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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- During the Reporting Period, the Group's total revenue from continuing and discontinued operations amounted to approximately HK\$231,232,000, representing an increase of approximately HK\$7,628,000 or 3.4% from approximately HK\$223,604,000 for the year ended 31 December 2024.
- The Group's gross profit margin from continuing operations decreased from approximately -3.0% for the year ended 31 December 2024 to approximately -5.4% for the Reporting Period.
- For the Reporting Period, loss attributable to owners of the Company increased to approximately HK\$66,797,000 from approximately HK\$58,630,000 for the year ended 31 December 2024.

The Board (the “**Board**”) of Directors (the “**Directors**”) of Dongwu Cement International Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with the relevant comparative figures for the corresponding period of 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>HKD'000</i>	2024 <i>HKD'000</i> (Represented)
Revenue	5	215,225	184,840
Cost of sales		<u>(226,783)</u>	<u>(190,352)</u>
Gross loss		(11,558)	(5,512)
Distribution expenses		(1,673)	(2,220)
Administrative expenses		(26,745)	(30,228)
Other income and other gain, net		24,966	5,060
Provision for impairment losses on property, plant and equipment	6(c), 18	<u>(32,970)</u>	<u>–</u>
Operating loss		(47,980)	(32,900)
Finance income		4,192	10,755
Finance expenses		(4,623)	(5,353)
Finance (expenses)/income – net		(431)	5,402
Gain on disposal of subsidiaries	6(b)	3,919	–
Share of results of associates		<u>(9,698)</u>	<u>(1,212)</u>
Loss before income tax	6(a)	(54,190)	(28,710)
Income tax credit	8	10,402	3,581
Loss for the year from continuing operations		<u>(43,788)</u>	<u>(25,129)</u>
Discontinued operations			
Loss for the year from discontinued operations, after tax	6(b)	<u>(29,950)</u>	<u>(43,924)</u>
Loss for the year		<u>(73,738)</u>	<u>(69,053)</u>
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		23,917	(20,738)
Exchange reserve released upon disposal of subsidiaries		<u>(1,978)</u>	<u>–</u>
Total comprehensive income for the year		<u>(51,799)</u>	<u>(89,791)</u>

	<i>Notes</i>	2025 <i>HKD'000</i>	2024 <i>HKD'000</i> (Represented)
Loss for the year attributable to:			
Owners of the Company			
– From continuing operations		(41,814)	(24,991)
– From discontinued operations		(24,983)	(33,639)
		<u>(66,797)</u>	<u>(58,630)</u>
Non-controlling interests			
– From continuing operations		(300)	(138)
– From discontinued operations		(6,641)	(10,285)
		<u>(6,941)</u>	<u>(10,423)</u>
		<u>(73,738)</u>	<u>(69,053)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company			
– From continuing operations		(27,294)	(39,867)
– From discontinued operations		(22,328)	(36,189)
		<u>(49,622)</u>	<u>(76,056)</u>
Non-controlling interests			
– From continuing operations		(302)	(133)
– From discontinued operations		(1,875)	(13,602)
		<u>(2,177)</u>	<u>(13,735)</u>
		<u>(51,799)</u>	<u>(89,791)</u>
Loss per share from continuing and discontinued operations attributable to owners of the Company			
– Basic and diluted (HKD per share)	7	<u>(0.121)</u>	<u>(0.106)</u>
Loss per share from continuing operations attributable to owners of the Company			
– Basic and diluted (HKD per share)	7	<u>(0.076)</u>	<u>(0.045)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 HKD'000	2024 <i>HKD'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		112,096	222,022
Goodwill	<i>9</i>	–	47,183
Intangible assets		–	12,845
Deposits paid for purchases of machineries	<i>10</i>	–	341
Investments in associates		24,161	32,417
Deferred tax assets		6,641	7,392
Financial assets at fair value through profit or loss	<i>15</i>	112,299	108,027
Total non-current assets		255,197	430,227
Current assets			
Inventories		19,769	196,531
Trade and other receivables	<i>10</i>	75,890	55,119
Short-term bank deposits		–	206,866
Pledged bank deposits		5,279	15,932
Cash and cash equivalents		154,115	135,495
Assets classified as held for sale	<i>6(b), (c)</i>	255,053 18,768	609,943 2,065
Total current assets		273,821	612,008
Current liabilities			
Trade and other payables	<i>11</i>	61,149	123,688
Contract liabilities	<i>12</i>	8,899	11,109
Lease liabilities		396	382
Borrowings	<i>13</i>	104,541	171,604
Dividend payable		–	75,072
		174,985	381,855

