong focus on emerging areas such as artificial intelligence (AI) and new energy. By doing so, we aim to seize the new opportunities presented by industrial transformation and the evolution of the times to activate new drivers of growth through transformative breakthroughs.

Meanwhile, the Group remains committed to the principle of open and win-win collaboration. By closely aligning with national development strategies and leveraging our deep industrial expertise and unique geographical advantages, we will deepen cross-sector resource integration, promote the efficient integration and synergy of various industrial resources, and continuously stimulate the internal drivers of corporate growth. Through these efforts, the Group aims to enhance quality amid transformation, achieve upgrades through development, steadily realize higher-quality, more sustainable and more resilient long-term development, and forge a new chapter of high-quality development.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENTS AFTER THE REPORTING PERIOD

The Company has no other material event after the Reporting Period required to be disclosed as at the date of this announcement.

## 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 and as of the date of this report, the Company has complied with all applicable code provisions set out in the Corporate Governance Code.

## 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 2025 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 57, 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 Everwell. 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 45, 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 64, 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 Everwell (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). Since 2015, he has served as a director of Fidelix (KR.032580). Since 2018, Mr. Tseung has served as the chairman of Dongxin Semiconductor Co., Ltd (東芯半導體股份有限公司). Main social positions held by Mr. Tseung Hok Ming include: Member of the 9th, 10th, 11th and 12th Jiangsu Provincial Committee of the Chinese People’s Political Consultative Conference; Member of the 10th Shanghai Municipal Committee of the Chinese People’s Political Consultative Conference; Executive Chairman of the Jiangsu Chamber of Commerce in Shanghai; Chairman of the Board of Directors of Shanghai Institute for Integrated Application of Network Technology; Standing Committee Member of the Jiangsu Federation of Industry and Commerce; Standing Director of the Jiangsu Glorious Business Promotion Association; Standing Vice Chairman of the Jiangsu General Chamber of Commerce in Hong Kong. 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 49, 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. and since March 2020, Ms. Xie has been the general manager of Dosilicon Co., Ltd. Save as disclosed above, Ms. Xie did not hold any directorship in any other listed companies in the past three years.

### Independent Non-Executive Director

Mr. Yuan Yuan (袁淵) (“**Mr. Yuan**”), aged 42, is an independent non-executive Director of the Company. He has approximately 15 years of experience in the finance and securities industry. From May 2012 to March 2016, Mr. Yuan served at the Listed Company Department and the Research Center of the China Securities Regulatory Commission. From March 2016 to July 2017, he was employed by Soochow Securities Co., Ltd. (東吳證券股份有限公司), concurrently holding the positions of Chief Strategist, Executive Deputy Director of the Research Department, and member of the Internal Verification Committee. Subsequently, from July 2017 to May 2020, he served at Huafu Securities Co., Ltd. (華福證券有限責任公司) of the Industrial Bank Group (興業銀行) concurrently holding the positions of Managing Director, Deputy Head of the Investment Banking Business Committee, and General Manager of the Investment Banking Department. Since May 2020, Mr. Yuan has been serving as Managing Director of Zhongde Securities Co., Ltd. (中德證券有限公司). Mr. Yuan has been an independent non-executive director of China New City Group Limited (中國新城市集團有限公司), a listed company on The Stock Exchange (stock code: 1321) since April 24, 2023, and an independent non-executive director of Qingci Games Limited (青瓷遊戲有限公司), a listed company on the Stock Exchange (stock code: 6633) since October 17, 2023. Currently, he also serves as an independent director of Xinjiang Daqo New Energy Co., Ltd. (新疆大全新能源股份有限公司) (a listed company on the Shanghai Stock Exchange, stock code: 688303), and as an independent director of Jiangsu Suzhou Rural Commercial Bank Co., Ltd. (江蘇蘇州農村商業銀行股份有限公司) (a listed company on the Shanghai Stock Exchange, stock code: 603323). As of the Latest Practicable Date, Mr. Yuan also serves as a columnist for Hong Kong’s Ta Kung Pao. Mr. Yuan obtained a joint Ph.D. in accountancy from Shanghai University of Finance and Economics and the University of Washington (United States) in 2012, and a postdoctoral degree in finance from Tsinghua University in 2014. Save as disclosed above, Mr. Yuan did not hold any directorship in any other listed companies in the past three years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Suo Suo (索索) (“**Mr. Suo**”), aged 54, 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 55, 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. Mr. Yu did not hold any directorship in any other listed companies in the past three years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### Senior Management

Mr. Feng Bing Song (馮炳松) (“**Mr. Feng**”), aged 57, was the deputy general manager of Suzhou Dongwu. Mr. Feng is responsible for marketing and sales of the Group and now 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). 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 55, is the deputy general manager of Suzhou Dongwu. Ms. Cai is responsible for production of the Group. Ms. Cai possesses more than 25 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. Han Weihua (韓衛華) (“**Mr. Han**”), aged 51, 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). From February 2018 to July 2020, Mr. Han was the investment director of Orient Strait Capital Management Company Limited\* (東方海峽資本管理有限公司) and was responsible for investment and financing of projects. From 2016 to 2018, Mr. Han was 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) and was responsible for investment. 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)), and was responsible for investment of private equity projects, fund raising and management of the investment & research team. 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) and was responsible for investigation of investment projects and post-investment operation. From 2001 to 2005, Mr. Han was the senior investment officer of Jumbo China Investments Limited\* (寶華投資有限公司), and was responsible for investigation, financial analysis, market research and project operation of investment projects in finance, infrastructure and energy sectors. 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) and was responsible for evaluation and research of merger and acquisition projects. From September 1994 to June 1998, Mr. Han studied at the School of Finance, Shanghai University of Finance and Economics, majoring in currency and banking, and obtained the bachelor's degree in Economics. From September 2001 to July 2003, Mr. Han studied in Shanghai University of Finance and Economics, majoring in securities and futures as an on-the-job postgraduate, and obtained the certificate of postgraduate equivalent education. 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. Han has resigned on 31 December 2025.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lu Rulan (陸如藍) (“**Ms. Lu**”), aged 38, was appointed as the chief financial officer and company secretary 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 experience in accounting and finance matters. Since December 2019, Ms. Lu has served as the financial director of the overseas sector of Orient Everwell 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. Lu Rulan (陸如藍) (“**Ms. Lu**”), aged 38, was appointed as the joint company secretary of the Company on 1 June 2024. For details of the biography of Ms. Lu, please refer to paragraph headed “Senior Management” of this section. Ms. Lu was confirmed by the Stock Exchange that she had sufficient experience to fulfill the responsibility of company secretary and has served as company secretary of the Company with effect from 1 June 2024.

# DIRECTOR'S 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 its 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 2025.

## Results and Dividends

The Group's results for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 124.

The Board does not recommend payment of any final dividend for the year ended 31 December 2025.

## Business Review

A review of the business of the Group for the year ended 31 December 2025, 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 25 in this annual 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 in this annual 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;

## DIRECTOR'S REPORT

- 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.

## DIRECTOR'S 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 Tuesday, 19 May 2026 to Friday, 22 May 2026 (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 Friday, 22 May 2026, 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 Monday, 18 May 2026.

### 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 2025, 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 annual report.

### Distributable Reserves

As of December 31, 2025, the Company had no reserves available for distribution. (31 December 2024: The Group's reserves available for distribution to Shareholders was approximately HK\$5,437,000).

# DIRECTOR'S 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 2025, the Group did not have any significant contingent liabilities, guarantees or any litigation against the Group (2024: 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 2025 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 ( <i>resigned on 4 June 2025</i> )
	Mr. Suo Suo
	Mr. Yu Ronald Patrick Lup Man
	Mr. Yuan Yuan ( <i>appointed on 4 June 2025</i> )

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, Mr. Yu Ronald Patrick Lup Man, Mr. Suo Suo and Mr. Yuan Yuan) 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.

# DIRECTOR'S 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 annual report.

## DIRECTOR'S 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 2025 and 2024, senior management of the Company comprises 12 and 11 individuals, respectively. The emoluments of senior management of the Company fell within the following bands:

Emolument band	Number of individuals Year ended 31 December	
	2025	2024
Nil to HK\$1,000,000	12	11
HK\$1,000,001 to HK\$2,000,000	–	–
	<u>12</u>	<u>11</u>

### 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.

## DIRECTOR'S 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 2025, 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 38 to the consolidated financial statements for the year.

### 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 2024 and 31 December 2025. 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 2024 and 31 December 2025. 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 2025, the social insurance scheme contributions made by the Group amounted to approximately HK\$5,132,000 (2024: HK\$5,628,000).

## DIRECTOR'S REPORT

### 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 2025, 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 1)	Interest of a controlled corporation	Long position	297,500,000	53.89%
Mr. Liu Dong	Beneficial owner	Long position	1,484,000	0.27%

Note:

1. 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 2025, 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 2025, 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.

## DIRECTOR'S REPORT

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

As at 31 December 2025, 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 <sup>1,2</sup>	Beneficial owner	Long position	297,500,000	53.89%
Mr. Huang Yingbiao	Beneficial owner	Long position	66,650,000	12.07%

Notes:

- 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.*
- On 12 September 2025, Port & Shipping Group (HK) Investment Co., Limited entered into a share purchase agreement with Goldview, pursuant to which Port & Shipping HK has conditionally agreed to purchase, and Goldview has conditionally agreed to sell, 154,560,000 Shares in the Company, representing 28.00% of its issued share capital. On the same date, Suzhou Fenyuan Capital Management Co., Limited\* (蘇州汾源資本管理有限公司) entered into a share purchase agreement with Goldview, pursuant to which it has conditionally agreed to purchase, and Goldview has conditionally agreed to sell, 49,680,000 Shares in the Company, representing 9.00% of its issued share capital. As of the Latest Practicable Date, both transactions have not completed. Please refer to the announcements dated 12 September 2025 and 30 March 2026 for more details.*

Save as disclosed in the above, as at 31 December 2025, 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**”), i.e. 28 May 2025, 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 was 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.

## DIRECTOR'S REPORT

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 holder's 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.

## DIRECTOR'S REPORT

No options had been granted pursuant to the Share Option Scheme, and no options remained outstanding and unexercised during the year ended 31 December 2025. As the Company has not granted any options under the Share Option Scheme since its adoption. Therefore, the number of options available for grant under the scheme mandate at the beginning and the end of the year ended 31 December 2025 were 55,200,000, representing the scheme limit of the Share Option Scheme and nil, respectively.

Pursuant to the scheme rules of the Share Option Scheme, the Company has not set any limit for any service providers.

The Share Option Scheme expired at the close of business on the tenth anniversary of the Adoption Date, i.e., 28 May 2025. As at 31 December 2025, the Share Option Scheme is no longer in force.

### 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 2025 is as follows:

	Percentage of the Group's total sales (%)		Percentage of the Group's total purchases (%)
The largest customer	24%	The largest supplier	21%
Five largest customers in aggregate	51%	Five largest suppliers in aggregate	75%

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.

### Auditor

The consolidated financial statements of the Company for the year ended 31 December 2025 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.

## DIRECTOR'S REPORT

### 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*

27 March 2026

# 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 and as of the Latest Practicable Date, the Company has complied with all 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.

## 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 2025, 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 annual 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 2025, 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:

	<b>Attended meetings/ convened meetings</b>	<b>Attendance rate</b>
<b>Executive Directors</b>		
Mr. Liu Dong	6/6	100%
Mr. Wu Junxian	6/6	100%
<b>Non-executive Director</b>		
Mr. Tseung Hok Ming	6/6	100%
Ms. Xie Yingxia	6/6	100%
<b>Independent Non-executive Directors</b>		
Mr. Cao Kuangyu (resigned on 4 June 2025)	2/6	33%
Ms. Yuan Yuan (appointed on 4 June 2025)	4/6	67%
Mr. Suo Suo	6/6	100%
Mr. Yu Ronald Patrick Lup Man	6/6	100%

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.

# CORPORATE GOVERNANCE REPORT

## 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.

# CORPORATE GOVERNANCE REPORT

## *Independent Non-executive Director*

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.

## *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 (resigned on 4 June 2025), Mr. Yuan Yuan (appointed on 4 June 2025), Mr. Yu Ronald Patrick Lup Man 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. Yuan Yuan has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 4 June 2025, and has confirmed he understood his obligations as a Director of the Company.

# CORPORATE GOVERNANCE REPORT

## 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, Mr. Yu Ronald Patrick Lup Man, Mr. Suo Suo, Mr. Cao Kuangyu (resigned on 4 June 2025) and Mr. Yuan Yuan (appointed on 4 June 2025), 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 2025, 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 2024 as well as the interim results and financial statements of the Company for the six months ended 30 June 2025, respectively.

The attendance of the meetings is as follows:

	<b>Attended meetings/ convened meetings</b>	<b>Attendance rate</b>
Mr. Yu Ronald Patrick Lup Man ( <i>chairman</i> )	3/3	100%
Mr. Suo Suo	3/3	100%
Mr. Cao Kuangyu ( <i>resigned on 4 June 2025</i> )	1/3	33%
Mr. Yuan Yuan ( <i>appointed on 4 June 2025</i> )	2/3	67%

# 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, Mr. Yu Ronald Patrick Lup Man, Mr. Cao Kuangyu (resigned on 4 June 2025) and Mr. Yuan Yuan (appointed on 4 June 2025), 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 2025, 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 2025, the Remuneration Committee held 2 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:

	<b>Attended meetings/ convened meetings</b>	<b>Attendance rate</b>
Mr. Suo Suo ( <i>Chairman</i> )	2/2	100%
Mr. Yu Ronald Patrick Lup Man	2/2	100%
Mr. Cao Kuangyu ( <i>resigned on 4 June 2025</i> )	1/2	50%
Mr. Yuan yuan ( <i>appointed on 4 June 2025</i> )	1/2	50%

## 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, Mr. Yu Ronald Patrick Lup Man, Mr. Cao Kuangyu (resigned on 4 June 2025) and Mr. Yuan Yuan (appointed on 4 June 2025), 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.

## CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2025, the Nomination Committee held 2 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 ( <i>Chairman</i> )	2/2	100%
Mr. Yu Ronald Patrick Lup Man	2/2	100%
Mr. Cao Kuangyu ( <i>resigned on 4 June 2025</i> )	1/2	50%
Mr. Yuan Yuan ( <i>appointed on 4 June 2025</i> )	1/2	50%

### 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 annual 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 annual report.

# CORPORATE GOVERNANCE REPORT

## Company Secretary

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 annual report.

According to Rule 3.29 of the Listing Rules, Ms. Lu Rulan took no less than 15 hours of relevant professional training respectively for the year ended 31 December 2025.

## 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](mailto: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](mailto: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 22 May 2025 to approve (among others) the audited consolidated financial statements of the Group for the year ended 31 December 2024, 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
<b>Executive Directors</b>		
Mr. Liu Dong	2/2	100%
Mr. Wu Junxian	2/2	100%
<b>Non-executive Director</b>		
Mr. Tseung Hok Ming	2/2	100%
Ms. Xie Yingxia	2/2	100%
<b>Independent Non-executive Directors</b>		
Mr. Cao Kuangyu ( <i>resigned on 4 June 2025</i> )	1/2	50%
Mr. Yuan Yuan ( <i>appointed on 4 June 2025</i> )	1/2	50%
Mr. Yu Ronald Patrick Lup Man	2/2	100%
Mr. Suo Suo	2/2	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.

# CORPORATE GOVERNANCE REPORT

## 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 2025, 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 annual 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 2025. 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 2025, the Directors have adopted appropriate accounting policies and applied consistently, and made prudent and reasonable judgments and estimates.

# CORPORATE GOVERNANCE REPORT

## ***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 2025 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;

## CORPORATE GOVERNANCE REPORT

- (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;

## CORPORATE GOVERNANCE REPORT

- (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 Management 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.

# CORPORATE GOVERNANCE REPORT

## ***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 apprised 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 2025 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 2025 were effective and adequate.

## **Auditor’s Remuneration**

BDO Limited was the independent auditor of the Company. For the year ended 31 December 2025, the remuneration payable by the Company to BDO Limited is set out below:

<b>Services rendered by the auditor</b>	<b>Remuneration (HK\$'000)</b>
Annual audit service	1,390
Non-audit services (for review of the interim results and major disposal circular of the Group)	<u>392</u>
	<u><u>1,782</u></u>

## **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](http://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 2025, 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 tenth 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 2025 to 31 December 2025, to facilitate stakeholders’ further understanding of the Group’s sustainability strategies and practices.

## Reporting Guidelines and Principles

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code 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 43 to 56 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:

### Dongwu Cement International Limited

Address: Unit 4308, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong  
Tel: (852) 2520 0978  
Fax: (852) 2520 0696  
Email: admin@dongwucement.com

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Message from the Chairman

Dear Stakeholders,

Over the past year, on the basis of overall operation and management, the Group has integrated sustainable development into daily management and decision-making considerations. We have also reviewed and streamlined existing systems and operational processes in light of the Group's actual operational circumstances. Production and sales activities have operated in accordance with the existing institutional arrangements, with various business aspects being coordinated and advanced on the established management foundation. This ensures that daily operations align with the Group's corporate development goals and provides practical basis for subsequent optimization efforts.

In the production process, the Group has incorporated energy usage and resource management into daily management arrangements. Energy-saving technologies and equipment optimization have been gradually implemented in production processes, with energy usage data serving as a reference basis for management initiatives to support energy consumption performance analysis and improvement. Climate issues have also been factored into operational decision-making considerations, identified and analyzed in conjunction with the Group's business characteristics, and taken into account when evaluating investment and production arrangements. The new energy and energy-saving businesses operate within the existing industrial layout, maintaining coordination with the Group's main businesses and supporting the overall development direction.

As business operations progress, the Group manages corporate governance and internal control arrangements in accordance with existing systems, making adjustments as necessary based on actual circumstances. System documents and operational procedures are also regularly reviewed to ensure their alignment with actual business operations. Business activities are conducted in compliance with applicable laws and regulations, with compliance requirements integrated into daily management. Risk identification and assessment are conducted in conjunction with the Group's business situation and are carefully considered in major business matters to ensure stable operations.

In terms of quality management, the Group's management scope covers all stages from raw material procurement to production manufacturing and product delivery. We advance process improvements and technological optimizations under established standards to maintain product performance and stability. Supply chain operations remain aligned with production demands, with cooperative relationships being advanced based on commercial principles to support continuous business development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In human resources management, the Group incorporates employee development and welfare into its overall planning. Training arrangements are conducted based on actual needs, covering professional skills and safe operation content to support employees in fulfilling their job responsibilities. Occupational health and safety systems are strictly implemented during the production process, with safety inspections and education conducted in accordance with established regulations and plans to maintain basic workplace safeguards. Communication channels remain open, with employee suggestions and opinions providing reference for management optimization.

The Group discloses its ESG efforts and progress through annual reports and sustainability reports, providing clear and consistent information to help stakeholders understand the Group's management practices across different aspects. Such disclosures also assist the Group in reviewing its own performance and provide references for future improvement directions. Looking ahead, the Group will continue to review and refine management measures on the basis of existing systems, strive to ensure that ESG efforts remain coordinated with the Group's long-term development and conduct reviews and adjustments during the implementation process taking into account the Group's business development and changes in industrial layout.

### **Liu Dong**

*Chairman of the Board*

Dongwu Cement International Limited

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Board Statement

The Group has established a clear ESG governance structure to ensure the orderly advancement of sustainability work at the levels of strategy formulation, execution, and oversight. The Board assumes overall supervisory responsibility and reviews ESG matters at least once a year, including ESG-related risks and opportunities, performance results, as well as target setting and implementation status. Under the leadership of the general manager, the management team coordinates with relevant functional departments to formulate and implement ESG strategies and policies, drives various initiatives, monitors performance, and assesses and reports on material issues. All departments carry out their day-to-day operations in accordance with established internal policies and applicable laws and regulations, and continuously improve management processes through regular reviews and performance evaluations, thereby ensuring alignment between ESG management and the direction of business development.

