



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



INTERIM REPORT
2025

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DEFINITIONS

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

associated corporation(s)	has the same meaning ascribed to it under the SFO
associate(s)	has the same meaning ascribed to it under the Listing Rules
Audit Committee	the audit committee of the Company
Board	the board of Directors of the Company
Company	Dongwu Cement International Limited, a company incorporated in the Cayman Islands with limited liability and listed on the main board of the Stock Exchange
controlling shareholder(s)	has the same meaning ascribed to it under the Listing Rules
Corporate Governance Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
Director(s)	the director(s) of the Company
Goldview	Goldview Development Limited, a controlling shareholder and an associated corporation of the Company, wholly-owned by Mr. Tseung Hok Ming, a non-executive Director
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
IPO	the initial public offering of the Shares by the Company on 13 June 2012

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
R&D	the research and development
Reporting Period	the six months ended 30 June 2025
RMB or Renminbi	Renminbi, the lawful currency of the PRC
PRC or China	The People's Republic of China, which only for the purpose of this report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholder(s)	holder(s) of Shares
Shares	shares of the Company in issue, all of which are listed on the main board of the Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Substantial Shareholder(s)	has the same meaning ascribed to it under the Listing Rules
%	per cent.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Liu Dong (*Chairman*)

Wu Junxian (*Chief Executive Officer*)

Non-executive Director

Tseung Hok Ming

Xie Yingxia

Independent non-executive Directors

Cao Kuangyu (*resigned on 4 June 2025*)

Yu Ronald Patrick Lup Man

Suo Suo

Yuan Yuan (*appointed on 4 June 2025*)

Company Secretary

Lu Rulan

Auditor

BDO Limited

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

Authorized Representatives

Liu Dong

Lu Rulan

Audit Committee

Yu Ronald Patrick Lup Man (*Chairman*)

Cao Kuangyu (*resigned on 4 June 2025*)

Suo Suo

Yuan Yuan (*appointed on 4 June 2025*)

Remuneration Committee

Suo Suo (*Chairman*)

Cao Kuangyu (*resigned on 4 June 2025*)

Yu Ronald Patrick Lup Man

Yuan Yuan (*appointed on 4 June 2025*)

Nomination Committee

Suo Suo (*Chairman*)

Cao Kuangyu (*resigned on 4 June 2025*)

Yu Ronald Patrick Lup Man

Yuan Yuan (*appointed on 4 June 2025*)

Stock Code

695

Registered office

190 Elgin Avenue

George Town

Grand Cayman

KY1-9008

Cayman Islands

Principal place of business in the PRC

Ganxian District,

Ganzhou City, Jiangxi Province

Lili Town, Wujiang District

Suzhou City, Jiangsu Province, the PRC

Principal place of business in Hong Kong

Unit 4308, 43/F.,

Far East Finance Centre

16 Harcourt Road

Admiralty

Hong Kong

Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Hong Kong Legal Advisor

Stephenson Harwood
43/F, One Taikoo Place
979 King's Road Quarry Bay,
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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Cement Segment

In the first half of 2025, the cement industry exhibited the following operational characteristics: “persistently weak demand, prices peaking early before declining, and year-on-year profitability improvements”. The first quarter saw a strong start for the sector. Infrastructure investments, supported by early special bond issuances to meet funding needs, helped stabilize cement demand, leading to a narrower year-on-year decline in demand. Inventory levels were also healthier as compared to the corresponding period of last year. Overall performance remained stable, with average prices rising significantly year-on-year and profitability showing marked recovery. However, the second quarter underperformed expectations. Demand during the traditional peak season fell short of projections, with sluggish activity in downstream construction projects and mixing stations. Market demand remained persistently weak. Additionally, some producers failed to implement staggered production schedules effectively or adhere to approved capacity restrictions. Cross-regional low-price competition intensified, accelerating price declines beyond expectations. Prices in many regions dropped sharply to multi-year lows. These factors gradually increased operational pressure on enterprises. While cement demand continued its downward trend observed over the past three years, the rate of decline showed signs of moderation.

During the Reporting Period, China's gross domestic product amounted to RMB66,053.6 billion, representing a year-on-year growth of 5.3% in terms of constant price (compared to 5.0% growth in the corresponding period of last year). The growth momentum of fixed asset investment and infrastructure investment showed signs of moderation. The fixed asset investment in China (excluding rural households) reached RMB24.87 trillion, representing a year-on-year growth of 2.8% (compared to 3.9% growth in the corresponding period of last year). Real estate development investment amounted to RMB4.67 trillion, marking a year-on-year decrease of 11.2% on a comparable basis, with the contraction widening by 1.1 percentage points as compared to the corresponding period of last year. The area under construction by real estate developers was 6,333 million square meters, representing a year-on-year decline of 9.1%. The area of new property construction was 304 million square meters, representing a year-on-year decrease of 20%. Available funding for real estate developers was RMB5.02 trillion, representing a year-on-year decrease of 6.2%. The decline in real estate development investment continues to bottom out and national total real estate development investment amounted to RMB4.67 trillion. In the first half of 2025, China's national cement output reached 815 million tonnes, reflecting a year-on-year decline of 4.3% on a comparable statistical basis. This contraction represents a widening of 0.3 percentage point as compared to the January-May 2025 period and a narrowing of 5.7 percentage points as compared to the corresponding period of last year, the lowest production volume for the corresponding period since 2010. (Source: NBS) In June 2025, China's single-month cement output was 155 million tonnes, representing a year-on-year decrease of 5.3% on a comparable statistical basis and a month-on-month decline of 5.8%.

