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Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 695)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE FRAMEWORK AGREEMENT
IN RELATION TO
THE DEVELOPMENT OF RARE EARTH AND RARE EARTH
PERMANENT MAGNETS BUSINESSES

This announcement is made by Dongwu Cement International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

FRAMEWORK AGREEMENT IN RELATION TO THE DEVELOPMENT
OF RARE EARTH AND RARE EARTH PERMANENT MAGNETS
BUSINESSES

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 24 February 2023 (after trading hours), the Company has entered into a framework agreement (the “**Framework Agreement**”) with Ganzhou Chengzheng Rare Earth New Material Co., Ltd.* (贛州誠正稀土新材料股份有限公司) (“**Chengzheng Rare Earth**”) for the purpose of the development of rare earth and rare earth permanent magnets businesses in the future (the “**Strategic Cooperation**”).

Pursuant to the Framework Agreement and the Strategic Cooperation, the Company or its associated enterprises intend to strategically (i) invest in Chengzheng Rare Earth through acquisition and capital injection (the “**Investment**”); and (ii) cooperate with Chengzheng Rare Earth and its associated parties for setting up an entity to engage in rare earth resources development, mining and rare earth trading (the “**Strategic Company**”). It is intended that the aggregate investment sum for the Strategic Cooperation will not be more than RMB500 million.

Upon the execution of the Framework Agreement, Chengzheng Rare Earth will undergo reorganization to consolidate its interests in all its associated enterprises which are primarily engaged in businesses that are in line with Chengzheng Rare Earth, including but not limited to research and development, production and sales of rare earth permanent magnetic materials, rare earth permanent magnetic generators and the applications thereof, and rare earth products trading (the “**Target Group**”). Upon the completion of the Investment, it is intended that the Group will own not less than 60% of the equity interest of Chengzheng Rare Earth. Furthermore, the Company or its associated enterprises intend to hold not less than 60% of the equity interest of the Strategic Company once it is established.

It is intended that with the advantages of rare earth resources and industries in Ganzhou, Jiangxi, the Strategic Cooperation will fully utilize the technologies and established experience of the Target Group in areas such as rare earth exploration and mining, production of rare earth permanent magnetic materials and rare earth permanent magnetic generators to cultivate a high-tech enterprise group with the advantages of rare earth resources and new energy industrial strength as its core.

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

As disclosed in the interim report for the six months ended 30 June 2022 of the Company, the Company shall continue to actively explore the investment opportunities in the emerging industries, especially in the field of new energy and biopharmaceutical. Rare earth permanent magnetic materials have been widely used in emerging and rapidly growing new energy and energy conservation industries in the People’s Republic of China (the “**PRC**”), such as new energy vehicles, energy-saving industrial generators and wind power generation. In 2021, the PRC government issued the Working Guidance for Carbon Dioxide Peak and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which stipulates the priorities of developing clean energy and energy conservation industries; the Ministry of Industry and Information Technology, Ministry of Science and Technology, and Ministry of

Natural Resources of PRC released the “**14th Five-Year**” Raw Material Industry Development Plan (《「十四五」原材料工業發展規劃》), aiming to strengthen rare earth enterprise groups, cultivate small and medium-sized rare earth enterprises and strengthen the connection between upstream and downstream of the rare earth industry. The Company is of the view that with the current market trend for the use of clean energy and favourable policies, the market demand for rare earth, rare earth permanent magnetic materials and rare earth permanent magnetic generators in the PRC will significantly increase. The Target Group has the technologies and established experience in areas such as rare earth exploration and mining, production of rare earth permanent magnetic materials and rare earth permanent magnetic generators, which will allow the Company to tap into the rare earth and rare earth permanent magnets businesses in a more effective and efficient manner. The Company believes that the transactions contemplated under the Framework Agreement, if materialized, are in the interests of the Company and its shareholders as a whole.

INFORMATION OF PARTY TO THE FRAMEWORK AGREEMENT

Chengzheng Rare Earth is a company limited by shares established in the PRC and primarily engaged in processing of rare earth products, production, processing and sales of rare earth permanent magnetic materials; sales of single oxide rare earth and chemical raw materials; sales of rare earth metals, luminous materials, polishing powder, polishing liquid and rare earth application series products; research and development, production, processing, sales and services of rare earth permanent magnetic generators. Chengzheng Rare Earth is a high-tech enterprise of Jiangxi and has a provincial-level academician workstation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Chengzheng Rare Earth is an independent third party of the Company.

Shareholders and potential investors of the Company should be aware that the terms in relation to the transactions contemplated under the Framework Agreement are subject to further negotiations between the parties to the Framework Agreement and no formal agreements have been entered into as at the date of this announcement. Accordingly, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

If formal agreement(s) are materialized in relation to any transactions contemplated under the Framework Agreement, the Company will comply with the relevant and applicable requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules, if necessary.

By order of the Board
Dongwu Cement International Limited
Liu Dong
Chairman

Hong Kong, 24 February 2023

As at the date of this announcement, the Board comprises Mr. Liu Dong and Mr. Wu Junxian as executive Directors; Mr. Tseung Hok Ming and Ms. Xie Yingxia as non-executive Directors; and Mr. Cao Kuangyu, Ms. Yu Xiaoying and Mr. Suo Suo as independent non-executive Directors.

** for identification purposes only*