### The Quality, Environmental and Occupational Health and Safety Management Structure



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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG Management Approach

The Group has established a mechanism for identifying and assessing risks and opportunities. It conducts regular analysis and prepares the “Risk and Opportunity Identification, Evaluation, and Response Measures Planning Form” to systematically review and examine potential risks and development opportunities that may arise during operations. Based on the assessment results, corresponding response measures and improvement arrangements are developed and incorporated into the daily management and supervision mechanism, supporting the orderly advancement of risk control and continuous improvement. In addition, the Group follows applicable laws and international management standards in formulating and implementing the “Quality, Environmental and Occupational Health and Safety Management Handbook”. This handbook sets out working principles and operational requirements in areas such as quality management, environmental management, and occupational health and safety, ensuring consistency and traceability in the implementation of various management measures.

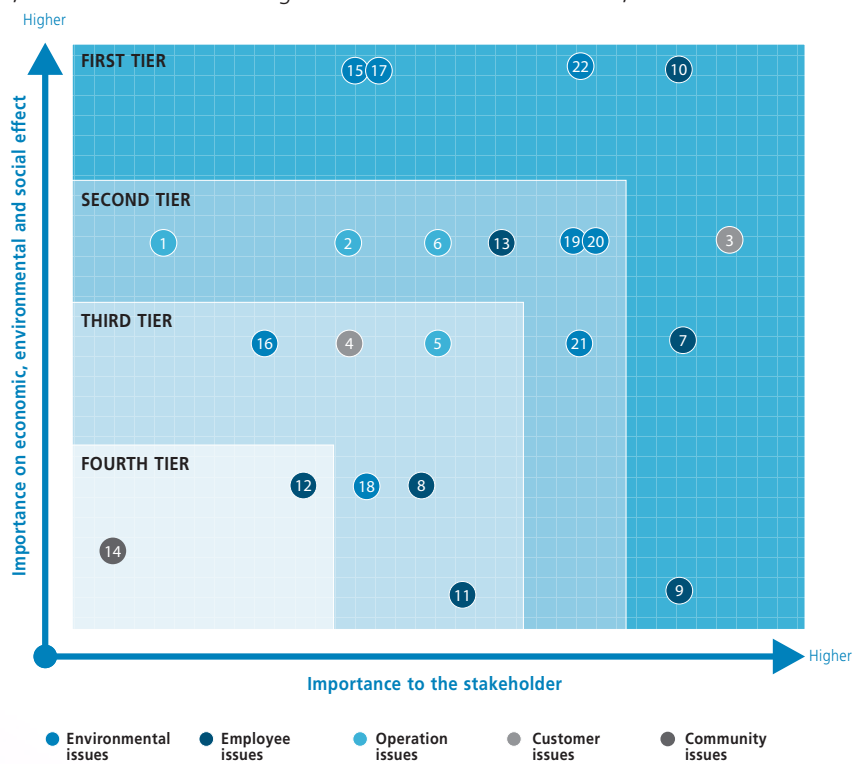
The Group has obtained ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System certifications. In accordance with the requirements of these systems, it conducts regular internal reviews and continuous improvement to enhance overall ESG management effectiveness.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Materiality Topics

The Group maintains communication with stakeholders through multiple channels to understand their concerns regarding sustainability issues, and invites the Board and key stakeholders to participate in the materiality assessment. The assessment process references the methodology recommended by the Global Reporting Initiative (GRI), covering steps such as topic identification, analysis and prioritization, management review, and result confirmation. It also incorporates comprehensive considerations based on the Group’s business model and operational characteristics, ultimately forming a materiality matrix. A total of seven topics with relatively high impact and level of concern for the Group have been identified, 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.



### Materiality Matrix

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		

Legend for issue types:

- Environment (Blue)
- Employee (Dark Blue)
- Operation (Light Blue)
- Customer Service (Grey)
- Community Contribution (Dark Grey)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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	Key Practices in 2025	Corresponding Sections
Product Quality and Safety	<ul style="list-style-type: none"> <li>Overall customer satisfaction rate of 96.67%</li> <li>100% passing rate of ex-factory cement</li> <li>100% passing rate of surplus strength of ex-factory cement</li> <li>Initiating a technology modification project to improve product quality control</li> </ul>	Operational Excellence
Personnel Management	<ul style="list-style-type: none"> <li>Higher-than-industry-average salary and benefits</li> <li>Various salary subsidies such as holiday allowance and high temperature allowance</li> </ul>	People-Oriented
Employee Training and Promotion	<ul style="list-style-type: none"> <li>Various training courses</li> <li>Employees with excellent performance were given priority in career paths and benefit</li> </ul>	People-Oriented
Occupational Safety and Health	<ul style="list-style-type: none"> <li>Regular production safety inspections and hold emergency drills</li> <li>0 major injuries and fatalities</li> <li>0 occupational disease incidence rate</li> </ul>	People-Oriented
Waste Gas Management and Emission Reduction	<ul style="list-style-type: none"> <li>Energy-saving technology transformation of cement mill system</li> <li>Developing energy saving and emission reduction management program</li> </ul>	Environmental Protection
Hazardous Waste Management and Emission Reduction	<ul style="list-style-type: none"> <li>Strengthening equipment repair and maintenance to extend the life of consumables and reduce waste</li> <li>Properly handling waste</li> </ul>	Environmental Protection
Environmental Compliance	<ul style="list-style-type: none"> <li>Compliance with applicable environmental laws and regulations</li> <li>Accepted environmental supervision and assessment to ensure compliance with emission standards</li> </ul>	Environmental Protection

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Operational Excellence


### *Product Quality Management*

The Group regards product safety and quality stability as an important foundation of its operations management, and continuously optimizes its quality management mechanism to ensure that products comply with applicable laws, regulations, and industry standards. The Group's cement business strictly follows the provisions of 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", operates in accordance with the ISO 9001:2015 Quality Management System requirements, and complies with the GB 175-2023 "Common Portland Cement" standards.

Based on production characteristics and management needs, the Group has established and implemented internal guidelines such as the "Product Inspection and Measurement Control Procedures" and the "Control Procedures for Non-compliance and Corrective and Preventive Measures", which set out clear specifications for raw material acceptance, production process control, and finished product quality inspection, as well as establish procedures for the identification, classification, review, and disposition of nonconforming products to ensure timely follow-up on related issues. The Group also implements unified management of monitoring and measuring equipment, conducting regular testing, maintenance, and repair to maintain stable equipment operation.

The Group continues to strengthen production process control and the monitoring of key quality indicators, while improving its testing and data management mechanisms. During the year, the cement business segment set targets of 100% for both the qualified rate of ex-factory cement and the qualified rate of surplus strength of ex-factory cement; both indicators achieved 100% during the year. The rare earths business segment also continued to refine its quality management measures to enhance product stability and consistency, with all targets set for product delivery qualification rates met. New testing equipment was acquired during the year, including a metallographic microscope, used to optimise the analysis of product metallographic structure in support of process refinement and technical improvement; additionally, testing procedures such as hydrogen content in coarse powder and laser particle size analysis for fine powder were introduced in the production process to strengthen in-process quality control. The Group has also enhanced staff training in quality awareness and skills, improving their understanding and implementation of quality standards. Furthermore, the Group complies with regulations such as the Advertising Law of the People's Republic of China in product promotion and sales processes, ensuring that information is truthful, accurate and not misleading.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established a product traceability system to record and track production and sales processes, thereby supporting the identification of quality issues and the improvements of management. 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 non-conforming products or serious quality problems in the use of products, the following measures were taken:

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Customer Service

### Customer Satisfaction

The Group maintains communication with customers through diverse channels, including day-to-day business interactions, on-site visits, product promotion activities and feedback mechanisms, to continuously understand customers' evaluations and expectations regarding products and services. Each year, the Group distributes a "Customer Satisfaction Survey" to customers to assess areas such as product quality, service standards, pricing reasonableness and delivery performance, and conducts analysis and follow-up actions based on the survey results to identify areas for improvement and enhance overall service performance.

During the year, customer satisfaction in the cement business segment reached 96.67%, achieving the target of customer satisfaction exceeding 90%.



### Customer Complaint Handling

The Group has established a complaint handling mechanism, with a designated department responsible for centrally collecting feedback and complaints from customers and suppliers, and conducting timely follow-up and resolution in accordance with established procedures. During the year, the Group recorded no complaints. In the future, the Group will continue to improve its management arrangements to maintain open communication channels and the effective operation of its service quality management mechanisms.

### Information Security and Privacy

The Group complies with applicable laws and regulations, including the Cybersecurity Law of the People's Republic of China, and has established requirements for the management of customer data and business information. All employees are required to sign a confidentiality agreement, and data access permissions are set based on job responsibilities. Information involving customer privacy and business secrets is subject to classified management and archiving controls. In the event of a data security incident, the Group will activate its response mechanism in accordance with internal procedures, assess the impact and take corresponding measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Supply Chain Management

The Group manages its supply chain operations in accordance with its internal procurement policies, and maintains communication with suppliers through site visits, meetings and day-to-day business interactions to understand their performance and production status. We regularly evaluate suppliers' product quality, delivery performance and stability of cooperation as a reference for ongoing collaboration.

## Supplier Selection and Assessment

In the process of engaging suppliers, the Group examines core quality elements such as corporate qualifications, sample quality and test reports, and also considers suppliers' performance in areas such as environmental protection and occupational health and safety. These management measures cover all major suppliers. The Group has established internal documents, including the "Procurement Control Procedures", to standardise the various processes for supplier screening, assessment, tracking and evaluation. The Supply Department and the Procurement Department exercise comprehensive oversight over suppliers through regular tracking and evaluation as well as ad hoc assessments. In addition to covering routine sample testing and quality management capability evaluation, the assessment content also strictly verifies the compliance of newly introduced suppliers with regard to employee rights and occupational health and safety. Only suppliers that pass the review are eligible for inclusion in the "List of Qualified Suppliers". With regard to supplier environmental and social risk management, the Group requires suppliers to establish corresponding management mechanisms, including the development of environmental management systems, effective resource utilisation, emissions management and the cultivation of environmental awareness. Through daily communication and cooperation mechanisms, the Group encourages suppliers to enhance their environmental management standards, supporting the sustainable development of the supply chain. During the year, the Group had a total of 67 suppliers, all of whom were from Chinese mainland.

### 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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **Supply Quality Control**

The Group has established supply standards and acceptance requirements within its procurement and quality management systems. If any product is found not to meet the quality requirements, returns and follow-up actions will be processed in accordance with procedures; for suppliers that repeatedly fail to meet standards during the assessment period, the Group will re-evaluate their eligibility for cooperation and make adjustments based on the circumstances. We have developed the "Internal Control Standards for Quality of Raw Materials", under which the laboratory is responsible for raw material acceptance and testing; if any quality anomalies are identified, the Supply Department will communicate with the supplier and document the handling process, arranging on-site inspections where necessary. Additionally, spot checks and source verification are carried out in accordance with the "Control Procedure for Inspection and Measurement of Products" to ensure that incoming materials meet the required quality standards.

## **Green Procurement**

The Group incorporates environmental factors into its procurement management. In terms of raw material selection, we prioritize the procurement and use of materials that are environmentally friendly. In the process of equipment selection, the Group refers to the "Catalogue for the Elimination of Obsolete Mechanical and Electrical Equipment (Products) with High Energy Consumption" and the "Industrial Structure Guidance Catalogue" published by the state. We give priority to equipment that meets energy-saving requirements and avoid purchasing products listed in the elimination category to reduce energy consumption and 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 relevant intellectual property laws in Hong Kong for the cement business segment. We add relevant intellectual property protection provisions to the contractual terms, and the Legal Department of the Group reviews and manages all operational contracts to avoid any possible infringement of the intellectual property rights 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 standardize the use, release and risk early warning arrangements of intellectual property materials.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Honest Operation

The Group adheres to the principles of integrity and fairness in its operations and internal management, and regulates the behavior of its employees in accordance with the "Prevention of Commercial Bribery Management Policy", which stipulates procedures for benefit declaration, risk identification and handling of violations. The Group also regularly conducts integrity training to enhance employees' understanding of compliance requirements and risk scenarios.

The Group has formulated the "Anti-Corruption Work Plan" and established an anti-corruption team, with the general manager serving as the team leader, the chief financial officer as the deputy team leader, and the responsible persons from each department as members. The team is responsible for coordinating the investigation and handling of corruption issues, following up on violations in accordance with the systems and regulations, and handling reports and related reward arrangements to maintain operational order and internal discipline.



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



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



- 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, SOCIAL AND GOVERNANCE REPORT

## Environmental Protection

### *Environmental Management*

In accordance with the environmental management policy of “pollution prevention, energy saving, consumption reduction and compliance with laws and regulations”, the Group incorporates environmental management requirements into production and daily operation processes, and continuously optimizes resource utilization and emission control arrangements.

The Group’s production processes involve the consumption of energy and raw materials, and also generate emissions such as dust and exhaust gas. To reduce the impact on the environment, we have improved our energy efficiency and pollution control measures by optimizing process technology and equipment management. During the year, the Group was in compliance with the standards required by relevant laws and regulations in terms of environmental supervision and assessment.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Management Structure

The Group has set up an “environmental protection leading group”, which is coordinated by the general manager, with the participation of the deputy general manager and management representatives. Each department promotes environmental management in accordance with their respective responsibilities. The Group conducts regular environmental inspections, internal audits and management reviews to monitor emissions and compliance, and makes improvements based on the inspection results.



Environmental Management Objective (Cement Business Segment)	Progress of 2025
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 Environmental Risk Factors

The Group conducts environmental factor identification and assessment in accordance with the “Environmental Factors Identification and Evaluation Procedures”, and an evaluation team consisting of the deputy general manager and the responsible personnel of each department and workshop conducts a comprehensive evaluation of the environmental factors identified by each department. In 2025, the Group’s cement segment identified a total of 825 environmental factors and 16 key environmental factors.

To standardize the operation of environmental emergency management, the Group’s rare earth segment has formulated and implemented an “Environmental Emergency Response Plan”, clearly defining the emergency response procedures and division of responsibilities. It also regularly entrusts third-party testing organisations to carry out environmental testing, covering items such as waste gas, waste water and noise, and follows up based on the test results. We also inspect and record the operation of equipment and the management of hazardous chemicals to ensure that risk management and control comply with the requirements of laws and regulations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Responding to Climate Change*

Climate change has emerged as an important structural factor affecting the global economy and industrial operations, and it has an impact on business operations and operating costs through extreme weather events, energy transitions, and regulatory changes. Based on the characteristics of its own industry, the Group carefully assesses the potential impact of climate factors on operations, cost structure and capital planning, and promotes climate-related work through four core dimensions of “governance, strategies, risk management, indicators and objectives”. In addition, with reference to the “ESG Reporting Code” of the Hong Kong Stock Exchange and the framework of “International Financial Reporting Standards S2 – Climate-related Disclosures” (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”), the Group continuously improves its climate governance framework.

## **Governance**

To systematically address climate-related issues, the Group has established a dedicated policy framework. Overall coordination is led by management, while an Energy Management Task Force is responsible for implementing relevant measures. The Group continuously advances energy conservation and emissions reduction efforts and sets clear carbon reduction targets. The Board places strong emphasis on the impact of climate change on business operations and future development, and recognizes the importance of effectively identifying and managing climate-related risks while capturing potential opportunities to support the Group’s long-term, stable growth. As the highest decision-making body, the Board bears ultimate responsibility at the strategic level, overseeing and determining the Group’s strategic direction and monitoring its execution.

To further enhance governance clarity and execution, the Board receives at least annual briefings from management on climate risk assessments, energy management performance, and policy developments. It also evaluates the impact of climate-related issues on the Group’s medium- to long-term strategy, and, where necessary, introduces external professional advice or training support to strengthen its understanding of climate risks, policy trends, and industry transition dynamics. In addition, the Group plans to progressively assess the feasibility of incorporating quantifiable climate performance indicators into its remuneration and incentive systems, with the aim of strengthening accountability and improving implementation effectiveness.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Strategy and Risk Management

### Identification of Risks and Opportunities

To enhance the systematic and forward-looking assessment of climate-related risks and opportunities, the Group integrates the characteristics of its operating locations and the cement manufacturing industry to conduct structured analyses of climate-related risks and opportunities. It identifies and classifies those with significant operational impacts, including six physical risks, four transition risks, and five opportunities, and organizes their potential financial impacts along with corresponding response measures.

In terms of climate scenario setting, the Group refers to the Shared Socioeconomic Pathways (SSP) proposed in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6). It selects SSP1-2.6, representing a lower-emissions transition pathway, and SSP5-8.5, representing a high-emissions development pathway, as the basis for analysis to support the identification and trend assessment of climate-related physical and transition risks. Given that these scenario models involve long-term macroeconomic assumptions, evolving policy pathways, and multiple uncertain parameters, the Group has not yet developed reliable quantitative assessments of the specific financial impacts of climate-related risks and opportunities at this stage. These include comparable financial data such as revenue changes, cost structures, asset impairment risks, capital expenditure planning, and cash flows. Looking ahead, the Group will progressively enhance the depth and level of quantification in its scenario analysis by aligning with business development plans, industry policy changes, and the maturity of its data foundation. Subject to the availability of conditions and data, the Group will prudently disclose quantitative assessments of the related financial impacts when appropriate.

In terms of time horizon setting, the Group refers to key milestones under the national “carbon peaking and carbon neutrality” policy targets, and categorizes the assessment of climate-related risks and opportunities into three phases: short term (2025-2030), medium term (2030-2050), and long term (beyond 2050). These risks and opportunities are further evaluated and graded based on their likelihood of occurrence and potential impact.



**Low Risk**

Low likelihood of occurrence within the expected time horizon, with limited potential impact on the Group.



**Medium Risk**

Moderate likelihood of occurrence within the expected time horizon, with a moderate potential impact on the Group.



**High Risk**

High likelihood of occurrence within the expected time horizon, with significant potential impact on the Group.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In conducting the identification and assessment of climate-related risks and opportunities, the Group takes into account the business characteristics of the cement manufacturing industry, and refers to industry development trends and policy directions to establish analytical assumptions and evaluation bases for different types of climate-related issues. With respect to physical risks, the Group assumes that extreme weather events and long-term climate changes may affect, over different time horizons, the operation of production facilities, the supply of raw materials, logistics arrangements, and energy demand, and may also increase maintenance costs and operating expenditures. Regarding transition risks, the Group assumes that climate-related policy and regulatory requirements, carbon emission constraints, technological advancements, and shifts in market preferences may impact compliance management, operating costs, and capital expenditure planning. In terms of transition opportunities, the Group assumes that, in line with the advancement of low-carbon development trends, improvements in energy efficiency and the adoption of renewable energy will help optimize the cost structure and enhance long-term competitiveness. These assumptions are intended solely to support the analysis and assessment of climate-related risks and opportunities and do not constitute forecasts of future climate scenarios, policy developments, or operating performance. At the same time, the Group will review and update these assumptions in a timely manner in response to business development and changes in the external environment.

During the year, the Group conducted an assessment of climate-related risks and opportunities with the direct involvement of the Board and management. The results are as follows:

### Physical Risks

Physical Risks		SSP1-2.6 Scenario			SSP5-8.5 Scenario		
		2025-2030	2030-2050	After 2050	2025-2030	2030-2050	After 2050
Acute Risks	• Typhoons and storm surges	●	●	●	●	●	●
	• Extreme precipitation and floods	●	●	●	●	●	●
	• Heatwaves	●	●	●	●	●	●
Chronic Risks	• Water stress	●	●	●	●	●	●
	• Sea level rise	●	●	●	●	●	●
	• Rising average temperature	●	●	●	●	●	●

● Low risk   ● Medium risk   ● High risk

Under the SSP1-2.6 low-emission scenario, the climate-related physical risks identified by the Group are assessed as low in the short, medium, and long term. According to the scenario analysis results, the potential impact of acute risks (such as typhoons, extreme precipitation, floods, and heatwaves) and chronic risks (such as water stress, sea level rise, and rising average temperature) on the Group's operational arrangements and cost structure is limited overall, with no significant intensifying trend observed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under the SSP5-8.5 high-emission scenario, although the cumulative effects of climate change may manifest over the medium to long term, based on the Group’s existing operational footprint and risk management arrangements, the relevant acute and chronic physical risks are still assessed as low across all time horizons. Overall, under both scenarios, the physical risks currently faced by the Group’s operating environment remain within a manageable and controllable scope.

