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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)

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF A SUBSIDIARY**

THE DISPOSAL

On 12th September 2025 (after trading hours of the Stock Exchange), the Company, as the vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK\$10,000,000.

Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As additional time is needed for the preparation and finalisation of certain information for inclusion in the circular, the circular containing, among other things, (i) details of the Disposal; (ii) the financial information of the Group; (iii) a notice convening the EGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 17th October 2025.

Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 12th September 2025 (after trading hours of the Stock Exchange), the Company, as the vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK\$10,000,000.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

12th September 2025 (after trading hours of the Stock Exchange)

Parties

- (i) **Vendor:** the Company
- (ii) **Purchaser:** the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Company as vendor conditionally agreed to dispose of, and the Purchaser as purchaser conditionally agreed to acquire, the Sale Shares, representing all the issued shares of the Target Company.

As at the date of this announcement and immediately prior to Completion, all the issued shares of the Target Company, being the Sale Shares, are legally and beneficially owned by the Company.

Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

Consideration

The Consideration in the aggregate amount of HK\$10,000,000 shall be settled by the Purchaser by cashier's cheque(s) drawn in favour of the Company or in cash by wire transfer of immediately available funds to the Company's designated bank account in full at Completion Date.

The Consideration was arrived at after arm's length commercial negotiations between the Company and the Purchaser and was determined with reference to the unaudited net asset value of the Target Company as at 30 June 2025, being approximately HK\$6,149,000.

Conditions Precedent

Completion is subject to the following conditions being satisfied (or waived, if applicable):

- (a) all necessary permission, consents and approvals in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Company pursuant to applicable law or requirement of competent authority, including without limitation the Shareholders (other than those who are required to abstain from voting under applicable law) passing at an extraordinary general meeting of the Company an ordinary resolution approving the entering into by the Company of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) the Disposal Group having collected not less than 50% of the outstanding trade receivables as set out in the unaudited consolidated balance sheet of the Disposal Group as at 30 June 2025;
- (c) the Company's warranties remaining true, accurate and not misleading in all material respects as at the Completion Date; and
- (d) the Purchaser's warranties remaining true, accurate and not misleading in all material respects as at the Completion Date.

The Purchaser may waive the conditions precedent set out in (b) and (c) above. The Company may waive the condition precedent set out in (d) above. The condition precedent set out in (a) above is not waivable.

If any of the conditions precedent referred to above has not been satisfied on or before the Longstop Date, the parties may postpone the Longstop Date by mutual agreement, failing which the Sale and Purchase Agreement shall terminate with effect from the Longstop Date.

As at 30 June 2025, the outstanding trade receivables (net of provision) as set out in the unaudited consolidated balance sheet of the Disposal Group amounted to approximately HK\$8,250,000.

Completion and Post-Completion Undertakings

Upon fulfillment or waiver of all the conditions precedent to the Sale and Purchase Agreement, Completion shall take place on the Completion Date. Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

The Purchaser has undertaken to procure the Disposal Group to settle all outstanding amounts and/or indebtedness owed by the Disposal Group to the Remaining Group within three (3) months after the Completion Date. Upon the expiry of the three (3) months after the Completion Date, if there remains any outstanding amounts and/or indebtedness owed by the Disposal Group to the Remaining Group, the Purchaser undertakes to pay an amount equal to such outstanding amount and/or indebtedness within five (5) Business Days thereafter.

As at 30 June 2025, the outstanding amounts and/or indebtedness owed by the Disposal Group to the Remaining Group as set out in the unaudited consolidated balance sheet of the Disposal Group amounted to approximately RMB38,950,007.97 (equivalent to approximately HK\$42,966,000).

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in investment holding and a company incorporated in the British Virgin Islands. The ultimate beneficial owner of the Purchaser is Mr. Cui Genliang, a PRC citizen. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ON THE COMPANY AND THE GROUP

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

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability. The Target Company is the holding company of the Disposal Group, which comprises the rare earth segment of the Group's business. The Disposal Group is principally engaged in the business of the production and sales of magnetic materials and other application products, which include the production and sales of high-performance sintered NdFeB permanent magnet materials and permanent magnet motors.

The table below sets out certain unaudited financial information of the Target Company for each of the years ended 31 December 2023 and 2024:

	For the year ended 31 December 2023 <i>HK\$'000</i>	For the year ended 31 December 2024 <i>HK\$'000</i>
Revenue	10,823	38,764
Profit/(loss) before taxation	(9,212)	(27,253)
Profit/(loss) after taxation	(9,150)	(27,770)

The unaudited net asset value of the Target Company as at 30 June 2025 was approximately HK\$6,149,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers the Disposal to be a strategic step which aligns with the Group's long-term objectives and current market conditions and allows for the Group to reposition itself to focus on its higher-potential businesses.