	<i>Notes</i>	2025 HKD'000	2024 <i>HKD'000</i>
Liabilities associated with assets classified as held for sale	<i>6(b)</i>	<u>–</u>	<u>1,498</u>
Total current liabilities		<u>174,985</u>	<u>383,353</u>
Net current assets		<u>98,836</u>	<u>228,655</u>
Total assets less current liabilities		<u>354,033</u>	<u>658,882</u>
Non-current liabilities			
Lease liabilities		67	463
Borrowings	<i>13</i>	–	128,151
Deferred income		–	20,232
Deferred tax liabilities		<u>16,273</u>	<u>33,191</u>
Total non-current liabilities		<u>16,340</u>	<u>182,037</u>
Net assets		<u>337,693</u>	<u>476,845</u>
EQUITY			
Share capital	<i>14</i>	5,520	5,520
Reserves		<u>332,173</u>	<u>381,795</u>
Total equity attributable to owners of the Company		<u>337,693</u>	<u>387,315</u>
Non-controlling interests		<u>–</u>	<u>89,530</u>
Total equity		<u>337,693</u>	<u>476,845</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Equity attributable to owners of the Company						
	Share capital <i>HKD'000</i>	Other reserves <i>HKD'000</i>	Translation reserve <i>HKD'000</i>	Retained earnings/ (accumulated losses) <i>HKD'000</i>	Total <i>HKD'000</i>	Non- controlling interests <i>HKD'000</i>	Total equity <i>HKD'000</i>
At 1 January 2024	5,520	460,343	(70,152)	139,144	534,855	101,884	636,739
Loss for the year	-	-	-	(58,630)	(58,630)	(10,423)	(69,053)
Exchange difference arising on translation of financial statements of foreign operations	-	-	(17,426)	-	(17,426)	(3,312)	(20,738)
Total comprehensive income for the year	-	-	(17,426)	(58,630)	(76,056)	(13,735)	(89,791)
Disposal of partial equity interest in a subsidiary (<i>Note</i>)	-	3,588	-	-	3,588	1,381	4,969
Appropriation to statutory reserve	-	5	-	(5)	-	-	-
Special dividend declared (<i>Note 16</i>)	-	-	-	(75,072)	(75,072)	-	(75,072)
At 31 December 2024 and 1 January 2025	5,520	463,936	(87,578)	5,437	387,315	89,530	476,845
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 (<i>Note 6(b)</i>)	-	-	(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 (<i>Note 6(b)</i>)	-	-	-	-	-	(87,353)	(87,353)
Release of other reserve upon disposal of subsidiaries	-	(3,615)	-	3,615	-	-	-
At 31 December 2025	5,520	460,321	(70,403)	(57,745)	337,693	-	337,693

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.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

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

<i>Notes</i>	2025 <i>HKD'000</i>	2024 <i>HKD'000</i> (Represented)
Cash flows from investing activities		
Disposal of subsidiaries, net of cash disposed	(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)
Proceed 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
	<hr/>	<hr/>
Net cash generated from investing activities	127,926	149,505
Cash flows from financing activities		
Proceeds from disposal of partial equity interest in a subsidiary	–	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)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(122,912)	38,548

	2025	2024
<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(Represented)
Net increase in cash and cash equivalents	10,193	116,488
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	<u>8,397</u>	<u>(2,858)</u>
Cash and cash equivalents at the end of the year	<u>154,115</u>	<u>135,525</u>
Represented by:		
Cash and cash equivalents	154,115	135,495
Cash and cash equivalents classified as held for sale	<i>6(b)</i> <u>—</u>	<u>30</u>
	<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 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.

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

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

² Effective for the annual periods beginning on or after 1 January 2027

³ The amendments shall be applied prospectively to the sale or contribution of assets occurring in the annual periods beginning on or after a date to be determined

HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(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.

(d) Functional and presentation currencies

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

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

4. 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.