## Transition Risks

Transition Risks	SSP1-2.6 Scenario			SSP5-8.5 Scenario		
	2025-2030	2030-2050	After 2050	2025-2030	2030-2050	After 2050
Policy and Legal Risks	●	●	●	●	●	●
Technological Risks	●	●	●	●	●	●
Market Risks	●	●	●	●	●	●
Reputational Risks	●	●	●	●	●	●

● Low risk   
 ● Medium risk   
 ● High risk

Under the SSP1-2.6 low-emission scenario, transition risks are generally maintained at low to medium levels. Policy, technological, and reputational risks are low across all time horizons; market risk rises to a medium level in the period after 2050, reflecting the potential for gradually increasing market requirements regarding emissions performance and product competitiveness amid the deepening low-carbon transition.

Under the SSP5-8.5 high-emission scenario, policy and regulatory risks are at a medium level across all time horizons, while market risk rises to a medium level over the medium to long term, indicating that policy uncertainty and market changes may have certain implications for compliance costs and the competitive environment. Technology and reputational risks remain at a low level under both scenarios.

Overall, transition risks exhibit a trend of temporal differentiation across different scenarios but remain within a manageable scope based on current assessments.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Transition Opportunity

Opportunity	Expected Time to Achieve		
	2025-2030	2030-2050	After 2050
Resource Efficiency – Energy Conservation and Waste Reduction	✓		
Energy Sources – Green Operation	✓		
Product and Service – Low Carbon Product Development	✓		
Market – Low Carbon Building Material and Emerging Market Expansion		✓	
Climate Resilience – Operational Stability		✓	

The scenario analysis results indicate that the Group’s climate-related transition opportunities are primarily concentrated in the short term (2025-2030) and medium term (2030-2050). In the short term, opportunities related to resource efficiency and energy structure optimization are particularly prominent. By promoting energy-saving technological transformations and increasing the proportion of renewable energy applications, the Group can reduce energy costs while improving emissions performance.

Over time, as we move beyond 2030, market demand for low-carbon building materials and green supply chains may gradually increase, and opportunities related to low-carbon product optimization and green market expansion will progressively emerge. By continuously improving energy efficiency, optimizing production processes, and strengthening operational resilience, the Group can respond to policy and market changes while consolidating its long-term competitive advantages.

Overall, under different scenarios, transition opportunities exhibit a phased pattern over time, providing potential development space for the Group in terms of cost management and market positioning.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Potential Impact and Measures

Type of Risk	Description	Possible Financial Impact	Measures
Physical Risks			
Acute Risks	The frequency and intensity of extreme weather such as typhoon and rainstorm increased	<ul style="list-style-type: none"> <li>– Extreme weather may lead to equipment failure, disruptions in the supply of raw materials and fuel, and increased energy consumption, thereby raising maintenance and operational costs;</li> </ul>	<ul style="list-style-type: none"> <li>– Establish a systematic climate response training mechanism to enhance employee awareness and responsiveness to extreme weather risks;</li> </ul>
Chronic Risks	Rising temperature in long-term and rising water stress	<ul style="list-style-type: none"> <li>– Extreme or prolonged high temperatures may increase the operational load of cooling and air conditioning systems at facilities, consequently driving up energy usage and related expenses;</li> <li>– Under sustained high-temperature conditions, employee health risks and operational efficiency may be affected, with potential absenteeism and production volatility posing adverse impacts on the cost structure.</li> </ul>	<ul style="list-style-type: none"> <li>– Adopt energy-efficient cooling equipment and technologies to reduce energy consumption while ensuring production safety;</li> <li>– Reasonably adjust production schedules and increase investment in occupational health and safety to stabilize production capacity and improve operational efficiency.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Risk	Description	Possible Financial Impact	Measures
Transition Risks			
Policy and Legal Risks	Stricter regulatory requirements related to greenhouse gas emissions	<ul style="list-style-type: none"> <li>– If greenhouse gas emissions exceed regulatory requirements, this may result in compliance penalties or related legal proceedings, increasing legal and compliance costs;</li> </ul>	<ul style="list-style-type: none"> <li>– Continuously monitor the latest developments in climate-related laws and regulations, improve greenhouse gas management mechanisms, and establish phased emission reduction targets;</li> </ul>
Technological Risks	Accelerated iteration of low-carbon technologies, potentially rendering existing equipment obsolete	<ul style="list-style-type: none"> <li>– Increased investment in new technology applications and high-efficiency environmental protection equipment may drive up capital expenditures and operational costs;</li> </ul>	<ul style="list-style-type: none"> <li>– Actively assess and promote the application of cleaner production technologies, carefully analyzing their technical feasibility and economic benefits;</li> </ul>
Market Risks	Higher customer demands for low-carbon products and quality standards; overcapacity and price competition	<ul style="list-style-type: none"> <li>– Rising customer requirements for low-carbon products and environmental standards may pose challenges to product specifications, production processes, and delivery arrangements, while also increasing associated service costs;</li> </ul>	<ul style="list-style-type: none"> <li>– Regularly review changes in market demand, flexibly optimize production schedules, and enhance operational resilience while ensuring product quality and delivery stability;</li> </ul>
Reputational Risks	Insufficient ESG performance and climate disclosure affecting financing and bidding opportunities	<ul style="list-style-type: none"> <li>– Fluctuations in raw material prices influenced by carbon policies or market factors may lead to higher production costs, placing pressure on overall operations.</li> </ul>	<ul style="list-style-type: none"> <li>– Establish a diversified supply system to mitigate supply risks, and advance the stable supply management of key raw materials to reduce the impact of price fluctuations on costs.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Opportunity	Description	Possible Business Impact	Measures
Resource Efficiency – Energy Conservation and Waste Reduction	Improvement of the efficiency of energy and resource used in production processes such as clinker calcination, grinding, and waste heat utilization	<ul style="list-style-type: none"> <li>Optimize production processes and technologies, reduce energy and raw material costs and increase production capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt high-efficiency equipment and intelligent management system to optimize resource allocation.</li> </ul>
Energy Sources – Green Operations	Gradual increase of the proportion of renewable energy used in the production process to promote the optimization of the energy mix	<ul style="list-style-type: none"> <li>In the long term, reduce operating costs by saving energy costs and reducing carbon tax and compliance costs.</li> </ul>	<ul style="list-style-type: none"> <li>Increase investment in clean energy infrastructure and optimize the structure of electricity consumption.</li> </ul>
Products and Services – Low-Carbon Product Optimization	The growing demand for low-clinker cement and low-carbon building materials helps support downstream customers in reducing carbon emissions and enhancing their market competitiveness	<ul style="list-style-type: none"> <li>Create potential revenue opportunities by increasing product added value and market differentiation.</li> </ul>	<ul style="list-style-type: none"> <li>Optimize clinker ratios and product mix, and assess carbon footprints and relevant certification arrangements.</li> </ul>
Market Opportunities – Low-Carbon Building Materials Expansion	Green infrastructure and low-carbon procurement policies are driving increased demand for low-carbon building materials	<ul style="list-style-type: none"> <li>Expand market presence of green projects and enhance competitive advantages in bidding.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen market analysis and customer communication, and optimize product performance to comply with new requirements.</li> </ul>
Climate Resilience – Operational Stability	Improvement of operational stability under extreme weather conditions by enhancing the supply chain resilience and disaster preparedness	<ul style="list-style-type: none"> <li>Reduce the risk of production disruptions and strengthen investor and customer confidence.</li> </ul>	<ul style="list-style-type: none"> <li>Diversify supply sources, and improve drainage and emergency management arrangements.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Greenhouse Gas (GHG) Emission Management*

In terms of GHG management, the Group conducted emission identification, quantitative calculation and information disclosure with reference to the requirements of the “GHG Protocol” and the “How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the Hong Kong Stock Exchange. The operational control approach was selected to define the inventory boundary, and the Group has completed the reporting of GHG inventory for the operational sites.

The Group’s GHG emission inventory covers direct emissions generated from production processes (Scope 1) and indirect emissions from purchased electricity (Scope 2). Scope 1 emissions mainly include natural gas consumption, fuel combustion from non-road mobile machinery, and vehicles’ fuel combustion. Relevant emissions are calculated using the method of “activity data × emission factor × global warming potential (GWP)”. The activity data is primarily sourced from the operational statistics records of subsidiaries, energy usage ledgers and utility bills; emission factors and global warming potential values are referenced from the latest available national or regional grid emission factors and internationally recognized parameters. Scope 2 GHG emissions are calculated using the location-based method.

During the emission accounting and disclosure process, the Group also complies with the relevant requirements of the “Notice on the Organization of Greenhouse Gas Emission Reporting for Key Enterprises and Public Institutions (NDRC Climate [2014] No. 63)” issued by the National Development and Reform Commission, the “Interim Measures for the Administration of Carbon Emission Trading” and the “Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions by Chinese Cement Producers (Trial Version)” to ensure the compliance and consistency of emission data.

During the year, the Group’s total GHG emissions are 20,276.93 tCO<sub>2</sub>e. Among these, Scope 1 emissions were 651.94 tCO<sub>2</sub>e and scope 2 emissions were 19,624.99 tCO<sub>2</sub>e. The emission intensity was 0.088 tCO<sub>2</sub>e per thousand HK\$ revenue.

Regarding Scope 3 emissions, the Group is gradually evaluating the applicability and availability of data collection, and the relevant quantitative disclosure is still in a phase of continuous improvement. In the future, based on the data foundation and management maturity, the Group will gradually expand the inventory scope and enhance disclosure completeness. In terms of emission reduction targets, following further clarification of the accounting boundary and base year, the Group will prudently assess the establishment of quantifiable medium-to-long-term emission reduction targets and implementation pathways in conjunction with its business development plans, and will enhance the depth of related disclosures as appropriate.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Energy Usage*

The Group strictly complied with the “Energy Conservation Law of the People’s Republic of China” in carrying out energy management and formulated the “Energy Management Handbook” to regulate energy usage and emission control requirements. The Group has passed the national energy management system certification, and continued to promote process optimization and energy conservation measures in accordance with the system requirements.

In 2025, the Group continued to advance energy conservation and emission reduction efforts. During the year, it invested approximately RMB150,000 to transform the mill system’s energy performance and enhance equipment operation efficiency and energy utilization. Upon completion, the transformation is projected to save 1 million kWh of electricity annually, supporting the reduction of energy consumption intensity and greenhouse gas emission management, while improving production efficiency. The Group also strengthened the daily maintenance and optimization of environmental protection infrastructure to ensure stable operation of relevant equipment, enhance pollutant control levels, and promote compliance with environmental management requirements.

During the year, the Group’s main energy consumption came from the use of electricity, natural gas, petrol and diesel, amounting to 36,986 MWh, 2,427 MWh, 382 MWh and 54 MWh, respectively. The total energy consumption was 143,457 GJ, and the energy consumption intensity was 0.62 GJ per thousand HK\$ revenue, representing an increase of 17.04% in total energy consumption compared with 2024.

## *Renewable Energy Adoption*

The rare earth segment has adopted a photovoltaic power generation facility at its plant site, with the electricity generated used for production and daily operations. During the year, the photovoltaic power generation amounted to 204,232.94 kWh. Through the adoption of renewable energy, the Group has reduced its demand for purchased electricity and its reliance on traditional energy sources to a certain extent, and has arranged for the connection of surplus electricity to the grid in accordance with policy requirements. Looking ahead, the Group will continue to review the application of renewable energy and its energy mix based on operational realities and technological conditions.

## *Water Resources Management*

The Group’s water consumption is primarily sourced from urban tap water, mainly used for production and office operations. In 2025, total water consumption was 20,444 tonnes, with an intensity of 0.088 tonnes per thousand HK\$ revenue. Wastewater, after treatment to meet standards, is primarily reused for greening purposes. The Group continuously promotes water recycling and wastewater management measures to reduce reliance on external water resources and minimize discharges. The Group has no issues in securing suitable water sources.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Emission Control

### *Exhaust Gas Emissions*

The Group manages exhaust gas emissions in accordance with regulatory requirements, including the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China”, the “Emission Standards for Air Pollutants from the Cement Industry”, and the “Integrated Emission Standards for Air Pollutants”. Production facilities are equipped with pollution control equipment, and online monitoring is conducted for emissions from cement kilns to ensure compliance with regulatory standards. The Group also conducts annual inspections of its operational vehicles to ensure emissions comply with requirements. During the autumn and winter seasons, the Group initiates emission reduction measures as required by local regulations, adjusting production schedules and enhancing emission control to mitigate pollution risks.



Stop using National IV and below heavy goods vehicles (including gas) for transportation

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Strengthen the inspection of emission control facilities to ensure their normal operation, so as to improve the efficiency of emission control

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Store as much low sulphur and low ash smoke coal as possible in the production process

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Optimise production processes with emphasis on refinement of operations

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Strengthen supervision efforts to ensure proper safeguarding measures

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Increase the frequency of road watering in the plant area and the use of fog cannons for spraying at dust emission points to reduce emissions

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Purify exhaust gases through bag-type dust collectors, with emission limits for major pollutants implemented in accordance with applicable laws and regulations at the operating location

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### Major Emission Reduction Measures

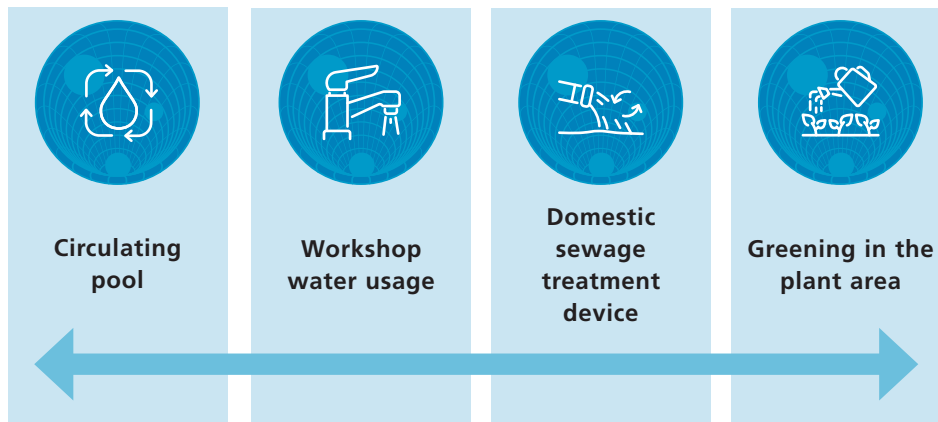
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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 the environment. During the year, non-hazardous waste generated amounted to 40.35 tonnes, with an intensity of 0.175 kilograms per thousand HK\$ revenue; hazardous waste generated amounted to 2.33 tonnes, with an intensity of 0.010 kilograms per thousand HK\$ revenue. The hazardous waste was entirely derived from the rare earth segment, including maintenance waste oil and machining oil sludge. The Group’s production and operation also require the use of laminated plastic woven bags and cartons as packaging materials, with consumption during the year amounting to 63.30 tonnes and 2.77 tonnes, respectively. By strengthening equipment maintenance and material management, the Group extends the service life of certain consumables, thereby reducing waste generation and resource wastage.

## Wastewater Management

The Group implements wastewater management in accordance with regulations such as the “Water Pollution Prevention and Control Law of the People’s Republic of China” and the “Integrated Wastewater Discharge Standard”. Production and domestic sewage are treated through treatment facilities and then reused for greening and recycling purposes within the plant area. Closed-loop water reuse arrangements are adopted in the production process to enhance water use efficiency and minimize discharge. During the year, approximately 14,352 liters of wastewater were generated, all of which were treated and subsequently recycled for reuse.



**Closed-circuit Water Recycling System**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Noise Management

In terms of noise control, the Group manages and monitors in accordance with the "Emission Standard for Industrial Enterprises Noise at Boundary" and commissions third-party organizations to regularly conduct environmental noise monitoring within the plant area. The monitoring results during the year all complied with applicable emission standards. In daily operations, the Group reduces noise generated during operation by installing noise reduction facilities on production equipment and strengthening equipment maintenance, while continuously reviewing the impact of plant operations on the surrounding environment.

## Green Operations

The Group implements resource conservation measures in its operations and office practices, including promoting paperless operations, optimizing energy use, and managing materials, integrating energy-saving and consumption-reduction elements into daily workflows.



Regularly monitor the consumption volume of paper, toner cartridges and ink cartridges

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Encourage employees to separate waste sources and recycle waste

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Promote green information and electronic communication to implement "paperless system" and "systematization" concepts

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Place environmental tips to improve employee's awareness of environmental protection

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Promote double-sided printing

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The Group continues to advance the management of greening maintenance efforts. During the year, the Group's rare earth segment optimized its greening management model, establishing a dedicated personnel responsibility mechanism, with full-time horticulturists coordinating daily maintenance of greenery in office areas, living quarters, and plant sites. Relevant tasks include pruning, fertilizing, watering, basic pest control, and cleaning of green areas to maintain the quality of plant-site landscaping and environmental tidiness.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Response to Major Environmental Accidents*

The Group references regulations such as the “Environmental Protection Law of the People’s Republic of China” and the “Emergency Management Measures for Environmental Emergencies” to establish an environmental accident emergency management system. It has also formulated documents including the “Emergency Management Plan for Environmental Emergencies”, the “Emergency Preparedness and Response Control Procedures”, and the “Accident Handling Control Procedures” to standardize the reporting, handling, and subsequent follow-up processes for environmental emergencies. Additionally, the Group regularly organizes emergency drills covering scenarios such as fire accidents, environmental pollution incidents, and hazardous chemical leaks to enhance employees’ response capabilities for unexpected situations, ensuring that appropriate measures can be taken according to established procedures in the event of an environmental accident, thereby minimizing the impact on operations and the surrounding environment.

## **People-Oriented**

### *Health and Safety*

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,” and has obtained ISO 45001:2018 Occupational Health and Safety Management System certification. Taking into account actual operational conditions, we continuously optimize the occupational health and safety management system, strengthen supervision and training arrangements, and ensure the effective implementation of relevant measures.

For the cement business segment during the year, we completed risk identification and assessment in accordance with the “Hazard Identification, Risk Assessment, and Control Procedure”. A total of 636 hazards were identified, including 14 medium and high-risk hazards, and we implemented the corresponding control measures. To strengthen institutionalized management, the Group has established operation control procedures, covering procurement, emergency preparation and response, accident handling, fire safety management for flammable and explosive materials, non-compliance and corrective preventive measures, and waste management, under the overall supervision of the Safety and Environment Department to enhance the occupational safety and health management of all business operation links.

Meanwhile, the Group’s rare earth segment has identified the safety and health risks that employees may face based on its operational characteristics, including risks associated with mechanical equipment operation, electrical safety risks, risks of object collision during material handling, as well as occupational health factors such as dust and noise. To strengthen risk management, this segment has equipped equipment with necessary protective devices and conducted regular inspection and maintenance, improved electrical protection and earthing systems, and standardized management arrangements for material handling. It has also adopted ventilation and dust removal and noise reduction measures, provided employees with personal protective equipment, and carried out safety training and occupational health examinations, to support a safe and healthy working environment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Safety Production

The Group has incorporated work safety management into the framework of daily operation systems and established a clear division of responsibilities and supervision mechanism. We regularly conduct equipment inspection and maintenance work, and organize monthly special inspections covering equipment operation, safety management, environmental hygiene, occupational health, labor discipline, as well as lubrication of special equipment and main equipment, promoting risk management in an institutionalized manner. At the same time, we continuously review and improve safety protection measures, clarify the configuration requirements for essential safety supplies, standardize the management of the distribution and use of labor protection articles, and strengthen the management of hazardous chemicals in warehouses. We also strictly require our laboratory inspectors and personnel in special positions to hold a certificate to take up their posts, ensuring that relevant positions comply with professional norms. The Group's rare earth segment has formulated an "Emergency Response Plan for Production Safety Accidents", and enhanced emergency response capabilities through forward-looking planning and analysis, so as to safeguard the safety of personnel, property and the ecological environment. In the past three years, the Group has recorded zero work-related fatalities.