As disclosed in the announcement of the Company dated 9 June 2023, the Group has expanded into the rare earth and rare earth permanent magnets businesses in 2023 by acquiring a majority stake in a company which is involved in, among others, the production and sales of rare earth permanent magnetic materials, which subsequently develops into the Disposal Group. However, the Disposal Group has underperformed financially in the past two years, with the loss after taxation for each of the years ended 31 December 2023 and 31 December 2024 being at approximately HK\$9,150,000 and HK\$27,770,000, respectively, mainly attributable to the fact that there was a downward trend in the prices of magnetic materials and lack of scale of production in the Disposal Group. In light of the challenges in the rare earth business, the Group believe that the Disposal would enable the Group to streamline operations and improve its overall financial performance by focusing its financial resources on the cement business of the Group and improving cashflow liquidity and financial flexibility. The Group will proactively explore diversified investment opportunities, closely monitor and identify potential strategic collaboration opportunities, and advance the development of its international trade segment. At the same time, the Group will continue to focus on its existing core operations and enhance its profitability and operational efficiency through optimising its asset structures and capital operations, thereby comprehensively strengthening its overall competitiveness.

The Directors (including all independent non-executive Directors) consider that the Disposal, the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

Based on preliminary assessment, the Group expects to recognize a gain of approximately HK\$3,851,000 arising from the Disposal, calculated based on the difference between the Consideration and the unaudited net asset value of the Target Company as at 30 June 2025. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group may be different from the above and will be subject to the audit of the auditors of the Group.

Net proceeds from the Disposal, which have deducted expenses in relation to the Disposal, are estimated to be approximately HK\$3,231,000. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

LISTING RULES IMPLIATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As disclosed in the announcement of the Company dated 12th September 2025, the Board has been informed by Goldview Development Limited, the controlling shareholder of the Company, that it has entered into two sale and purchase agreements for the disposals of 204,240,000 Shares in aggregate (representing 37% of the issued Shares as at the date of this Announcement), each of which are conditional upon, among others, the completion of the Disposal. As such, Goldview Development Limited and its sole shareholder, Mr. Tseung Hok Ming, are deemed to have material interests in the Sale and Purchase Agreement and the transaction contemplated thereunder. Accordingly, (i) Goldview Development Limited and its associates, including Mr. Tseung Hok Ming, will abstain from voting at the EGM in respect of the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) Mr. Tseung Hok Ming has abstained from voting on the board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Save as disclosed above:

- (i) none of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore none of the Directors has abstained from voting on the board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder;

- (ii) as at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

As additional time is needed for the preparation and finalisation of certain information for inclusion in the circular, the circular containing, among other things, (i) details of the Disposal; (ii) the financial information of the Group; (iii) a notice convening the EGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 17th October 2025.

Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than any Saturday or Sunday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Dongwu Cement International Limited 東吳水泥國際有限公司 (stock code: 695), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Stock Exchange

“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the third Business Day after the date on which all of the conditions have been fulfilled or waived or such other date as shall be mutually agreed between the Company and the Purchaser
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration of HK\$10,000,000 for the Sale Shares payable by the Purchaser to the Company under the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Group”	the Target Company and its subsidiaries
“EGM”	an extraordinary general meeting of the Company to be held for the purpose of approving, among others, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longstop Date”	30th June 2026, or such later date as the Company and the Purchaser may agree in writing
“PRC”	the People’s Republic of China
“Purchaser”	Great Ease Holdings Limited 嘉逸控股有限公司, a company incorporated in the British Virgin Islands with limited liability
“Remaining Group”	the Company and its subsidiaries (other than members of the Disposal Group)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12th September 2025 entered into between the Company and the Purchaser in respect of the Disposal
“Sale Share(s)”	10,000 shares of the Target Company, representing all the Shares of the Target Company as at the date of this announcement and immediately prior to Completion
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Orient Chengzheng Rare Earth Co., Limited 東方誠正稀土有限公司, a company incorporated in the Hong Kong with limited liability which is directly wholly-owned by the Company as at the date of this announcement and before Completion
“%”	per cent

For the purpose of this announcement and for illustration purposes only, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.90653. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

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

Hong Kong, 12th September 2025

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. Yuan Yuan, Mr. Yu Ronald Patrick Lup Man and Mr. Suo Suo as independent non-executive Directors.