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	
For the year ended 31 December 2025:					
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>
As at 31 December 2025:					
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>

	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	
For the year ended 31 December 2024:					
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>
As at 31 December 2024:					
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>

Other segment information

	Continuing operations	Discontinued operations			Total <i>HKD'000</i>
	Production and sales of cement <i>HKD'000</i>	Production and sales of magnetic materials and other application products <i>HKD'000</i>	Research and development in biotechnology <i>HKD'000</i>	Unallocated and corporate <i>HKD'000</i>	
For the year ended 31 December 2025:					
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	<u>20,802</u>	<u>–</u>	<u>–</u>	<u>3,359</u>	<u>24,161</u>

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

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	<u>56,579</u>	<u>N/A</u>

5. 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>
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods		
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>
	215,225	184,712
Provisions of processing services income		
Solid waste processing services income	<u>–</u>	<u>70</u>
Revenue from other sources not within the scope of HKFRS 15:		
Commodity metals trading income	<u>–</u>	<u>58</u>
	215,225	184,840
Discontinued operations:		
Sales of goods		
Sales of motor machines and parts	9,099	20,924
Sales of rare earth materials	<u>–</u>	<u>10,804</u>
	9,099	31,728
Provisions of processing services income		
Metal processing services income	<u>6,908</u>	<u>7,036</u>
	<u>16,007</u>	<u>38,764</u>
Total	<u><u>231,232</u></u>	<u><u>223,604</u></u>

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

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

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.

6. LOSS BEFORE INCOME TAX

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

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i> (Represented)
Continuing operations:		
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
<i>Employee costs (including directors' emoluments):</i>		
– 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>226,468</u>	<u>190,047</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.

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

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
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>(2,732)</u>
Loss for the year from a discontinued operation	<u>(13)</u>	<u>(16,814)</u>
Loss for the year attributable to:		
– Owners of the Company	(115)	(15,321)
– Non-controlling interests	<u>102</u>	<u>(1,493)</u>
	<u>(13)</u>	<u>(16,814)</u>
Total comprehensive income attributable to:		
– Owners of the Company	186	(15,829)
– Non-controlling interests	<u>(209)</u>	<u>(1,176)</u>
	<u>(23)</u>	<u>(17,005)</u>
	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
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>

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

	2025
	<i>HKD'000</i>
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 (<i>Note</i>)	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><u>(13)</u></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.

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

(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.

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

	2025	2024
	<i>HKD'000</i>	<i>HKD'000</i>
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 credit	(316)	(517)
	<u> </u>	<u> </u>
Loss for the year from a discontinued operation	<u>(29,937)</u>	<u>(27,110)</u>
Loss for the year attributable to:		
– Owners of the Company	(23,193)	(18,318)
– Non-controlling interests	(6,744)	(8,792)
	<u> </u>	<u> </u>
	<u>(29,937)</u>	<u>(27,110)</u>
Total comprehensive income attributable to:		
– Owners of the Company	(20,839)	(20,360)
– Non-controlling interests	(1,667)	(12,426)
	<u> </u>	<u> </u>
	<u>(22,506)</u>	<u>(32,786)</u>

	2025	2024
	<i>HKD'000</i>	<i>HKD'000</i>
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)
Total cash inflows	<u>68,397</u>	<u>28,985</u>

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

	2025
	<i>HKD'000</i>
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)
Net assets disposed of	<u>141,667</u>

	2025
	<i>HKD'000</i>
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/> <hr/>
Net cash flow arising on disposal of subsidiaries	
Bank balances and cash disposed	(103,615)
	<hr/> <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.

(c) Assets classified as held for sale in 2025

	2025
	<i>HKD'000</i>
Property, plant and equipment	18,768
	<hr/> <hr/>

Non-current assets held for sale represent cement clinker production lines previously included in property, plant and equipment which were agreed to be sold to independent third parties in the next 12 months and were measured at the lower of their carrying amounts and fair values less costs to sell.

The Group have entered into a sale and purchase agreement on 12 September 2025 regarding the disposal of cement clinker production lines.

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. 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.

7. 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 a discontinued operation 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).