Safety Management Objectives of the Cement Segment	Progress of the Year 2025
Zero major production accidents incidence rate	Achieved
Zero safety accidents incidence rate	Achieved
Zero occupational disease incident rate	Achieved

### Occupational Safety Target and the Progress of the Cement Segment in 2025

Safety Management Objectives of the Rare Earth Segment	Progress of the Year 2025
Zero serious injury and work-related fatality accident	Achieved
Zero newly diagnosed occupational disease cases	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

### Safety Production Target and the Progress of the Rare Earth Segment in 2025

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Safety Education

The Group has continued to conduct training related to occupational health and safety. During the year, we recorded a total of 465 participants attended such training, amounting to a cumulative total of 1,032 training hours. Through the ongoing training arrangements, we support the implementation of occupational health and safety management requirements and enhance employees' understanding of and ability to implement the safety management systems.



During the year, the Rare Earth Business Segment of the Group continuously advanced occupational health and safety education work. It launched a series of training sessions and emergency drills focusing on fire safety, production safety and special equipment management, including fire safety knowledge training, emergency evacuation drills, emergency response drills for forklifts and pressure vessels, special thematic training for Work Safety Month, and work injury prevention training. Through multi-level education and hands-on drill arrangements, the Group supports employees in enhancing safety awareness and emergency response capabilities, and promotes the implementation of safety management requirements in daily operations.

## Employment Practices

The Group attaches importance to an employment environment featuring equality, diversity and inclusiveness, ensures 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 "Personnel Management System", to safeguard the legitimate rights and interests of our employees.

In terms of recruitment management, the Group adheres to the principles of "comprehensive assessment, merit-based employment, appointment on merit, internal priority selection followed by external recruitment", to recruit talents that meet our development needs. The Administrative Measures for Employee Recruitment clarifies recruitment procedures and selection criteria, ensuring standardized and orderly processes.

The Group only employs personnel aged sixteen or above. Identity documents are strictly verified during recruitment to guarantee the authenticity and consistency of relevant information. If any non-compliance is identified, we will immediately terminate relevant recruitment arrangements, report the matter to local labor authorities in accordance with regulations, and provide necessary physical examinations and support services, with all related expenses borne by the Company. Employees have the statutory right to resign. We collect suggestions through exit interviews to continuously improve our management arrangements.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Employing Department fills in the "Staff Recruitment Demand List" according to the actual personnel needs and initiates the recruitment procedures upon approval



The human resources office coordinates recruitment channels and selection arrangements and conducts preliminary screening in accordance with regulations



Relevant departments and the management team participate in interview evaluations, and determine the recruited candidates through comprehensive review



The human resources office handles onboarding procedures, including document verification and labor contract signing



New employees formally take up their posts upon completing the arranged training

## Employee Recruitment Process

### *Employee Rights and Care*

The Group formulates remuneration and welfare systems based on its operational conditions and industry standards. The remuneration structure includes basic salary, overtime pay and performance bonus, and provides subsidies such as holiday allowance and high-temperature allowance. We pay five social insurances and one housing fund, including pension insurance, medical insurance, unemployment insurance, maternity insurance and housing provident fund, for our employees in accordance with the law. Employees are entitled to paid leave such as marriage leave, maternity leave and statutory holidays in accordance with the law.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Staff Training

The Group places emphasis on the development of its employee training system. Training content primarily covers environmental management, quality management, occupational health and safety, as well as requirements related to specialized positions. Training themes and arrangements are tailored to the needs of different departments and job functions. Training is delivered through a combination of internal sessions and external professional programs. The effectiveness of the training is assessed through on-site questioning, evaluation, and practical examinations to ensure that the knowledge gained can be effectively applied in daily work. The Group also continuously refines its training arrangements based on employee feedback, thereby supporting the ongoing development of staff capabilities.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Training Related to Professional Skills</b> 	<b>Training Related to Environment and Integrated Management</b> 
Dissemination of "Laboratory Quality Management Manual"	Training of Management Handbook and procedure documents
Training on "Standard Test Method for Water Requirement of Normal Consistency, Setting Time and Soundness of Cement"	Conference on dual carbon governance work
Training for professional and technical personnel of cement enterprises	Training on the criteria for identifying major accident hazards and the identification and control of major and above risks in the port sector
"One Hundred Teams, One Million Enterprises, Ten Million Employees" Work Safety Training	Training on online monitoring management for provincial platform-connected enterprises
Training on safe production	
Training for central control office operator	

### Key Training Contents for Cement Segment in 2025

In 2025, the Group's rare earth business segment advanced employee training and career development management in line with operational needs. Training efforts during the year focused on skills enhancement, particularly in equipment operation and process safety, while maintaining a dual-track development mechanism covering both management and professional technical career paths. Performance management was assessed based on training participation and job performance, with the results serving as a key reference for remuneration and promotion decisions. During the year, the Human Resources Department completed its annual review of training and promotion management systems and proposed enhancements to training planning, effectiveness tracking, and feedback mechanisms. These improvements will be progressively implemented in 2026.

### Social Investment

The Group places emphasis on its corporate social responsibility and continues to focus on the development of the communities in which it operates and the needs of public affairs. Through compliant operations and stable development, it supports the local economy and social environment. The Group maintains communication with the communities in which it operates and relevant organizations, and timely assesses the arrangements for participation in social welfare initiatives to support the long-term development of the communities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Environmental Protection Law of the People’s Republic of China</li> <li>• Water Pollution Prevention and Control Law of the People’s Republic of China</li> <li>• Atmospheric Pollution Prevention and Control Law of the People’s Republic of China</li> <li>• Law of the People’s Republic of China on Prevention and Control of Pollution from Environment Noise</li> <li>• Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</li> <li>• Ambient Air Quality Standard</li> <li>• Integrated Emission Standards for Air Pollutants</li> <li>• Integrated Wastewater Discharge Standard</li> <li>• Emission Standard for Industrial Enterprise Noise at Boundary</li> <li>• Emission Standards for Air Pollutants from the Cement Industry</li> <li>• Energy Conservation Law of the People’s Republic of China</li> <li>• Emergency Management Measure for Environmental Emergencies</li> </ul>	<p>During the year, the Group did not record any cases of non-compliance with relevant laws and regulations that could have a material impact on the Group in respect of emissions of exhaust gases and greenhouse gases, discharges to water and land, or the generation of hazardous and non-hazardous waste, nor were there any material impact on the environment or biodiversity. Furthermore, the Group did not experience any issues in sourcing suitable water.</p>
<b>Safety</b>	<ul style="list-style-type: none"> <li>• Production Safety Law of the People’s Republic of China</li> <li>• Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases</li> <li>• Special Equipment Safety Law of the People’s Republic of China</li> <li>• Regulation of the People’s Republic of China on Prevention and Control of Pneumoconiosis</li> <li>• Fire Control Law of the People’s Republic of China</li> <li>• Regulations of Jiangsu Province on Firefighting and Prevention</li> <li>• Regulation on Work-related Injury Insurance of Jiangsu Province</li> </ul>	<p>During the year, the Group did not record any non-compliance with laws and regulations that could have a material impact on the Group in respect of providing a safe working environment and protecting employees from occupational hazards.</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ASPECTS	LAWS AND REGULATIONS	COMPLIANCE DETAILS
<b>Employment</b>	<ul style="list-style-type: none"> <li>• Labor Law of the People’s Republic of China</li> <li>• Labor Contract Law of the People’s Republic of China</li> <li>• Provisions on the Prohibition of Using Child Labor</li> <li>• Social Insurance Law of the People’s Republic of China</li> <li>• Law of the People’s Republic of China on the Protection of Women’s Rights and Interests</li> <li>• Law of the People’s Republic of China on the Protection of Disabled Persons</li> </ul>	<p>During the year, the Group did not record any non-compliance with laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, other treatment and benefits, and the prevention of child labour and forced labour.</p>
<b>Product Responsibility</b>	<ul style="list-style-type: none"> <li>• Quality Management Procedures of Cement Enterprise</li> <li>• Basic Conditions of Cement Enterprise Laboratory</li> <li>• Product Quality Law of the People’s Republic of China</li> <li>• Advertising Law of the People’s Republic of China</li> <li>• Patent Law of the People’s Republic of China</li> <li>• Trademark Law of the People’s Republic of China</li> <li>• Copyright Law of the People’s Republic of China</li> <li>• Personal Data (Privacy) Ordinance of Hong Kong</li> <li>• Hong Kong Intellectual Property Laws</li> </ul>	<p>During the year, the Group did not record any non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy, nor did it record any remedial measures related to its products and services, nor did it recall any products for health and safety reasons.</p>
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>• Criminal Law of the People’s Republic of China</li> <li>• Anti-unfair Competition Law of the People’s Republic of China</li> <li>• Prevention of Bribery Ordinance of Hong Kong</li> </ul>	<p>During the year, the Group did not record any corruption litigation cases that were filed against the Group or its employees and have been concluded, nor did it record any non-compliance with laws and regulations that could have a material impact on the Group in respect of bribery, extortion, fraud and money laundering.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Performance Data Summary

		2025	2024
<b>Environment<sup>1</sup></b>	<b>Resource Consumption</b>		
	Energy consumption (GJ)	143,457	122,572
	Energy consumption intensity (GJ per thousand HK\$ revenue)	0.62	0.55
	Electricity (kWh)	36,986,404	27,985,461
	Bitumite (Tonnes)	0	0
	Petrol (kg)	31,688	47,705
	Diesel <sup>2</sup> (kg)	4,521	9,746
	Water resource (Tonnes)	20,444	33,419
	Water recourses consumption intensity (Tonnes per thousand HK\$ revenue)	0.088	0.149
	<b>Emission</b>		
	Greenhouse gas emission (tCO <sub>2</sub> e)		
	Scope 1: direct carbon emission	652	1,279
	Scope 2: indirect carbon emission	19,625	15,960
	Total	20,277	17,239
	Greenhouse gas emission intensity (tCO <sub>2</sub> e per thousand HK\$ revenue)	0.09	0.08
	<b>Gas Emission (kg)</b>		
	NO <sub>x</sub>	1,746	2,047
	SO <sub>x</sub>	1,062	1,643
	PM	1,205	931
	Mercury	0	0
	Ammonia	0	0
	Fluoride	0	0
	<b>Waste (Tonnes)</b>		
	Hazardous waste	2.33	0.02
	Non-hazardous waste		
	Generated	40	78
	Recycled	40	78
	Disposed	0	0
	<b>Sewage (Liters)</b>		
	Generated	14,352	26,907
Recycled	14,352	26,907	
Disposed	0	0	
<b>Packaging Materials (Tonnes)</b>			
Compound plastic bags	63	72	
Carton boxes	3	5	

<sup>1</sup> Cement kiln of cement segment ceased operation in 2024

<sup>2</sup> The 2024 data has been revised

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		2025	2024
<b>Employee</b>	<b>Total Headcount</b>		
	By region		
	Hong Kong	0	0
	Chinese Mainland	235	265
	By age		
	≤30	22	22
	31-50	122	140
	≥51	91	103
	By gender		
	Male	153	172
	Female	82	93
	By employment type		
	Full-time	225	258
	Part-time	10	7
	By function		
	Management	43	49
	General employees	192	216
	<b>Employee Turnover Rate (%)</b>		
	By region		
	Hong Kong	-	-
	Chinese Mainland	24	61
	By age		
	≤30	77	105
	31-50	12	69
	≥51	26	42
	By gender		
	Male	25	55
	Female	21	73
	<b>Employee New Hire (%)</b>		
	By region		
Hong Kong	-	-	
Chinese Mainland	13	44	
By age			
≤30	91	145	
31-50	4	52	
≥51	5	11	
By gender			
Male	14	34	
Female	11	62	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		2025	2024
	<b>Performance of Occupational Safety and Health</b>		
Occupational Safety and Health	Number of work-related accidents	0	10
	Number of work-related injuries	0	9
	Number of work-related death	0	0
	Lost days due to work-related injury	0	85
	<b>Training on Occupational Safety and Health</b>		
	Total person-times training	465	156
	Total training hours	1,032	450
	<b>Average Training Hours per Employee</b>		
Development and Training	By gender		
	Male	3.07	4.99
	Female	4.00	8.27
	By Function		
	Management	3.23	9.22
	General employees	3.43	18.05
	<b>Suppliers Distribution</b>		
Suppliers	Hong Kong	0	0
	Mainland China	67	104
	<b>Community investment</b>		
Social	Community investment funds (RMB)	0	10,000

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Content Index

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark
<b>Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(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.</li> </ul>	Board Statement
<b>Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following reporting principles in the preparation of the ESG report:</p> <ul style="list-style-type: none"> <li>(a) <b>Materiality:</b> The ESG report should disclose: <ul style="list-style-type: none"> <li>(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.</li> </ul> </li> <li>(b) <b>Quantitative:</b> 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.</li> <li>(c) <b>Consistency:</b> 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.</li> </ul>	About This Report — Reporting Guidelines and Principles
<b>Reporting Boundary</b>	<p>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.</p>	About This Report — Reporting Boundary

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark
<b>A. Environmental</b>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>Environmental Protection – Environmental Management, Emission Control</p>
<b>Aspect A1: Emissions</b>	<p>KPI A1.1 The types of emissions and respective emissions data.</p>	<p>Environmental Protection – Emission Control Performance Data Summary</p>
	<p>KPI A1.2 Repealed on 1 January 2025</p>	<p>–</p>
	<p>KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Environmental Protection –Emission Control Performance Data Summary</p>
	<p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Environmental Protection –Emission Control Performance Data Summary</p>
	<p>KPI A1.5 Description of emission target(s) set and steps taken to achieve them.</p>	<p>Environmental Protection – Emission Control</p>
	<p>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.</p>	<p>Environmental Protection – Emission Control</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark
<b>Aspect A2: Use of Resources</b>	<b>General Disclosure</b>  Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection –Energy Usage, Water Resources 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 Usage Performance Data Summary
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection –Water Resources Management Performance Data Summary
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Energy Usage
	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 – Emission Control
<b>Aspect A3: Environmental and Natural Resources</b>	General Disclosure  Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
	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
<b>Aspect A4: Climate Change</b>	Repealed on 1 January 2025	–
	KPI A4.1 Repealed on 1 January 2025	–

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark	
<b>B. Social</b>  <b>Aspect B1: Employment</b>	<b>General Disclosure</b>  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	
	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
<b>Aspect B2: Health and Safety</b>	<b>General Disclosure</b>  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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark	
<p style="text-align: center;"><b>Aspect B5: Supply Chain Management</b></p>	<p><b>General Disclosure</b></p> <p>Policies on managing environmental and social risks of the supply chain.</p>	<p>Operational Excellence – Supply Chain Management</p>	
	KPI B5.1	<p>Number of suppliers by geographical region.</p>	<p>Operational Excellence – Supply Chain Management Performance Data Summary</p>
	KPI B5.2	<p>Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p>	<p>Operational Excellence – Supply Chain Management</p>
	KPI B5.3	<p>Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p>	<p>Operational Excellence – Supply Chain Management</p>
	KPI B5.4	<p>Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>Operational Excellence – Supply Chain Management</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark
<b>Aspect B6: Product Responsibility</b>	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 B6.2 Number of products and service-related complaints received and how they are dealt with.	Operational Excellence – Customer Service
	KPI B6.3 Description of practices relating to observing and protecting intellectual rights.	Operational Excellence – Intellectual Property Protection
	KPI B6.4 Description of quality assurance process and recall procedures.	Operational Excellence – Product Quality Management
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Excellence – Intellectual Property Protection

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator (KPI)	Disclosure Rules	Section/Remark	
<b>Aspect B7: Anti-corruption</b>	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 prevention of 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
		<b>General Disclosure</b>  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
<b>Aspect B8: Community Investment</b>	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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## IFRS S2 Climate-related Disclosures Content Index

Climate-related Disclosure Description	Section/Remark
<b>Governance</b>	
<b>5 The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.</b>	
<b>6(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</b>	
(i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	Climate Change – Governance
(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed in the future to oversee strategies designed to respond to climate-related risks and opportunities;	The Board regularly receives reports from management on climate-related issues and, where necessary, leverages external professional advice or training support to enhance its understanding of climate risks, policy trends, and industry transformation
(iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
(iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity’s strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	The climate risk management process has been integrated into the Group’s overall risk management framework, with management reporting regularly to the Board. When deliberating on strategic planning, major investments, and risk management matters, the Board takes into account climate-related risks and opportunities, and assesses their potential impact on business operations and financial performance, weighing short-term costs against long-term sustainability
(v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33 to 36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).	The Group has undertaken preliminary planning on climate-related targets, with management tracking progress against relevant metrics. At this stage, climate performance indicators have not yet been formally incorporated into the remuneration mechanism, though the feasibility of doing so will continue to be assessed in the future

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>6(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> <li>(i) whether the role is delegated to a specific management personnel or management-level committee and how oversight is exercised over that personnel or committee; and</li> <li>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</li> </ul>	Climate Change – Governance
<b>Strategy</b>	
<p><b>8 The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.</b></p>	
<p>9(a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10 to 12);</p>	<p>Climate Change – Strategy and Risk Management</p> <p>The Group has conducted a qualitative analysis of the potential impact of climate factors on operations and costs. Given that data availability and quantitative methodologies are still being developed at this stage, the Group is not yet able to provide a reliable quantitative assessment of the specific financial impacts across different time horizons</p>
<p>9(b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraph 13);</p>	
<p>9(c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraph 14);</p>	
<p>9(d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 15 to 21); and</p>	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
9(e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities (see paragraph 22).	Climate Change – Strategy and Risk Management
<b>Climate-related risks and opportunities</b>	
<b>10 An entity shall disclose information that enables users of general-purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:</b>	
10(a) describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	Climate Change – Strategy and Risk Management
10(b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	The Group has developed a climate assessment framework covering different time horizons, taking into account the national "dual carbon" goals and relevant policy directions in Hong Kong. Looking ahead, the Group will continue to deepen the application of scenario analysis, promote the effective integration of climate timeframes with internal planning mechanisms, and enhance the forward-looking nature of resource allocation as well as risk management capabilities
10(c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
10(d) explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Business model and value chain</b>	
<b>13 An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:</b>	
13(a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and	Climate Change – Strategy and Risk Management
13(b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Based on its operational characteristics (such as business locations and supply chain distribution), the areas of risk concentration has been identified and analysed in this report. Due to commercial sensitivity and security considerations, the specific list and geographic locations of the affected assets have not been disclosed
<b>Strategy and decision-making</b>	
<b>14 An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:</b>	
14(a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	Climate Change – Strategy and Risk Management Climate Change – Metrics and Targets
(i) current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities;	Climate Change – Strategy and Risk Management
(ii) current and anticipated direct mitigation and adaptation efforts;	
(iii) current and anticipated indirect mitigation and adaptation efforts;	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;</p>	<p>Given the nature of the Group's business and its operating model, no dedicated climate transition plan has been formulated separately at the current stage. The Group has integrated climate-related factors into its existing risk management and business management frameworks and will continue to monitor changes in policies, regulations, market and customer needs. In the future, the Group will timely assess the climate transition arrangements and their implementation pathways in light of regulatory developments, business environment and data foundation</p>
<p>(v) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33-36.</p>	<p>As the accounting boundary and base year become progressively defined, the Group will formulate medium- and long-term emission reduction targets and implementation pathways in conjunction with its business development plan, and continuously improve relevant disclosures</p>
<p>14 (b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).</p>	<p>The Group gradually allocates resources to address climate-related risks and capture related opportunities through energy-saving technical renovations, equipment upgrades and investment in clean energy</p>
<p>14 (c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).</p>	<p>The Group continuously tracks energy use and greenhouse gas emissions performance. During the reporting period, relevant indicators fluctuated to a certain extent due to changes in business activities, mainly in connection with changes in production scale. The Group will continue to promote energy-saving renovations and energy management measures to enhance energy efficiency and emission management</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Financial position, financial performance and cash flows</b>	
<b>15 An entity shall disclose information that enables users of general purpose financial reporting to understand:</b>	
15(a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	The Group has analyzed the potential directional impacts of key physical and transition risks on its financial performance (e.g., business disruption and compliance costs). As scenario analysis tools and data foundations continue to improve, the Group will gradually advance the quantitative assessment and disclosure of cross-cycle financial impacts in the future to support users of financial reports in understanding and judging relevant risks
15(b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	
<b>16 Specifically, an entity shall disclose quantitative and qualitative information about:</b>	
16(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	
16(b) the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	
16(c) how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> <li>(i) its investment and disposal plans, including plans the entity is not contractually committed to; and</li> <li>(ii) its planned sources of funding to implement its strategy; and</li> </ul>	
16(d) how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Climate resilience</b>	
<p><b>22 An entity shall disclose information that enables users of general purpose financial reporting to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances. In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:</b></p>	
<p>22(a) the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:</p> <ul style="list-style-type: none"> <li>(i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</li> <li>(ii) the significant areas of uncertainty considered in the entity's assessment of its climate resilience;</li> <li>(iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including: <ul style="list-style-type: none"> <li>(1) the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;</li> <li>(2) the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and</li> <li>(3) the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and</li> </ul> </li> </ul>	<p>Climate Change – Strategies and Risk Management</p> <p>The Group conducts analysis using scenarios developed by internationally authoritative bodies (IPCC) and evaluates the evolution of climate risks in light of its operational characteristics. Based on continuous assessment of the macro environment and technological trends, the Group will keep refining its scenario analysis assumptions. Going forward, the Group will enhance the transparency of key assumptions and uncertainties under a more mature disclosure framework, thereby strengthening the credibility of climate-related financial information</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>22(b) how and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> <li>(i) information about the inputs the entity used, including:               <ul style="list-style-type: none"> <li>(1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios;</li> <li>(2) whether the analysis included a diverse range of climate-related scenarios;</li> <li>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</li> <li>(4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</li> <li>(5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</li> <li>(6) the time horizons the entity used in the analysis; and</li> <li>(7) what scope of operations the entity used in the analysis.</li> </ul> </li> </ul>	<p>Climate change - Strategies and Risk Management</p> <p>The Group conducts analysis using scenarios developed by internationally authoritative bodies (IPCC) and evaluates the evolution of climate risks in light of its operational characteristics. Based on continuous assessment of the macro environment and technological trends, the Group will keep refining its scenario analysis assumptions. Going forward, the Group will enhance the transparency of key assumptions and uncertainties under a more mature disclosure framework, thereby strengthening the credibility of climate-related financial information</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>(ii) the key assumptions the entity made in the analysis, including assumptions about:</p> <ul style="list-style-type: none"> <li>(1) climate-related policies in the jurisdictions in which the entity operates;</li> <li>(2) macroeconomic trends;</li> <li>(3) national- or regional-level variables;</li> <li>(4) energy usage and mix; and</li> <li>(5) developments in technology; and</li> </ul> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	<p>Climate Change - Strategies and Risk Management</p> <p>The Group conducts analysis using scenarios developed by internationally authoritative bodies (IPCC) and evaluates the evolution of climate risks in light of its operational characteristics. Based on continuous assessment of the macro environment and technological trends, the Group will keep refining its scenario analysis assumptions. Going forward, the Group will enhance the transparency of key assumptions and uncertainties under a more mature disclosure framework, thereby strengthening the credibility of climate-related financial information</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Risk management</b>	
<p><b>24 The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity’s processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity’s overall risk management process.</b></p>	
<p>25 To achieve this objective, an entity shall disclose information about:</p>	Climate Change—Strategy and Risk Management
<p>25(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <ul style="list-style-type: none"> <li>(i) the inputs and parameters the entity uses;</li> <li>(ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;</li> <li>(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks;</li> <li>(iv) whether and how the entity prioritises climate-related risks relative to other types of risk;</li> <li>(v) how the entity monitors climate-related risks; and</li> <li>(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period.</li> </ul>	
<p>25(b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and</p>	
<p>25(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity’s overall risk management process.</p>	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Metrics and targets</b>	
<p><b>27 The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity’s performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.</b></p>	
<p>28 To achieve this objective, an entity shall disclose:</p>	<p>The Group has disclosed its Scope 1 and Scope 2 greenhouse gas emissions and the related calculation methods, and continues to refine its data management processes to enhance consistency and comparability. Given the nature of the cement manufacturing industry, the Group also monitors industry-specific indicators such as energy efficiency and emissions from production processes, and discloses relevant energy consumption data in this report.</p>
<p>28(a) information relevant to the cross-industry metric categories (see paragraphs 29-31);</p>	
<p>28(b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry (see paragraph 32); and</p>	
<p>28(c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33-37).</p>	<p>The Group has not yet established specific, quantifiable climate-related targets, nor has it implemented a corresponding performance evaluation mechanism. In the future, based on improvements in data infrastructure and management maturity, the Group will carefully evaluate relevant targets and arrangements for monitoring progress</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<b>Climate-related metrics</b>	
<b>29 An entity shall disclose information relevant to the cross-industry metric categories of:</b>	
<p>29(a) greenhouse gases – the entity shall:</p> <ul style="list-style-type: none"> <li>(i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO<sub>2</sub> equivalent, classified as: <ul style="list-style-type: none"> <li>(1) Scope 1 greenhouse gas emissions;</li> <li>(2) Scope 2 greenhouse gas emissions; and</li> <li>(3) Scope 3 greenhouse gas emissions;</li> </ul> </li> </ul>	<p>Climate Change—Metrics and Targets Performance Data Summary</p> <p>This report discloses Scope 1 and Scope 2 emissions. At this stage, there are certain limitations regarding the quantification of Scope 3 data. In the future, as the Group’s data foundation and management capabilities mature, it will gradually expand the scope of its emissions inventory and enhance related disclosures</p>
<ul style="list-style-type: none"> <li>(iii) disclose the approach it uses to measure its greenhouse gas emissions, including: <ul style="list-style-type: none"> <li>(1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;</li> <li>(2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</li> <li>(3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</li> </ul> </li> </ul>	<p>Climate Change—Metrics and Targets</p>
<ul style="list-style-type: none"> <li>(iv) for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraphs 29(a)(i)(1) and 29(a)(i)(2), disaggregate emissions between: <ul style="list-style-type: none"> <li>(1) the consolidated accounting group; and</li> <li>(2) other investees excluded from paragraph 29(a)(iv)(1);</li> </ul> </li> </ul>	<p>Climate Change—Metrics and Targets</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>(v) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions; and</p>	<p>Climate Change—Metrics and Targets Use a location-based method for calculation</p>
<p>(vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), disclose:</p> <p>(1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and</p> <p>(2) additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (financed emissions) if its activities include asset management, commercial banking or insurance.</p>	<p>Given that Scope 3 emissions encompass a wide range of stages in the value chain, the Group is currently conducting a systematic review of the relevant emission categories and data collection arrangements. As data completeness and reliability still need to be improved, comprehensive quantitative disclosures are not being made at this stage</p>
<p>29(b) climate-related transition risk – the amount and percentage of assets or business activities vulnerable to climate-related transition risks;</p>	<p>The Group has not yet conducted a quantitative analysis of the amount or proportion of assets or business activities affected by climate-related risks or opportunities, nor has it separately disclosed relevant capital allocation. In the future, it will gradually enhance the comparability and completeness of related information disclosure by integrating financial classification calibre and project management mechanisms</p>
<p>29(c) climate-related physical risk – the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	
<p>29(d) climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	
<p>29(e) capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>29(f) internal carbon prices – the entity shall disclose:</p> <ul style="list-style-type: none"> <li>(i) an explanation of whether and how the entity is applying a carbon price in decision-making; and</li> <li>(ii) the price for each tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.</li> </ul>	<p>The Group continues to deepen its research on carbon market instruments and to advance the integration of emission reduction measures with data governance. Building on the stable operation of its existing carbon management framework, the Group will, in alignment with its business development needs, assess in due course the application of internal carbon pricing and related financial instruments, so as to support the low-carbon transition of its operational and investment decision-making</p>
<p>29(g) remuneration – the entity shall disclose:</p> <ul style="list-style-type: none"> <li>(i) a description of whether and how climate-related considerations are factored into executive remuneration; and</li> <li>(ii) the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations.</li> </ul>	<p>At present, the Group has not established a quantitative mechanism linking climate performance indicators to the remuneration of directors and senior management. Going forward, the Group will, taking into account its management maturity and regulatory requirements, continue to assess the integration of climate-related performance into its remuneration framework</p>
<b>Climate-related targets</b>	
<p><b>33 An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:</b></p>	
33(a) the metric used to set the target;	<p>The Group is currently in the process of further enhancing its climate management framework and has not yet established specific quantitative greenhouse gas emission reduction targets. Going forward, upon further clarification of the accounting boundaries, base year and underlying data, the Group will prudently assess the setting of measurable medium- to long-term emission reduction targets and corresponding progress monitoring mechanisms</p>
33(b) the objective of the target;	
33(c) the part of the entity to which the target applies;	
33(d) the period over which the target applies;	
33(e) the base period from which progress is measured;	
33(f) any milestones and interim targets;	
33(g) if the target is quantitative, whether it is an absolute target or an intensity target; and	
33(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
34 An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	The Group is currently in the process of further enhancing its climate management framework and has not yet established specific quantitative greenhouse gas emission reduction targets. Going forward, upon further clarification of the accounting boundaries, base year and underlying data, the Group will prudently assess the setting of measurable medium- to long-term emission reduction targets and corresponding progress monitoring mechanisms
34(a) whether the target and the methodology for setting the target has been validated by a third party;	
34(b) the entity's processes for reviewing the target;	
34(c) the metrics used to monitor progress towards reaching the target; and	
34(d) any revisions to the target and an explanation for those revisions.	
<b>35 An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.</b>	
<b>36 For each greenhouse gas emissions target disclosed in accordance with paragraphs 33-35, an entity shall disclose:</b>	
36(a) which greenhouse gases are covered by the target.	
36(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	
36(c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target.	
36(d) whether the target was derived using a sectoral decarbonization approach.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosure Description	Section/Remark
<p>36(e) the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including:</p> <ul style="list-style-type: none"> <li>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</li> <li>(ii) which third-party scheme(s) will verify or certify the carbon credits;</li> <li>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and</li> <li>(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use.</li> </ul>	<p>The Group does not currently plan to use carbon credits for offsetting purposes. Accordingly, matters relating to usage arrangements, third-party verification or certification mechanisms, the types of carbon credits and their credibility are not applicable at this stage. Going forward, the Group will continue to monitor developments in the carbon market and evolving regulatory requirements, and will assess, in due course, the feasibility of applying carbon credits</p>

# INDEPENDENT AUDITOR'S REPORT



Tel : +852 2218 8288  
Fax: +852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
www.bdo.com.hk

香港干諾道中111號  
永安中心25樓

## 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 124 to 220, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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**”), as applicable to audits of financial statements of public interest entities. We have also 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.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters *(Continued)*

### **Impairment assessment of trade receivables**

Refer to Notes 5(c), 23 and 35(c) to the consolidated financial statements.

The gross carrying amount of the Group's trade receivables as at 31 December 2025 was approximately HKD13,702,000 and provision for impairment loss thereon was approximately HKD107,000.

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 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.

# INDEPENDENT AUDITOR'S REPORT

## 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 HKFRS Accounting Standards 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 HKSA's 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 HKSA's, 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.

# INDEPENDENT AUDITOR'S REPORT

## 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, 27 March 2026

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HKD'000	2024 HKD'000 (Represented)
<b>Revenue</b>	7	215,225	184,840
Cost of sales		<u>(226,783)</u>	<u>(190,352)</u>
<b>Gross loss</b>		<b>(11,558)</b>	(5,512)
Distribution expenses		<b>(1,673)</b>	(2,220)
Administrative expenses		<b>(26,745)</b>	(30,228)
Other income and other gain, net	8	<b>24,966</b>	5,060
Provision for impairment losses on property, plant and equipment	10(c), 15	<u><b>(32,970)</b></u>	<u>–</u>
<b>Operating loss</b>		<b>(47,980)</b>	(32,900)
Finance income		<b>4,192</b>	10,755
Finance expenses		<b>(4,623)</b>	(5,353)
Finance (expenses)/income – net	9	<b>(431)</b>	5,402
Share of results of associates	20	<b>(9,698)</b>	(1,212)
Gain on disposal of subsidiaries	10(b)	<u><b>3,919</b></u>	<u>–</u>
<b>Loss before income tax</b>	10	<b>(54,190)</b>	(28,710)
Income tax credit	14	<u><b>10,402</b></u>	<u>3,581</u>
<b>Loss for the year from continuing operations</b>		<u><b>(43,788)</b></u>	<u>(25,129)</u>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations, after tax	10(b)	<u><b>(29,950)</b></u>	<u>(43,924)</u>
<b>Loss for the year</b>		<u><b>(73,738)</b></u>	<u>(69,053)</u>
<b>Other comprehensive income for the year</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		<b>23,917</b>	(20,738)
Exchange reserve released upon disposal of subsidiaries		<u><b>(1,978)</b></u>	<u>–</u>
<b>Total comprehensive income for the year</b>		<u><b>(51,799)</b></u>	<u>(89,791)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HKD'000	2024 HKD'000 (Represented)
<b>Loss for the year attributable to:</b>			
Owners of the Company			
– From continuing operations		(41,814)	(24,991)
– From discontinued operations	10(b)	<u>(24,983)</u>	<u>(33,639)</u>
		<u>(66,797)</u>	<u>(58,630)</u>
Non-controlling interests			
– From continuing operations		(300)	(138)
– From discontinued operations	10(b)	<u>(6,641)</u>	<u>(10,285)</u>
		<u>(6,941)</u>	<u>(10,423)</u>
		<u>(73,738)</u>	<u>(69,053)</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company			
– From continuing operations		(27,294)	(39,867)
– From discontinued operations		<u>(22,328)</u>	<u>(36,189)</u>
		<u>(49,622)</u>	<u>(76,056)</u>
Non-controlling interests			
– From continuing operations		(302)	(133)
– From discontinued operations		<u>(1,875)</u>	<u>(13,602)</u>
		<u>(2,177)</u>	<u>(13,735)</u>
		<u>(51,799)</u>	<u>(89,791)</u>
<b>Loss per share from continuing and discontinued operations attributable to owners of the Company</b>			
– Basic and diluted (HKD per share)	12	<u>(0.121)</u>	<u>(0.106)</u>
<b>Loss per share from continuing operations attributable to owners of the Company</b>			
– Basic and diluted (HKD per share)	12	<u>(0.076)</u>	<u>(0.045)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HKD'000	2024 HKD'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	112,096	222,022
Goodwill	17	–	47,183
Intangible assets	18	–	12,845
Deposits paid for purchases of machineries	23	–	341
Investments in associates	20	24,161	32,417
Deferred tax assets	30	6,641	7,392
Financial assets at fair value through profit or loss	21	112,299	108,027
Total non-current assets		255,197	430,227
<b>Current assets</b>			
Inventories	22	19,769	196,531
Trade and other receivables	23	75,890	55,119
Short-term bank deposits	24	–	206,866
Pledged bank deposits	25	5,279	15,932
Cash and cash equivalents	25	154,115	135,495
Assets classified as held for sale	10(b),(c)	255,053 18,768	609,943 2,065
Total current assets		273,821	612,008
<b>Current liabilities</b>			
Trade and other payables	26	61,149	123,688
Contract liabilities	27	8,899	11,109
Lease liabilities	16	396	382
Borrowings	28	104,541	171,604
Dividend payable		–	75,072
Liabilities associated with assets classified as held for sale	10(b)	174,985 –	381,855 1,498
Total current liabilities		174,985	383,353
Net current assets		98,836	228,655
Total assets less current liabilities		354,033	658,882

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HKD'000	2024 HKD'000
<b>Non-current liabilities</b>			
Lease liabilities	16	67	463
Borrowings	28	–	128,151
Deferred income	29	–	20,232
Deferred tax liabilities	30	16,273	33,191
Total non-current liabilities		16,340	182,037
<b>Net assets</b>			
		337,693	476,845
<b>EQUITY</b>			
Share capital	31	5,520	5,520
Reserves		332,173	381,795
Total equity attributable to owners of the Company		337,693	387,315
Non-controlling interests	39	–	89,530
<b>Total equity</b>		337,693	476,845

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 2025

	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/ accumulated losses) HKD'000 (Note 32)	Total HKD'000	Non-controlling interests HKD'000 (Note 39)	Total equity HKD'000
<b>At 1 January 2024</b>	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 income 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)
<b>At 31 December 2024 and 1 January 2025</b>	<b>5,520</b>	<b>463,936</b>	<b>(87,578)</b>	<b>5,437</b>	<b>387,315</b>	<b>89,530</b>	<b>476,845</b>
Loss for the year	-	-	-	(66,797)	(66,797)	(6,941)	(73,738)
Exchange difference arising on translation of financial statements of foreign operations	-	-	19,153	-	19,153	4,764	23,917
Exchange reserve released upon disposal of subsidiaries (Note 10(b))	-	-	(1,978)	-	(1,978)	-	(1,978)
Total comprehensive income for the year	-	-	17,175	(66,797)	(49,622)	(2,177)	(51,799)
Disposal of subsidiaries (Note 10(b))	-	-	-	-	-	(87,353)	(87,353)
Release of other reserve upon disposal of subsidiaries	-	(3,615)	-	3,615	-	-	-
<b>At 31 December 2025</b>	<b>5,520</b>	<b>460,321</b>	<b>(70,403)</b>	<b>(57,745)</b>	<b>337,693</b>	<b>-</b>	<b>337,693</b>

*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. The reserve was released to retained earnings/(accumulated losses) of the Group as Ganzhou Chengzheng Motor Co., Limited was disposed during the year together with its intermediate holding companies. For details of disposal of subsidiaries please refer to note 10(b).