8. INCOME TAX CREDIT

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

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

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

9. GOODWILL

	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Costs:		
At 1 January	47,183	61,589
Classified as held for sale	–	(12,295)
Disposal of subsidiaries (<i>Note 6(b)</i>)	(49,687)	–
Exchange differences	2,504	(2,111)
	<hr/>	<hr/>
At 31 December	–	47,183
	<hr/>	<hr/>
Accumulated impairment losses:		
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 6(b)</i>)	8,891	–
Exchange differences	(248)	252
	<hr/>	<hr/>
At 31 December	–	–
	<hr/>	<hr/>
Net carrying amount:		
At 1 January	<u>47,183</u>	<u>61,589</u>
	<hr/>	<hr/>
At 31 December	<u>–</u>	<u>47,183</u>
	<hr/>	<hr/>

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	2024
	HKD'000	HKD'000
Chengzheng CGU (<i>note</i>)	—	47,183
	<u>—</u>	<u>47,183</u>
	<u>—</u>	<u>47,183</u>

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.

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 6(b).

10. 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>
Less: Non-current portion		
Deposits paid for purchases of machineries (<i>Note ii</i>)	<u>–</u>	<u>(341)</u>
Trade and other receivables – Current portion	<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.

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 <i>HKD'000</i>
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	<u>–</u>	<u>581</u>
	<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 <i>HKD'000</i>
Neither past due nor impaired (<i>Notes (a), (b)</i>)	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	<u>–</u>	<u>436</u>
	<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.

(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 RMB38,950,000 (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 <i>HKD'000</i>	2024 <i>HKD'000</i>
Trade receivables:		
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>
	2025 <i>HKD'000</i>	2024 <i>HKD'000</i>
Other receivables:		
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.

11. TRADE AND OTHER PAYABLES

	2025	2024
	HKD'000	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 (<i>Note (a)</i>)	150	777
Amounts due to related parties	7,700	3,565
Other payables	15,394	36,395
Consideration payables	–	21,217
	61,149	123,688

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) 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	2024
	<i>HKD'000</i>	<i>HKD'000</i>
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>

12. CONTRACT LIABILITIES

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

13. BORROWINGS

	2025	2024
	HKD'000	HKD'000
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
	104,541	299,755
Total bank borrowings that are repayable:		
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
	93,841	289,055
Total other borrowings that are repayable:		
On demand or within one year	10,700	10,700
	104,541	299,755
Analysis for reporting purpose:		
Current portion	104,541	171,604
Non-current portion	–	128,151
	104,541	299,755

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.

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.

14. SHARE CAPITAL

	Number of shares '000	Nominal value HKD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>552,000</u>	<u>5,520</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	<i>HKD'000</i>	<i>HKD'000</i>
Trust agreement investment	<u>112,299</u>	<u>108,027</u>

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.

16. DIVIDEND

	2025	2024
	<i>HKD'000</i>	<i>HKD'000</i>
2024 special dividend declared of HKD0.136 per share	<u>-</u>	<u>75,072</u>

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.

17. 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	2024
	<i>HKD'000</i>	<i>HKD'000</i>
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, 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	2024
	<i>HKD'000</i>	<i>HKD'000</i>
Solid waste processing services income from an associate	<u>-</u>	<u>70</u>

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.

18. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2025, the Group conducted impairment assessments on its property, plant and equipment within the production and sales of cement products segment. Based on value in use and fair value less costs of disposal calculations prepared by an independent valuer, impairment losses were recognised due to the underperformance of the Cement CGU and challenging competitive market conditions. Impairment loss of HKD8,538,000 (2024: nil) was recognised for the year ended 31 December 2025 which was allocated to property, plant and equipment.

19. FINANCIAL INSTRUMENTS

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	2024
	<i>HKD'000</i>	<i>HKD'000</i>
Financial assets:		
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	344,089	504,236
Financial liabilities:		
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	166,003	498,583

Fair value measurement

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.

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:

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

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)

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.

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.

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 decrease 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.

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.

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

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

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

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.

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.

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.

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

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

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

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.

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.

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.

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.

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 announcement, 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.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement, from pages 2 to 46, have been agreed by the Company's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by BDO Limited on this annual results announcement.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

The annual results announcement of the Company for the year ended 31 December 2025 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dongwucement.com. The 2025 annual report will be despatched to the shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 27 March 2026

As at the date of this announcement, the Board comprises of 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.