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	<b>2025</b> <b>HKD'000</b>	2024 <i>HKD'000</i> <i>(Represented)</i>
<b>Cash flows from operating activities</b>			
Loss before income tax			
– Continuing operations		<b>(54,190)</b>	(28,710)
– Discontinued operations	10(b)	<b>(29,634)</b>	(43,407)
		<b>(83,824)</b>	(72,117)
Adjustments for:			
Depreciation of property, plant and equipment	15	<b>16,856</b>	23,704
Depreciation of right-of-use assets	15	<b>952</b>	967
Amortisation of intangible assets	18	<b>2,988</b>	3,745
Provision for impairment losses on goodwill	17	<b>8,643</b>	12,547
Provision for impairment losses on intangible assets	18	–	2,732
Provision for impairment losses on property, plant and equipment	15	<b>32,970</b>	–
(Reversal of provision for)/provision for impairment on trade receivables, net	23	<b>(6)</b>	38
Provision for /(reversal of provision for) impairment on other receivables, net	23	<b>879</b>	(24)
Government grants		<b>(2,587)</b>	(3,834)
Loss/(gain) on disposal of property, plant and equipment		<b>10</b>	(129)
Gain on disposal of subsidiaries		<b>(3,919)</b>	–
Foreign exchange loss, net		<b>2,078</b>	120
Change in fair value of financial assets at fair value through profit or loss	8	<b>(7,967)</b>	(1,981)
Finance income	9	<b>(4,197)</b>	(10,763)
Finance expenses		<b>11,854</b>	13,182
Share of results of associates	20	<b>9,698</b>	1,212
Operating loss before working capital changes		<b>(15,572)</b>	(30,601)
Decrease in inventories		<b>16,232</b>	7,957
Decrease in trade and other receivables		<b>8,443</b>	4,184
Decrease in trade and other payables		<b>(509)</b>	(48,621)
Increase/(decrease) in contract liabilities		<b>253</b>	(5,620)
Increase in deferred income		<b>739</b>	1,540
Cash generated from/(used in) operating activities		<b>9,586</b>	(71,161)
Income tax paid		<b>(4,407)</b>	(404)
Net cash generated from/(used in) operating activities		<b>5,179</b>	(71,565)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HKD'000	2024 HKD'000 (Represented)
<b>Cash flows from investing activities</b>			
Disposal of subsidiaries, net of cash disposed	10(b)	(103,628)	–
Purchases of property, plant and equipment		(5,104)	(6,994)
Proceeds from disposal of property, plant and equipment		124	266
Purchase of financial assets at fair value through profit or loss		–	(108,254)
Proceeds from distribution of interest in trust agreement investment		9,387	–
Placement of short-term bank deposits		–	(189,445)
Release of short-term bank deposits		211,772	422,191
Placement of pledged bank deposits		(26,483)	(110,714)
Release of pledged bank deposits		37,661	131,823
Interests received		4,197	10,632
Net cash generated from investing activities		<u>127,926</u>	<u>149,505</u>
<b>Cash flows from financing activities</b>			
Proceeds from disposal of partial equity interest in a subsidiary	40	–	4,969
Proceeds from borrowings		164,259	230,554
Repayments of borrowings		(200,831)	(183,870)
Dividend paid		(75,072)	–
Repayments of principal portion of lease liabilities		(382)	(391)
Interests paid		(10,886)	(12,714)
Net cash (used in)/generated from financing activities		<u>(122,912)</u>	<u>38,548</u>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		135,525	21,895
Effect of foreign exchange rate changes on cash and cash equivalents		8,397	(2,858)
<b>Cash and cash equivalents at the end of the year</b>		<u>154,115</u>	<u>135,525</u>
<b>Represented by:</b>			
Cash and cash equivalents		154,115	135,495
Cash and cash equivalents classified as held for sale	10(b)	–	30
		<u>154,115</u>	<u>135,525</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 Company and its subsidiaries as described in Note 19 are collectively referred to as the “**Group**”. 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 to HKFRSs – first effective on 1 January 2025*

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) issued the following amendments 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 2025:

Amendments to HKAS 21	Lack of Exchangeability
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None of these amendments to HKFRSs has a material impact on the Group’s results and financial position for the current or prior periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	The Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKFRS 19 and amendment to HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>

<sup>1</sup> Effective for the annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for the annual periods beginning on or after 1 January 2027

<sup>3</sup> 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 accumulated impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *(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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *(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 accumulated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 accumulated impairment losses, if any. Cost comprises direct costs of construction. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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
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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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 conveys 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 and does not contain a purchase option. 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 accumulated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

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

#### **The Group as a lessee** *(Continued)*

##### *Lease liability: (Continued)*

In the consolidated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 fair value through other comprehensive income 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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; when there is a breach of financial covenants by the debtor; 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 and does not give rise to equal taxable and deductible temporary differences, 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 and does not give rise to equal taxable and deductible temporary differences. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *(i) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 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. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 otherwise 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 and accumulated impairment losses. 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 2025, provision for impairment on trade receivables and other receivables amounted to HKD107,000 (2024: HKD356,000) and HKD934,000 (2024: HKD153,000) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 35(e))

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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; and
- Trading business

Discontinued reportable segments:

- Production and sales of magnetic materials and other application products; and
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 operations		Total HKD'000
	Production and sales of cement HKD'000	Trading business HKD'000	Production and sales of magnetic materials and other application products HKD'000	Research and development in biotechnology HKD'000	
<b>For the year ended</b>					
<b>31 December 2025:</b>					
Time of revenue recognition:					
At a point in time	215,225	–	9,099	–	224,324
Transferred over time	–	–	6,908	–	6,908
Segment revenue	<u>215,225</u>	<u>–</u>	<u>16,007</u>	<u>–</u>	<u>231,232</u>
Segment results	<u>(43,989)</u>	<u>(2,251)</u>	<u>(30,253)</u>	<u>(13)</u>	<u>(76,506)</u>
Unallocated expenses					(7,318)
Income tax credit/(expense)	<u>10,402</u>	<u>–</u>	<u>(316)</u>	<u>–</u>	<u>10,086</u>
Loss for the year					<u>(73,738)</u>
<b>As at 31 December 2025:</b>					
Segment assets	<u>357,289</u>	<u>167</u>	<u>–</u>	<u>–</u>	<u>357,456</u>
Financial assets at FVTPL					112,299
Unallocated assets					<u>59,263</u>
Total assets					<u>529,018</u>
Segment liabilities	<u>162,187</u>	<u>4,020</u>	<u>–</u>	<u>–</u>	<u>166,207</u>
Unallocated liabilities					<u>25,118</u>
Total liabilities					<u>191,325</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 6. SEGMENT REPORTING (Continued)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 6. SEGMENT REPORTING (Continued)

### Other segment information

	Continuing operations	Discontinued operations			Total HKD'000
	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	
<b>For the year ended</b>					
<b>31 December 2025:</b>					
Depreciation of property, plant and equipment and right-of-use assets	14,473	2,810	–	525	17,808
Amortisation of intangible assets	–	2,988	–	–	2,988
Additions to property, plant and equipment	4,054	1,089	–	310	5,453
Provision for impairment losses on property, plant and equipment	32,970	–	–	–	32,970
Provision for impairment losses on goodwill	–	8,643	–	–	8,643
Provision for impairment on trade and other receivables, net	684	–	–	189	873
Change in fair value of financial assets at FVTPL	–	–	–	(7,967)	(7,967)
Finance income	(4,188)	(5)	–	(4)	(4,197)
Finance expenses	3,637	7,231	–	986	11,854
Government grants	–	(2,587)	–	–	(2,587)
Share of results of associates	9,641	–	–	57	9,698
Carrying amount of investments in associates	20,802	–	–	3,359	24,161

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 6. SEGMENT REPORTING (Continued)

### Other segment information (Continued)

	Continuing operations	Discontinued operations			Total HKD'000
	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	
<b>For the year ended</b>					
<b>31 December 2024:</b>					
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

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. 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 HKD56,579,000 (2024: HKD10,292,000), which represent 24.47% of the Group's revenue for the year ended 31 December 2025 (2024: 4.60%).

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2025 HKD'000	2024 HKD'000
Company A	56,579	N/A

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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:

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
<b>Sales of goods</b>		
Sales of Composite Portland cement strength class 32.5R	7,551	8,036
Sales of Ordinary Portland cement strength class 42.5	153,281	123,179
Sales of Composite Portland cement strength class 42.5	<u>54,393</u>	<u>53,497</u>
	<b>215,225</b>	184,712
<b>Provisions of processing services income</b>		
Solid waste processing services income	<u>–</u>	<u>70</u>
<b>Revenue from other sources not within the scope of HKFRS 15:</b>		
Commodity metals trading income	<u>–</u>	<u>58</u>
	<b>215,225</b>	184,840
<b>Discontinued operations:</b>		
<b>Sales of goods</b>		
Sales of motor machines and parts	9,099	20,924
Sales of rare earth materials	<u>–</u>	<u>10,804</u>
	<b>9,099</b>	31,728
<b>Provisions of processing services income</b>		
Metal processing services income	<u>6,908</u>	<u>7,036</u>
	<b>16,007</b>	38,764
Total	<u><u>231,232</u></u>	<u><u>223,604</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 7. REVENUE (Continued)

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

	<b>2025</b> <b>HKD'000</b>	2024 HKD'000
Trade and bills receivables, net (Note 23)	<b>13,595</b>	24,850
Contract liabilities (Note 27)	<b>(8,899)</b>	(11,109)

The contract liabilities mainly relate to the advance consideration received from customers. Approximately HKD11,109,000 (2024: HKD17,206,000) of the contract liabilities as of 1 January 2025 (2024: 1 January 2024) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 8. OTHER INCOME AND OTHER GAIN/(LOSSES), NET

	2025 HKD'000	2024 HKD'000 (Represented)
<b>Continuing operations:</b>		
Other income/(losses)		
Government grants <i>(Note (a))</i>	–	105
Rental income	1,507	1,217
Change in fair value of financial assets at FVTPL	7,967	1,981
Gain on transfer of cement clinker production quota <i>(Note (b))</i>	22,284	–
Sales of raw materials <i>(Note (c))</i>	5,717	–
Foreign exchange loss, net	(2,078)	(120)
Others	548	1,780
	<u>35,945</u>	<u>4,963</u>
Other gain/(losses), net		
Gain on disposal of property, plant and equipment	13	97
Cost of raw materials sold <i>(Note (c))</i>	(10,992)	–
	<u>(10,979)</u>	<u>97</u>
	<u>24,966</u>	<u>5,060</u>
<b>Discontinued operations:</b>		
Other income		
Government grants <i>(Note (a))</i>	2,587	3,729
Others	859	124
	<u>3,446</u>	<u>3,853</u>
Other gain, net		
(Loss)/gain on disposal of property, plant and equipment	(23)	32
	<u>3,423</u>	<u>3,885</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 8. OTHER INCOME AND OTHER GAIN/(LOSSES), NET *(Continued)*

Notes:

- (a) 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.
- (b) Given that the cost of self-produced clinker is higher than purchased clinker and taking into account of factors such as the macroeconomic environment and market fluctuations, the Group permanently sold cement clinker production quota in the first quarter of 2025. The Group will continue to ensure enough supply through using purchased clinker as an alternative for the production.
- (c) Following the sales of cement clinker production quota, the Group sold raw materials which considered unable to be fully utilised through production of cement products.

## 9. FINANCE (EXPENSES)/INCOME – NET

	2025 HKD'000	2024 HKD'000 (Represented)
<b>Continuing operations:</b>		
<b>Finance expenses:</b>		
Interest expenses on bank and other borrowings	(4,600)	(5,323)
Interest expenses on lease liabilities <i>(Note 16)</i>	(23)	(30)
	<u>(4,623)</u>	<u>(5,353)</u>
<b>Finance income:</b>		
Interest income on bank deposits	4,192	10,755
	<u>(431)</u>	<u>5,402</u>
<b>Discontinued operations:</b>		
<b>Finance expenses:</b>		
Interest expenses on bank and other borrowings	(7,231)	(7,829)
<b>Finance income:</b>		
Interest income on bank deposits	5	8
	<u>(7,226)</u>	<u>(7,821)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX

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

	2025 HKD'000	2024 HKD'000 (Represented)
<b>Continuing operations:</b>		
Costs of inventories recognised as expenses	226,468	190,047
Depreciation of property, plant and equipment and right-of-use assets	14,998	21,923
Provision for impairment on property, plant and equipment	32,970	–
Reversal of provision for impairment on trade receivables, net	(6)	(211)
Provision for/(reversal of provision for) impairment on other receivables, net	879	(36)
Short-term leases expenses	250	60
Employee costs (including directors' emoluments (Note 13)):		
– Salaries, wages and other benefits	14,478	15,485
– Contributions to defined contribution retirement plans	4,073	4,991
Auditor's remuneration:		
– Audit services	1,390	1,362
– Non-audit services	392	150
	<u>392</u>	<u>150</u>

(b) *Discontinued operations/Disposal of subsidiaries*

(i) **Research and development in biotechnology**

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 Limited (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.

During the year ended 31 December 2025, the Group have entered into agreement with an independent third party to dispose of its entire interest in the Everhealth Group at a cash consideration of RMB2,000,000 (equivalent to HKD2,150,000). The disposal was completed on 26 June 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

### (b) Discontinued operations/Disposal of subsidiaries (Continued)

#### (i) Research and development in biotechnology (Continued)

The results and cashflows of the Research and development in biotechnology segment are disclosed as follows:

	2025 HKD'000	2024 HKD'000
Administrative expenses	(13)	(1,671)
Other income and other gain, net	–	136
Provision for impairment losses on goodwill	–	(12,547)
Provision for impairment losses on intangible assets	–	(2,732)
	<u>–</u>	<u>–</u>
Loss for the year from a discontinued operation	<u>(13)</u>	<u>(16,814)</u>
<b>Loss for the year attributable to:</b>		
– Owners of the Company	(115)	(15,321)
– Non-controlling interests	102	(1,493)
	<u>(13)</u>	<u>(16,814)</u>
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	186	(15,829)
– Non-controlling interests	(209)	(1,176)
	<u>(23)</u>	<u>(17,005)</u>

	2025 HKD'000	2024 HKD'000
Net cash used in operating activities	(17)	(162)
Net cash generated from investing activities	–	34
Effect of foreign exchange rate changes on cash and cash equivalents	–	92
	<u>–</u>	<u>92</u>
Total cash outflows	<u>(17)</u>	<u>(36)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

### (b) Discontinued operations/Disposal of subsidiaries (Continued)

#### (i) Research and development in biotechnology (Continued)

Net assets of the Everhealth Group at the date of disposal are as follows:

	2025 HKD'000
Property, plant and equipment	15
Intangible assets	2,081
Prepayment	6
Cash and cash equivalents	13
Other payables	<u>(1,542)</u>
Net assets disposed of	<u>573</u>
Total cash consideration (Note)	2,150
Less: Net assets disposed	(573)
Less: Non-controlling interest of the Everhealth Group	(9,766)
Add: Release of exchange reserve upon disposal	<u>1,116</u>
Loss on disposal of subsidiaries	<u>(7,073)</u>
Net cash flow arising on disposal of subsidiaries	
Bank balances and cash disposed	<u>(13)</u>

Note:

The consideration remains unpaid as at 31 December 2025 and included in other receivables of the Group. The consideration was subsequently received in March 2026.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

### (b) Discontinued operations/Disposal of subsidiaries (Continued)

#### (i) Research and development in biotechnology (Continued)

The carrying amount of the assets and liabilities of the Everhealth Group as at 31 December 2024, which have been presented separately in the consolidated statement of financial position, are as follows:

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

#### (ii) Production and sales of magnetic materials and other application products

The Group have entered into a sale and purchase agreement on 12 September 2025 regarding the disposal of equity interest in Orient Chengzheng Rare Earth Co., Limited, and its subsidiaries which was principally engaged in the production and sales of magnetic materials and other application products in the PRC (together, the “**Chengzheng Group**”), at a cash consideration of HKD10,000,000. Details of the disposal please refer to the announcement and circular dated 12 September 2025 and 17 October 2025 respectively. The disposal was duly completed on 24 December 2025.

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 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

### (b) Discontinued operations/Disposal of subsidiaries (Continued)

#### (ii) Production and sales of magnetic materials and other application products (Continued)

The results and cashflows of the Production and sales of magnetic materials and other application products segment are disclosed as follows:

	2025 HKD'000	2024 HKD'000
Revenue	16,007	38,764
Cost of sales	(18,382)	(47,172)
Distribution expenses	(612)	(696)
Administrative expenses	(14,188)	(13,417)
Finance expenses, net	(7,226)	(7,821)
Other income and other gain, net	3,423	3,749
Provision for impairment losses on goodwill	(8,643)	–
Income tax expenses	(316)	(517)
	<u>(29,937)</u>	<u>(27,110)</u>
Loss for the year from a discontinued operation		
<b>Loss for the year attributable to:</b>		
– Owners of the Company	(23,193)	(18,318)
– Non-controlling interests	(6,744)	(8,792)
	<u>(29,937)</u>	<u>(27,110)</u>
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	(20,839)	(20,360)
– Non-controlling interests	(1,667)	(12,426)
	<u>(22,506)</u>	<u>(32,786)</u>

	2025 HKD'000	2024 HKD'000
Net cash generated from operating activities	3,641	8,546
Net cash used in investing activities	(1,079)	(218)
Net cash generated from financing activities	65,506	21,216
Effect of foreign exchange rate changes on cash and cash equivalents	329	(559)
	<u>68,397</u>	<u>28,985</u>
Total cash inflows		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

### (b) Discontinued operations/Disposal of subsidiaries (Continued)

#### (ii) Production and sales of magnetic materials and other application products (Continued)

Net assets of the Chengzheng Group at the date of disposal are as follows:

	2025 HKD'000
Property, plant and equipment	56,123
Intangible assets	10,453
Goodwill	40,796
Inventories	165,743
Trade and other receivables	29,706
Cash and cash equivalents	103,615
Trade and other payables	(66,829)
Contract liabilities	(2,975)
Borrowings	(172,935)
Deferred income	(19,404)
Deferred tax liabilities	(2,626)
	<hr/>
Net assets disposed of	141,667
	<hr/>
Cash consideration	10,000
Amount due from Chengzheng Group (Note)	44,678
	<hr/>
Total consideration (Note)	54,678
Less: Net assets disposed	(141,667)
Less: Non-controlling interest of the Chengzheng Group	97,119
Add: Release of exchange reserve upon disposal	862
	<hr/>
Gain on disposal of subsidiaries	10,992
	<hr/>
Net cash flow arising on disposal of subsidiaries	
Bank balances and cash disposed	(103,615)
	<hr/>

Note:

As at date of disposal, the outstanding amounts owed by the Chengzheng Group to the Group amounted to approximately RMB38,950,000 (equivalent to HKD44,678,000). The consideration remains unpaid as at 31 December 2025 and included in other receivables of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10. LOSS BEFORE INCOME TAX (Continued)

(c) Assets classified as held for sale in 2025

Property, plant and equipment

2025  
HKD'000

18,768

Non-current assets held for sale represent a 2500t/d clinker production line and ancillary equipment previously included in property, plant and equipment which were agreed to be dismantled and disposed of by independent third parties.

The Group have entered into a disposal agreement on 12 September 2025 regarding the disposal of clinker production lines at the consideration of RMB16,800,000, which was determined with reference to the valuation conducted by an independent third-party auction house.

In respect of the disposal, demand for cement has experienced a significant decline in recent years. In order to optimise the Group's asset structure, enhance overall operational efficiency and resource allocation, and taking into account that the service life of the relevant assets comprising the production line has nearly come to an end, the Company resolved to dismantle the production line into metal components and parts for disposal. Given the nature and condition of the assets, the valuation was conducted on the basis of their scrap metal weight and the prevailing market prices of scrap metal.

In view of the management of the Company, the transaction is highly probable to be completed in 2026 and therefore the relevant property, plant and equipment are classified as assets held for sales as at 31 December 2025 which were measured at the lower of their carrying amounts and fair values less costs to sell. By reassessing the fair value less cost to sell of the relevant property, plant and equipment, the impairment loss of approximately HKD24,432,000 was recorded for the year ended 31 December 2025.

## 11. DIVIDEND

2024 special dividend declared of HKD0.136 per share

2025  
HKD'000

2024  
HKD'000

–

75,072

Special dividend of HKD0.136 per share declared in the Board meeting held on 5 December 2024 was paid during the year ended 31 December 2025.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 HKD66,797,000 (2024: HKD58,630,000) by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2024: 552,000,000).

As there were no dilutive operations and other dilutive potential ordinary shares in issue for the years ended 31 December 2024 and 2025, diluted loss per share is the same as the basic loss per share.

### *From discontinued operations*

Basic and diluted loss per share for the year from discontinued operations was approximately HKD0.045 (2024: HKD0.061), based on the loss for the year from discontinued operations attributable to owners of the Company of approximately HKD24,983,000 (2024: HKD33,639,000) divided by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2024: 552,000,000).

### *From continuing operations*

Basic and diluted loss per share for the year from continuing operations was approximately HKD0.076 (2024: HKD0.045), based on the loss for the year from continuing operations attributable to owners of the Company of approximately HKD41,814,000 (2024: HKD24,991,000) divided by the weighted average number of ordinary shares in issue during the year of 552,000,000 (2024: 552,000,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 <i>HKD'000</i>	Salaries, wages and other benefits <i>HKD'000</i>	Contributions to defined contribution retirement plans <i>HKD'000</i>	Total <i>HKD'000</i>
<b>For the year ended</b>				
<b>31 December 2025:</b>				
Executive Directors				
Mr. Liu Dong	–	240	–	240
Mr. Wu Junxian	–	444	–	444
Non-Executive Directors				
Mr. Tseung Hok Ming	240	–	–	240
Ms. Xie Yingxia	240	–	–	240
Independent Non-Executive Directors				
Mr. Cao Kuangyu ( <i>Note iv</i> )	77	–	–	77
Mr. Suo Suo	180	–	–	180
Mr. Yu Ronald Patrick Lup Man ( <i>Note i</i> )	198	–	–	198
Mr. Yuan Yuan ( <i>Note iii</i> )	104	–	–	104
	<u>1,039</u>	<u>684</u>	<u>–</u>	<u>1,723</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 13. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

(a) Directors' emoluments (Continued)

	Fees HKD'000	Salaries, wages and other benefits HKD'000	Contributions to defined contribution retirement plans HKD'000	Total 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
	<u>1,013</u>	<u>682</u>	<u>–</u>	<u>1,695</u>

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.
- (iii) Mr. Yuan Yuan was appointed as an Independent Non-Executive Director effective from 4 June 2025.
- (iv) Mr. Cao Kuangyu was resigned as an Independent Non-Executive Director effective from 4 June 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 (2024: 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 (2024: four individuals) paid or payable during the year is disclosed as follows:

	<b>2025</b> <i>HKD'000</i>	2024 <i>HKD'000</i>
Salaries, wages and other benefits	<b>2,376</b>	2,379
Contributions to defined contribution retirement plans	<b>36</b>	36
	<b>2,412</b>	2,415

The remaining 4 individuals (2024: four individuals) with the highest emoluments within the Group paid or payable during the year are within the following bands:

	<b>2025</b> <i>No. of individuals</i>	2024 <i>No. of individuals</i>
Nil to HKD1,000,000	<b>4</b>	4

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 14. INCOME TAX CREDIT

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

	2025 HKD'000	2024 HKD'000 (Represented)
<b>Continuing operations:</b>		
Current tax		
– Under provision in the prior year	227	374
– PRC withholding tax	4,154	–
	<u>4,381</u>	<u>374</u>
Deferred tax ( <i>Note 30</i> )	<u>(14,783)</u>	<u>(3,955)</u>
	<u>(10,402)</u>	<u>(3,581)</u>
<b>Discontinued operations:</b>		
Current tax		
Provision for the year	26	25
Deferred tax ( <i>Note 30</i> )	290	492
	<u>316</u>	<u>517</u>
	<u>(10,086)</u>	<u>(3,064)</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 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% (2024: 15%), the remaining subsidiaries incorporated in the PRC provided their Enterprise Income Tax at 25% (2024: 25%) of the estimated taxable profits arising in the PRC for both current and prior years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

### 14. INCOME TAX CREDIT (Continued)

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 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.

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:

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i> (Represented)
Loss before income tax		
– Continuing operations	<b>(54,190)</b>	(28,710)
– Discontinued operations	<b>(29,634)</b>	(43,407)
	<b>(83,824)</b>	(72,117)
Tax credit calculated at the PRC Enterprise Income Tax rate of 25% (2024: 25%)	<b>(20,956)</b>	(18,029)
Tax effect of expenses not deductible for tax purposes	<b>9,479</b>	8,782
Tax effect of income not taxable for tax purposes	<b>(2,811)</b>	(220)
Tax effect of unused tax losses not recognised	<b>7,755</b>	4,526
Tax effect of share of results of associates	<b>2,426</b>	303
Tax effect of provision of withholding tax	<b>(11,741)</b>	(1,647)
Effect of different tax rates of subsidiaries operating in other tax jurisdictions	<b>4,001</b>	733
Effect of concessionary tax rate of subsidiaries certified as HNTE	<b>1,534</b>	2,114
Under provision in the prior year	<b>227</b>	374
Income tax credit	<b>(10,086)</b>	(3,064)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 <i>(Note (a))</i>	Construction in progress HKD'000	Total HKD'000
<b>For the year ended 31 December 2025:</b>							
Opening net book amount	80,463	79,357	1,560	1,321	18,839	40,482	222,022
Additions	119	4,307	318	66	–	643	5,453
Disposals	–	–	(127)	(7)	–	–	(134)
Disposal of subsidiaries (Note 10(b))	(24,979)	(7,201)	(1,031)	(299)	(4,458)	(18,155)	(56,123)
Provision of impairment losses (Note (c), 10(c))	(6,223)	(22,741)	–	(31)	–	(3,975)	(32,970)
Classified as assets held for sale (Note 10(c))	(1,240)	(16,983)	–	(22)	–	–	(18,245)
Depreciation	(6,379)	(9,589)	(532)	(356)	(952)	–	(17,808)
Exchange differences	3,876	2,921	49	63	940	2,052	9,901
Closing net book amount	<u>45,637</u>	<u>30,071</u>	<u>237</u>	<u>735</u>	<u>14,369</u>	<u>21,047</u>	<u>112,096</u>
<b>At 31 December 2025:</b>							
Costs	191,331	175,490	1,766	16,317	23,749	25,136	433,789
Accumulated depreciation and impairment	(145,694)	(145,419)	(1,529)	(15,582)	(9,380)	(4,089)	(321,693)
Closing net book amount	<u>45,637</u>	<u>30,071</u>	<u>237</u>	<u>735</u>	<u>14,369</u>	<u>21,047</u>	<u>112,096</u>
<b>For the year ended 31 December 2024:</b>							
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	<u>80,463</u>	<u>79,357</u>	<u>1,560</u>	<u>1,321</u>	<u>18,839</u>	<u>40,482</u>	<u>222,022</u>
<b>At 31 December 2024:</b>							
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	<u>80,463</u>	<u>79,357</u>	<u>1,560</u>	<u>1,321</u>	<u>18,839</u>	<u>40,482</u>	<u>222,022</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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

Note (a):

Right-of-use assets	Land use rights <i>HKD'000</i>	Leasehold land and buildings <i>HKD'000</i>	Total <i>HKD'000</i>
<b>At 1 January 2024</b>	19,220	81	19,301
Additions	–	1,153	1,153
Depreciation	(566)	(401)	(967)
Exchange differences	(648)	–	(648)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2024 and 1 January 2025</b>	18,006	833	18,839
Depreciation	(568)	(384)	(952)
Disposal of subsidiaries ( <i>Note 10(b)</i> )	(4,458)	–	(4,458)
Exchange differences	940	–	940
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<u>13,920</u>	<u>449</u>	<u>14,369</u>

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):

No property, plant and equipment was pledged as security as at 31 December 2025. (2024: certain land use rights (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.)

Note (c):

For the purpose of impairment testing, the carrying amounts of property, plant and equipment have been allocated to the CGU, namely Cement CGU, in the production and sales of cement products segment.

The Group performed its impairment test with a valuation performed by an independent qualified professional valuer as at 31 December 2025. The Group considers the relationship between its market capitalisation and its book value and assumptions are reflective of the prevailing market condition. The Group's management has performed impairment assessment on the relevant property, plant and equipment by assessing their recoverable amounts based on the higher of value-in-use calculations or fair value less costs of disposal calculations. The recoverable amount of the CGU is determined based on value-in-use calculation, which are higher than the fair value less costs of disposal calculation.

The recoverable amount of the CGU, in which the property, plant and equipment including right-of-use assets have been included that generate cash flows together in the respective CGU for the purpose of impairment assessment as at 31 December 2025 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% (2024: 2.02%), which does not exceed the long-term growth rate for the rare earth industry in the PRC. Discount rate used of 13.27% (2024: 11.17%) 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.

Based on the result of the impairment assessment, the recoverable amount of approximately HKD90,601,000 is lower than the carrying amount of certain property, plant and equipment of approximately HKD95,294,000, impairment loss of HKD4,563,000 (2024: nil) was recognised for the year ended 31 December 2025 which was allocated to property, plant and equipment, mainly due to the underperformance of the CGU and competitive environment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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

Note (c): (Continued)

Besides above mentioned, a property included in the construction in progress under property, plant and equipment, in the production and sales of cement products segment, did not be allocated to or consist of a CGU. The Group assessed the recoverable amounts of the aforementioned property, plant and equipment based on its estimated fair value less costs of disposal, using market approach. The fair value on which the recoverable amount is categorised as a level 3 measurement. Several market transactions with similar characteristics to the property were adopted as marketable transactions. Application of Comparable Transaction Method is subject to the following requirements:

- Existence of historical (and recent) comparable transactions;
- Quoted selling price of properties with similar characteristics to the property;
- Availability of public information on comparable transactions of relevant or similar assets; and
- Arm's length transactions between the independent uncontrolled parties.

Based on the result of the impairment assessment, the recoverable amount of approximately HKD21,047,000 is lower than the carrying amount of certain property, plant and equipment of approximately HKD25,136,000, impairment loss of HKD3,975,000 (2024: nil) was recognised for the year ended 31 December 2025 which was allocated to property, plant and equipment.

## 16. LEASE LIABILITIES

<b>Leasehold land and buildings:</b>	<b>2025</b> <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>At 1 January</b>	<b>845</b>	83
Additions	–	1,153
Interest expenses	<b>23</b>	30
Lease payments	<b>(405)</b>	(421)
<b>At 31 December</b>	<b>463</b>	845

The remaining future minimum lease payments under non-cancellable tenancy agreements to be recognised as lease liabilities will be due as of 31 December 2024 and 2025 as follows:

	<b>Minimum lease payments</b> <i>HKD'000</i>	<b>Interest expenses</b> <i>HKD'000</i>	<b>Present value of lease payments</b> <i>HKD'000</i>
<b>At 31 December 2025:</b>			
Not later than one year	<b>405</b>	<b>(9)</b>	<b>396</b>
Later than one year and not later than two years	<b>67</b>	–	<b>67</b>
	<b>472</b>	<b>(9)</b>	<b>463</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 16. LEASE LIABILITIES (Continued)

	<b>Minimum lease payments HKD'000</b>	<b>Interest expenses HKD'000</b>	<b>Present value of lease payments HKD'000</b>
<b>At 31 December 2024:</b>			
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	<u>67</u>	<u>–</u>	<u>67</u>
	<u><u>877</u></u>	<u><u>(32)</u></u>	<u><u>845</u></u>

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

	<b>2025 HKD'000</b>	2024 HKD'000
Current liabilities	<b>396</b>	382
Non-current liabilities	<u><b>67</b></u>	<u>463</u>
	<u><u><b>463</b></u></u>	<u><u>845</u></u>

During the year ended 31 December 2025, the total cash outflow for leases were approximately HKD655,000 (2024: HKD483,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 17. GOODWILL

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Costs:</b>		
At 1 January	47,183	61,589
Classified as held for sale	–	(12,295)
Disposal of subsidiaries ( <i>Note 10(b)</i> )	(49,687)	–
Exchange differences	2,504	(2,111)
	<hr/>	<hr/>
At 31 December	–	47,183
<b>Accumulated impairment losses:</b>		
At 1 January	–	–
Impairment losses recognised during the year	(8,643)	(12,547)
Classified as held for sale	–	12,295
Disposal of subsidiaries ( <i>Note 10(b)</i> )	8,891	–
Exchange differences	(248)	252
	<hr/>	<hr/>
At 31 December	–	–
<b>Net carrying amount:</b>		
At 1 January	<u>47,183</u>	<u>61,589</u>
At 31 December	<u>–</u>	<u>47,183</u>

### **Impairment testing of 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:

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Chengzheng CGU ( <i>note</i> )	–	47,183
	<hr/>	<hr/>
	–	47,183
	<hr/>	<hr/>

*Note:*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 17. GOODWILL (Continued)

Note: (Continued)

The Group performed its impairment test with a valuation performed by an independent qualified professional valuer as at 30 June 2025. 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, and the intangible assets have been included that generate cash flows together in the respective CGU for the purpose of impairment assessment as at 30 June 2025 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% (2024: 2.02%), which does not exceed the long-term growth rate for the rare earth industry in the PRC. Discount rate used of 18.50% (2024: 18.53%) 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.

Based on the result of the impairment assessment, impairment loss of HKD8,643,000 was recognised which was allocated to goodwill, mainly due to the underperformance of the CGU and competitive environment.

During the year, goodwill attributable to the Chengzheng CGU was disposed together with the Chengzheng Group. Details please refer to the note 10(b).

## 18. INTANGIBLE ASSETS

	<b>Technical know-how</b>	
	<b>2025</b>	2024
	<b>HKD'000</b>	HKD'000
<b>Costs:</b>		
At 1 January	<b>16,075</b>	24,883
Classified as held for sale (Note 10(b))	–	(7,872)
Disposal of subsidiaries (Note 10(b))	<b>(16,928)</b>	–
Exchange differences	<b>853</b>	(936)
	<hr/>	<hr/>
At 31 December	<hr/> <b>–</b> <hr/>	<hr/> 16,075 <hr/>
<b>Accumulated amortisation and impairment losses:</b>		
At 1 January	<b>(3,230)</b>	(2,837)
Charge for the year	<b>(2,988)</b>	(3,745)
Provision for impairment losses	–	(2,732)
Classified as held for sale (Note 10(b))	–	5,857
Disposal of subsidiaries (Note 10(b))	<b>6,475</b>	–
Exchange differences	<b>(257)</b>	227
	<hr/>	<hr/>
At 31 December	<hr/> <b>–</b> <hr/>	<hr/> (3,230) <hr/>
<b>Net book amount:</b>		
At 1 January	<hr/> <b>12,845</b> <hr/>	<hr/> 22,046 <hr/>
At 31 December	<hr/> <b>–</b> <hr/>	<hr/> 12,845 <hr/>

Technical know-how was recognised as part of business combination in prior years 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 19. PARTICULARS OF SUBSIDIARIES

The particulars of the Company's subsidiaries as of 31 December 2025 and 2024 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") USD50,000 (2024: USD50,000)	100% (2024:100%)	–
Orient Chengzheng Rare Earth Co., Limited	Hong Kong, 25 November 2023	Investment holding in Hong Kong, a limited liability company	HKD10,000 (2024: HKD10,000)	nil (2024: 100%)	–
Dongwu Cement (Hong Kong) Limited	Hong Kong, 16 December 2011	Investment holding in Hong Kong, a limited liability company	HKD1 (2024: HKD1)	–	100% (2024: 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 (2024: USD29,000,000)	–	100% (2024: 100%)
Dongwu Science & Technology Investment Company Limited	Hong Kong, 2 October 2013	Science and technology investment in Hong Kong, a limited liability company	HKD1 (2024: HKD1)	–	100% (2024: 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 (2024: USD10,000,000)	–	100% (2024:100%)
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 (2024: RMB27,500,000)	–	nil (2024: 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 (2024: RMB21,083,360)	–	nil (2024: 65%)
Orient Chengzheng Rare Earth International Co., Limited	Hong Kong, 25 November 2023	Investment holding in Hong Kong, a limited liability company	HKD10,000 (2024: HKD10,000)	–	nil (2024: 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 (2024: KIP 20,000,000,000)	–	nil (2024: 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 (2024: RMB67,000,500)	–	nil (2024: 100%)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 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 (2024: USD1,000,000)	–	nil (2024: 100%)
贛州誠正稀土新材料股份有限公司 (Ganzhou Chengzheng Rare Earth New Material Co., Limited* (“ <b>Ganzhou Chengzheng</b> ”))	PRC, 9 May 2008	Production and sales of magnetic materials and other application products in the PRC, a limited liability company	RMB112,000,000 (2024: RMB112,000,000)	–	nil (2024: 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 (2024: RMB37,000,000)	–	nil (2024: 43.17%)
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 (2024: RMB4,408,500)	–	nil (2024: 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 (2024: RMB100,000)	–	nil (2024: 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 (2024: RMB2,000,000)	–	nil (2024: 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 (2024: RMB5,000,000)	–	nil (2024: 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 (2024: RMB500,000)	–	nil (2024: 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 (2024: RMB10,000,000)	–	nil (2024: 62.5%)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 20. INVESTMENTS IN ASSOCIATES

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Unlisted equity investments:</b>		
At 1 January	32,417	34,798
Share of results for the year	(9,698)	(1,212)
Exchange differences	1,442	(1,169)
	<u>24,161</u>	<u>32,417</u>
At 31 December	<u>24,161</u>	<u>32,417</u>

The Group has a 43.2% (31 December 2024: 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), which was incorporated in the PRC. Its principal activity 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 2024: 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. Its principal activity is financial investment management in the PRC. The cost of the investment was HKD3,327,000 (equivalent to RMB2,757,000).

\* The English translations 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*

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>At 31 December:</b>		
Non-current assets	4,545	5,535
Current assets	45,103	68,309
Current liabilities	(1,499)	(6,324)
	<u>48,149</u>	<u>67,520</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 20. INVESTMENTS IN ASSOCIATES (Continued)

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

	2025 HKD'000	2024 HKD'000
<b>For the year ended 31 December:</b>		
Revenue	2,076	3,228
Loss for the year	(22,315)	(2,965)
Other comprehensive income for the year	2,944	(2,440)
Total comprehensive income for the year	(19,371)	(5,405)
Dividend received	—	—

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

	2025 HKD'000	2024 HKD'000
<b>At 31 December:</b>		
Net assets	48,149	67,520
Effective equity interest in the associate	43.2%	43.2%
Carrying amount in the consolidated financial statements	20,802	29,172

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

*Zhuhai Huiyinhuiheng Investment Fund Management Company Limited*

	2025 HKD'000	2024 HKD'000
Aggregate carrying amount in the consolidated financial statements	3,359	3,245

	2025 HKD'000	2024 HKD'000
<b>Aggregate amount of the Group's share of the associate's:</b>		
(Loss)/profit for the year	(57)	68
Other comprehensive income for the year	171	(114)
Total comprehensive income for the year	114	(46)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Trust agreement investment</b>	<b>112,299</b>	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 classified the trust agreement investment as a non-current asset since it is held for long-term investment purpose. For further information regarding the above, please refer to the announcements dated 27 December 2022 and 30 December 2022.

The fair value measurement of the unlisted fund investment is further detailed in Note 35(e).

## 22. INVENTORIES

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Raw materials	7,069	125,105
Work-in-progress	7,831	13,564
Finished goods	4,869	57,862
	<b>19,769</b>	196,531

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 23. TRADE AND OTHER RECEIVABLES

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Trade and bills receivables	13,702	25,206
Less: Provision for impairment ( <i>Note iv</i> )	<u>(107)</u>	<u>(356)</u>
Trade and bills receivables, net ( <i>Note i</i> )	<u>13,595</u>	<u>24,850</u>
Prepayments and deposits ( <i>Note ii</i> )	3,494	17,544
Other receivables ( <i>Note iii</i> )	59,735	13,219
Less: Provision for impairment ( <i>Note iv</i> )	<u>(934)</u>	<u>(153)</u>
Other receivables, net	<u>58,801</u>	<u>13,066</u>
Prepayments, deposits and other receivables	<u>62,295</u>	<u>30,610</u>
Total trade and other receivables	<u>75,890</u>	<u>55,460</u>
<b>Less: Non-current portion</b>		
Deposits paid for purchases of machineries ( <i>Note ii</i> )	<u>–</u>	<u>(341)</u>
<b>Trade and other receivables – Current portion</b>	<u><u>75,890</u></u>	<u><u>55,119</u></u>

Notes:

**(i) Trade and bills receivables**

Credit terms given to its customers generally range from 30 to 90 days (2024: 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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:

	2025 HKD'000	2024 HKD'000
Within 90 days	8,967	15,601
From 91 to 180 days	2,816	6,186
From 181 days to 1 year	1,812	2,482
Over 1 year	–	581
	<u>13,595</u>	<u>24,850</u>

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

	2025 HKD'000	2024 HKD'000
Neither past due nor impaired (Notes (a), (b))	10,779	16,566
1 to 90 days past due	1,004	5,352
91 to 180 days past due	1,812	2,496
Over 181 days past due	–	436
	<u>13,595</u>	<u>24,850</u>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 23. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

**(ii) Prepayments and deposits**

As at 31 December 2025, included in the Group's prepayments and deposits were mainly represented by the prepayments and deposits amounted to approximately HKD1,312,000 and HKD Nil (31 December 2024: HKD16,006,000 and HKD341,000) paid to the suppliers for raw material purchases and purchases of machineries respectively.

**(iii) Other receivables**

As at 31 December 2025, included in the Group's other receivables of approximately HKD12,234,000 consideration receivables from disposal of subsidiaries and approximately RMB 38,950,000 (equivalent to HKD44,678,000) amount due from Chengzheng Group which being disposed during the year.

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

	2025 HKD'000	2024 HKD'000
<b>Trade receivables:</b>		
At 1 January	356	330
Provision for the year	–	240
Balances recovered for the year	(6)	(202)
Disposal of subsidiaries	(261)	–
Exchange differences	18	(12)
	<u>107</u>	<u>356</u>
At 31 December	<u>107</u>	<u>356</u>
<b>Other receivables:</b>		
At 1 January	153	177
Provision for the year	879	–
Balances recovered for the year	–	(24)
Disposal of subsidiaries	(126)	–
Exchange differences	28	–
	<u>934</u>	<u>153</u>
At 31 December	<u>934</u>	<u>153</u>

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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 24. SHORT-TERM BANK DEPOSITS

As of 31 December 2024, the 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% 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 HKD153,011,000 of the Group's cash and bank balances was denominated in RMB as at 31 December 2025 (2024: HKD133,277,000). 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 0.10% (2024: 0.01% to 1.60%) per annum. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, bank deposits of approximately HKD5,279,000 (2024: HKD15,932,000) are pledged as security for bills payables (Note 26) which carries at fixed interest rate ranged from 0.75% to 0.85% (2024: 1.30% to 1.43%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26. TRADE AND OTHER PAYABLES

	2025 HKD'000	2024 HKD'000
Trade payables	29,112	27,298
Bills payables	5,274	29,426
Accrued salaries and bonus	3,519	5,010
Value-added taxes ("VAT") payables (Note (a))	150	777
Amounts due to related parties (Note 38)	7,700	3,565
Other payables	15,394	36,395
Consideration payables	–	21,217
	<u>61,149</u>	<u>123,688</u>

The credit period granted by the Group's principal suppliers is ranged from 30 to 90 days (2024: 30 to 90 days).

As at 31 December 2025, bank deposits of approximately HKD5,279,000 (2024: HKD15,932,000) (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% (2024: 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:

	2025 HKD'000	2024 HKD'000
Within 30 days	9,938	5,430
From 31 to 90 days	7,293	6,134
From 91 to 180 days	4,761	7,714
From 181 days to 1 year	3,964	5,917
From 1 to 2 years	721	712
More than 2 years	2,435	1,391
	<u>29,112</u>	<u>27,298</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 27. CONTRACT LIABILITIES

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Advance consideration received from customers:</b>		
Sales of cement	8,899	6,877
Sales of magnetic materials and other application products	–	4,232
	<u>8,899</u>	<u>11,109</u>

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**

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
At 1 January	11,109	17,206
Revenue recognised for the balances included in the contract liabilities at the beginning of the year	(11,372)	(16,956)
Advance consideration received during the year	11,543	11,336
Disposal of subsidiaries	(2,975)	–
Exchange differences	594	(477)
	<u>8,899</u>	<u>11,109</u>
At 31 December	<u>8,899</u>	<u>11,109</u>

As of 31 December 2024 and 2025, all of the contract liabilities were expected to be recognised as revenue within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28. BORROWINGS

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Bank borrowings, unsecured ( <i>Notes (a) and (d)</i> )	93,841	133,959
Bank borrowings, secured ( <i>Notes (b) and (d)</i> )	–	155,096
Other borrowings, unsecured ( <i>Note (c)</i> )	10,700	10,700
	<u>104,541</u>	<u>299,755</u>
<b>Total bank borrowings that are repayable:</b>		
On demand or within one year	93,841	160,904
More than one year, but not exceeding two years	–	10,609
More than two years, but not exceeding five years	–	96,537
More than five years	–	21,005
	<u>93,841</u>	<u>289,055</u>
<b>Total other borrowings that are repayable:</b>		
On demand or within one year	10,700	10,700
	<u>10,700</u>	<u>10,700</u>
<b>Analysis for reporting purpose:</b>		
Current portion	104,541	171,604
Non-current portion	–	128,151
	<u>104,541</u>	<u>299,755</u>

*Note (a):*

As of 31 December 2025, approximately HKD93,841,000 (2024: HKD133,959,000) of the bank borrowings carried at fixed interest rates ranged from 2.80% to 4.00% (2024: from 2.90% to 4.95%) per annum which was guaranteed by the Company.

*Note (b):*

As of 31 December 2024, approximately HKD155,096,000 of the bank borrowings carried at fixed interest rates ranged from 3.60% to 7.85% per annum which was secured by the equity interests of subsidiaries of the Company, land use rights of approximately HKD2,290,000 and property, plant and equipment of approximately HKD22,153,000. During the year, the secured bank borrowings was disposed during the disposal of subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28. BORROWINGS (Continued)

Note (c):

As of 31 December 2025, approximately HKD10,700,000 (2024: HKD10,700,000) of the other borrowings carried at a fixed interest rate of 9% (2024: 9%) per annum without any security collateral pledged.

Note (d):

As of 31 December 2025, the Group was offered a total amount of banking facilities of approximately HKD93,841,000 (2024: HKD289,267,000) which was utilised of approximately HKD93,841,000 (2024: HKD289,055,000) by the Group.

## 29. DEFERRED INCOME

	2025 HKD'000	2024 HKD'000
<b>Government grants:</b>		
At 1 January	20,232	23,278
Refunded to government	–	(255)
Released to profit or loss	(1,848)	(2,039)
Disposal of subsidiaries (Note 10(b))	(19,404)	
Exchange differences	1,020	(752)
	<hr/>	<hr/>
At 31 December	–	20,232
	<hr/> <hr/>	<hr/> <hr/>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities were offset when there are 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:

	<b>2025</b> <i>HKD'000</i>	2024 <i>HKD'000</i>
Deferred tax assets	<b>6,641</b>	7,392
Deferred tax liabilities	<b>(16,273)</b>	(33,191)
	<b>(9,632)</b>	(25,799)

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	<b>Withholding tax for distributable profits relating to equity holder</b> <i>HKD'000</i> <i>(Note (a))</i>	<b>Tax losses</b> <i>HKD'000</i> <i>(Note (b))</i>	<b>Revaluation of property, plant and equipment</b> <i>HKD'000</i>	<b>Total</b> <i>HKD'000</i>
<b>At 1 January 2024</b>	(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
<b>At 31 December 2024 and 1 January 2025</b>	(30,981)	7,392	(2,210)	(25,799)
Credited/(charged) to profit or loss	15,895	(1,112)	(290)	14,493
Disposal of subsidiaries <i>(Note 10(b))</i>	–	–	2,626	2,626
Exchange differences	(1,187)	361	(126)	(952)
<b>At 31 December 2025</b>	<b>(16,273)</b>	<b>6,641</b>	<b>–</b>	<b>(9,632)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 2025, the Group had unused tax losses of approximately HKD60,426,000 (2024: HKD81,607,000), available to offset against future profits. The unused tax losses of approximately HKD58,960,000 (2024: HKD80,141,000) will be expired in 5 years whereas approximately HKD1,466,000 (2024: HKD1,466,000) will not be expired. As at 31 December 2025, unused tax losses of approximately HKD26,565,000 (2024: HKD29,570,000) had been recognised in deferred tax assets, while approximately HKD33,861,000 (2024: HKD52,037,000) had not been recognised, due to the unpredictability of future profit streams.

## 31. SHARE CAPITAL

	Number of shares '000	Nominal value HKD'000
<b>Authorised:</b>		
Ordinary shares of HKD0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000	100,000
<b>Issued and fully paid:</b>		
Ordinary shares of HKD0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	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
<b>At 1 January 2024</b>	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
<b>At 31 December 2024 and 1 January 2025</b>	132,886	71,104	236,058	20,300	3,588	463,936
Release upon disposal of subsidiaries	–	(27)	–	–	(3,588)	(3,615)
<b>At 31 December 2025</b>	132,886	71,077	236,058	20,300	–	460,321

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 32. OTHER RESERVES (Continued)

	Share premium <i>HKD'000</i> <i>(Note a)</i>	Capital reserve <i>HKD'000</i> <i>(Note e)</i>	Accumulated losses <i>HKD'000</i> <i>(Note g)</i>	Total <i>HKD'000</i>
<b>The Company:</b>				
<b>At 1 January 2024</b>	132,886	249,558	(159,137)	223,307
Loss for the year	–	–	(8,167)	(8,167)
Special dividend declared <i>(Note 11)</i>	–	–	(75,072)	(75,072)
<b>At 31 December 2024 and 1 January 2025</b>	132,886	249,558	(242,376)	140,068
Loss for the year	–	–	(44,530)	(44,530)
<b>At 31 December 2025</b>	<u>132,886</u>	<u>249,558</u>	<u>(286,906)</u>	<u>95,538</u>

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.

No appropriation to the statutory reserve account was made during the year. Statutory reserve of approximately HKD27,000 was released to retained earnings/accumulated losses of the Group upon disposal of the legal entity of which the reserve attributable to. (2024: Except for one of the PRC's subsidiaries had appropriated approximately HKD5,000 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.)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 of the Company's subsidiaries, 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 reserve was released to retained earnings/accumulated losses of the Group upon disposal of Ganzhou Chengzheng Motor Co., Limited and its intermediate holding companies.

#### The Company

In 2011, Dongwu HK acquired the entire equity interest in 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	<b>2025</b> <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current asset</b>			
Investments in subsidiaries	19	<u>249,945</u>	<u>249,955</u>
<b>Current assets</b>			
Other receivables		10,000	–
Amounts due from subsidiaries		37,257	83,505
Cash and cash equivalents		<u>854</u>	<u>540</u>
Total current assets		<u>48,111</u>	<u>84,045</u>
<b>Current liabilities</b>			
Accruals and other payables		12,636	8,020
Amounts due to subsidiaries		173,662	94,620
Borrowings		10,700	10,700
Dividend payable		<u>–</u>	<u>75,072</u>
Total current liabilities		<u>196,998</u>	<u>188,412</u>
Net current liabilities		<u>(148,887)</u>	<u>(104,367)</u>
<b>Net assets</b>		<u><u>101,058</u></u>	<u><u>145,588</u></u>
<b>EQUITY</b>			
Share capital	31	5,520	5,520
Reserves	32	<u>95,538</u>	<u>140,068</u>
<b>Total equity</b>		<u><u>101,058</u></u>	<u><u>145,588</u></u>

On behalf of the Board:

**Liu Dong**  
*Director*

**Wu Junxian**  
*Director*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 34. 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 2024 and 2025:

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
<b>Financial assets:</b>		
At amortised cost:		
Trade and other receivables	72,396	37,916
Short-term bank deposits	–	206,866
Pledged bank deposits	5,279	15,932
Cash and cash equivalents	154,115	135,495
At FVTPL:		
Unlisted fund investment	112,299	108,027
Total	<u>344,089</u>	<u>504,236</u>
<b>Financial liabilities:</b>		
At amortised cost:		
Trade and other payables	60,999	122,911
Borrowings	104,541	299,755
Dividend payable	–	75,072
Lease liabilities	463	845
Total	<u>166,003</u>	<u>498,583</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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, unlisted fund investment, borrowings, trade and other payables and dividend 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:

	2025		2024	
	Original currency in HKD HKD'000	Original currency in USD HKD'000	Original currency in HKD HKD'000	Original currency in USD HKD'000
Trade and other receivables	10,000	–	10	41
Cash and cash equivalents	1,019	558	760	1,467
Trade and other payables	(16,656)	–	(8,105)	(1)
Borrowings	(10,700)	–	(10,700)	–
Dividend payable	–	–	(75,072)	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net exposure	<u>(16,337)</u>	<u>558</u>	<u>(93,107)</u>	<u>1,507</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

### (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	
	2025	2024
	HKD'000	HKD'000
<b>HKD to RMB:</b>		
Appreciated by 3% (2024: 3%)	(490)	(2,793)
Depreciated by 3% (2024: 3%)	490	2,793

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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.

	2025		2024	
	Effective interest rate % per annum	HKD'000	Effective interest rate % per annum	HKD'000
<b>Financial assets:</b>				
Fixed rate receivables				
– Short-term bank deposits	N/A	–	1.40%-2.00%	206,866
– Pledged bank deposits	0.75%-0.85%	5,279	1.30%-1.43%	15,932
<b>Financial liabilities:</b>				
Fixed rate payables				
– Borrowings	2.80%-9%	104,541	2.90%-9%	299,755
– Lease liabilities	3.62%	463	3.62%	845

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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 2024 and 2025, 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 20.62% (2024: 25.45%) 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 are as follows:

	As at 31 December	
	2025	2024
	HKD'000	HKD'000
Balance of trade receivables (net of provision)		
from top five customers	5,833	10,059
Balance of trade and bills receivables (net of provision) (Note 23)	13,595	24,850
Percentage	42.90%	40.48%

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 35. 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:

<b>At 31 December 2025:</b>	<b>Expected loss rate %</b>	<b>Gross carrying amount HKD'000</b>	<b>Loss allowance HKD'000</b>
Current (not past due)	0.03	10,782	3
From 1 to 90 days past due	1.22	1,016	12
From 91 to 180 days past due	4.80	1,904	92
		<u>13,702</u>	<u>107</u>
At 31 December 2024:	Expected loss rate %	Gross carrying amount HKD'000	Loss allowance 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
		<u>25,206</u>	<u>356</u>

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 historical 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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) HK\$'000	On demand or within 1 year HK\$'000	1 to 2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount
<b>At 31 December 2025:</b>							
Trade and other payables	N/A	60,999	-	-	-	60,999	60,999
Borrowings	2.80%-9%	107,806	-	-	-	107,806	104,541
Lease liabilities	3.62%	405	67	-	-	472	463
		<u>169,210</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>169,277</u>	<u>166,003</u>

	Effective interest rate (% per annum) HK\$'000	On demand or within 1 year HK\$'000	1 to 2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount
<b>At 31 December 2024:</b>							
Trade and other payables	N/A	122,911	-	-	-	122,911	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	N/A	75,072	-	-	-	75,072	75,072
		<u>380,229</u>	<u>15,987</u>	<u>103,855</u>	<u>21,298</u>	<u>521,369</u>	<u>498,583</u>

The above liquidity table includes both interest and principal cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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, borrowings and dividend payable 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35. 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 unlisted private fund 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 fund is recorded based on valuations supplied by the fund managers. These valuations are measured by the percentage of ownership of the private fund's net asset value, which is an unobservable input. The fund managers estimated the fair value of underlying investments based on direct market quote for level 1 financial instruments. For other investments, the 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.

As Level 3 investment fund is close-ended, the Group reviews the valuations of the underlying investments held by respective investment fund to assess the appropriateness of the net asset values as provided by the fund administrators, 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 2025.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

<b>Financial assets at FVTPL</b>	<b>2025</b>	2024
	<b>HKD'000</b>	HKD'000
<b>At 1 January</b>	<b>108,027</b>	–
Purchase	–	108,254
Total gains or losses:		
– changes in fair value of financial assets	<b>7,967</b>	1,981
Distribution	<b>(9,387)</b>	–
Exchange differences	<b>5,692</b>	(2,208)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>112,299</b>	108,027
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 36. 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 2025 amounted to approximately HKD337,693,000 (2024: HKD387,315,000) which management considers as optimal having considered the projected capital expenditures and the strategic opportunities.

## 37. 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:

	<b>2025</b> <b>HKD'000</b>	2024 <i>HKD'000</i>
Commitments for the acquisition of property, plant and equipment	—	4,521

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 38. 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:

	2025 HKD'000	2024 HKD'000
Salaries, wages and other benefits	3,288	4,108
Contributions to defined contribution retirement plans	12	169
	<u>3,300</u>	<u>4,277</u>

On 1 November 2018, Mr. Tseung 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 2024 and 2025, the Group did not withdraw any loan amount from the facility.

Included in trade and other payables as disclosed in Note 26, approximately HKD7,700,000 (2024: HKD3,565,000) was payable to the companies commonly controlled by Mr. Tseung as of 31 December 2025. 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:

	2025 HKD'000	2024 HKD'000
Solid waste processing services income from an associate	-	70

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 39. NON-CONTROLLING INTERESTS

The particulars of the Company's non-wholly owned subsidiaries as of 31 December 2024 and 2025 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		Total comprehensive income attributable to non-controlling interests		Accumulated non-controlling interests at 31 December	
		2025	2024	2025	2024	2025	2024
Chengzheng Group	The PRC	Nil	37.5%	(1,667)	(12,426)	–	99,305
Individual immaterial subsidiaries with non-controlling interests	Hong Kong, the PRC and Laos	Nil	35%-37.5%	(510)	(1,309)	–	(9,775)
				<u>(2,177)</u>	<u>(13,735)</u>	<u>–</u>	<u>89,530</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 39. 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:

	2025 HKD'000	2024 HKD'000
<b>For the year ended 31 December:</b>		
Revenue	16,007	38,764
Loss for the year	(29,937)	(27,110)
Total comprehensive income for the year	<u>(22,506)</u>	<u>(32,786)</u>
Total comprehensive income for the year attributable to non-controlling interests	<u>(1,667)</u>	<u>(12,426)</u>
Net cash generated from operating activities	3,641	8,546
Net cash used in investing activities	(1,079)	(218)
Net cash generated from financing activities	65,506	21,216
Effect of foreign exchange rate changes on cash and cash equivalents	<u>329</u>	<u>(559)</u>
Net cash inflow	<u>68,397</u>	<u>28,985</u>
<b>At 31 December:</b>		
Non-current assets	–	42,137
Current assets	–	327,254
Current liabilities	–	(99,968)
Non-current liabilities	<u>–</u>	<u>(31,901)</u>
Net assets	<u>–</u>	<u>237,522</u>
Accumulated non-controlling interests	<u>–</u>	<u>99,305</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 40. 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 <i>HKD'000</i> <i>(Note 28)</i>	Interest payables <i>HKD'000</i>	Lease liabilities <i>HKD'000</i> <i>(Note 16)</i>	Dividend payable <i>HKD'000</i>
At 1 January 2024	262,641	6,196	83	–
<b>Changes from financing cash flows:</b>				
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	<u>46,684</u>	<u>(12,684)</u>	<u>(421)</u>	<u>–</u>
<b>Other changes:</b>				
New leases entered during the year	–	–	1,153	–
Financial expenses <i>(Note 9)</i>	–	13,152	30	–
Special dividend declared <i>(Note 11)</i>	–	–	–	75,072
Exchange differences	(9,570)	628	–	–
Total other changes	<u>(9,570)</u>	<u>13,780</u>	<u>1,183</u>	<u>75,072</u>
At 31 December 2024	<u><u>299,755</u></u>	<u><u>7,292</u></u>	<u><u>845</u></u>	<u><u>75,072</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 40. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Borrowings <i>HKD'000</i> <i>(Note 28)</i>	Interest payables <i>HKD'000</i>	Lease liabilities <i>HKD'000</i> <i>(Note 16)</i>	Dividend payable <i>HKD'000</i>
At 1 January 2025	299,755	7,292	845	75,072
<b>Changes from financing cash flows:</b>				
Proceeds from borrowings	164,259	–	–	–
Repayments of borrowings	(200,831)	–	–	–
Repayments of principal portion of lease liabilities	–	–	(382)	–
Dividend paid	–	–	–	(75,072)
Interest paid	–	(10,863)	(23)	–
Total changes from financing cash flows	<u>(36,572)</u>	<u>(10,863)</u>	<u>(405)</u>	<u>(75,072)</u>
<b>Other changes:</b>				
Financial expenses <i>(Note 9)</i>	–	11,831	23	–
Disposal of subsidiaries	(172,935)	–	–	–
Exchange differences	14,293	7	–	–
Total other changes	<u>(158,642)</u>	<u>11,838</u>	<u>23</u>	<u>–</u>
At 31 December 2025	<u>104,541</u>	<u>8,267</u>	<u>463</u>	<u>–</u>

## 41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 27 March 2026.