In the first half of the year, the cement market price trend overall exhibited a pattern of “high in the beginning and low later, with accelerated declines”. The industry achieved a favorable start. Driven by multiple factors including policy guidance and strengthened industry self-regulation, cement enterprises made phased progress in “anti-rat race” process. In the first quarter, the price trend experienced a slight decline, yet overall performance remained relatively stable. Domestic cement market demand slightly exceeded expectations, and enterprises effectively regulated supply and demand through staggered production scheduling. However, upon entering the second quarter, as the market supply-demand relationship changed, demand during the traditional peak season fell short of expectations. With cement prices declining rapidly, the extent of the decrease exceeded expectations. Prices in many regions fell significantly to low levels, and in numerous areas, cement prices once again dropped below the cost lines of enterprises, gradually increasing operational pressure on enterprises. The profitability of industry enterprises showed a clearly weakening trend compared to the previous quarter, leading to cement prices in many regions again falling below enterprise cost lines, resulting in a recurrence of “price plummet”.

Analyzing from the perspective of downstream demand, the weakness in downstream demand was primarily impacted by the deep adjustment in the real estate sector. This was compounded by a slowdown in the growth of national infrastructure investment, insufficient pull from infrastructure construction, and regional structural imbalances, collectively subjecting the cement industry to sustained pressure. Amidst significant industry adjustments, the policy level continues to promote the stable development of the real estate market. The central government proposed “greater efforts to stabilize and reverse the decline in the real estate market”, and the construction of safe, comfortable, green, and smart “good houses” was written into the Government Work Report. Policy support is expected to drive continuous recovery in core cities. However, as real estate companies face a peak period of debt repayment, funding pressures are substantial. The adjustment cycle on the investment side may persist, dragging down cement demand from the real estate sector and maintaining its continued weakness.

According to the Digital Cement, taking the cement prices in the provincial capital cities of the Group's main sales regions (Jiangsu Province, Zhejiang Province, and Shanghai) as an example, in June 2025, the average price of PO42.5 bulk cement in Nanjing (the provincial capital city of Jiangsu Province), Hangzhou (the provincial capital city of Zhejiang Province) and Shanghai was RMB296 per tonne, RMB345 per tonne and RMB346 per tonne respectively, representing a decrease of 7.1%, 4.3% and 4.8% respectively as compared with RMB319 per tonne, RMB360 per tonne and RMB363 per tonne for the same period last year. (Source: Digital Cement)

Rare Earth Segment

Due to its rich magnetic, optical and electrical features, rare earths can be used in the production of permanent magnetic materials, catalytic materials, polishing materials, light-emitting materials, hydrogen storage materials, metallurgical materials, etc. These materials are widely applied in the fields of new energy automobiles, energy-saving home appliances, wind power, high-efficiency industrial electric machines, consumer electronics, robots, petrochemical industry, metallurgy and so on. China has abundant rare earth resources and a complete rare earth industry chain, and is currently the world's largest country in the production, application and export of rare earth materials. With the consolidation of domestic rare earth mines and the smelting and refining separation industries, it has further intensified the concentration of the domestic rare earth industry. The United States, Australia, Africa, Southeast Asia and other countries and regions also serve as important sources of rare earths. Major foreign countries have attached great importance to the rare earth industry and accelerated the deployment and development of the rare earth industry. China currently holds a dominant position in terms of both reserves and production of rare earth resources. In 2024, China's rare earth reserves were approximately 44 million tonnes, accounting for 40% of the global total, while its production reached 270,000 tonnes, representing 70% of global output.

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 take effect immediately upon the date of announcement. From January to May 2025, China imported 22,245.1 tonnes of rare earth oxides, representing a year-on-year decrease of 6.86% from 23,883.8 tonnes in the same period last year (Source: China Customs).

Rare earth permanent magnetic materials represent one of the most significant application areas for rare earth. Currently, China is in the globally leading position in the production and R&D of rare earth permanent magnet materials. However, there remains a gap between the performance and quality of its high-end products and the international advanced level. In the first half of 2025, the Group continued to make technological breakthroughs in the production of this material, focusing on improving yield rates and reducing costs while increasing efficiency. However, revenue performance fell short of expectations, which was mainly due to the rare earth segment's production and sales failing to achieve economies of scale, resulting in high unit fixed costs. Furthermore, rising raw material prices could not reverse the loss-making situation, prompting the Group to proactively reduce production. Driven by technological innovation, the Group plans to enhance production processes, improve operational management, and strengthen R&D capabilities, with a focus on increasing production capacity, boosting production efficiency, and enhancing product quality within the motor segment. Meanwhile, the Group is actively exploring diverse commercial opportunities. It is closely monitoring and exploring potential strategic collaboration opportunities, including but not limited to, expanding into other rare and precious metal businesses and disposal of the rare earth segment.

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 has terminated its investment in the biomedical segment in the first half of 2024 and completed the disposal of relevant assets on 26 June 2025.

International Trading Segment

In the first half of 2025, impacted by geopolitical factors, commodity prices exhibited significant volatility. Coupled with multiple uncertainties, 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.

Revenue

During the Reporting Period, the Group's revenue amounted to approximately HKD125,811,000, among them, the cement segment recorded revenue amounted to approximately HK118,641,000, representing an increase of approximately HKD25,952,000 or 28.0% from approximately HKD92,689,000 in the corresponding period in 2024. The increase is mainly due to the following reasons:

The cement industry actively promoted off-peak production, and the contradiction between supply and demand eased somewhat. Although the market demand was still weak and the demand in the traditional peak season did not meet expectations, the decline in market demand narrowed compared with the same period last year, which promoted the recovery of the Company's income.

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

	For the six months ended 30 June					
	2025			2024		
	Average			Average		
Sales	Selling			Sales	Selling	
Volume	Price	Revenue		Volume	Price	Revenue
Thousand	HKD/			Thousand	HKD/	
tonnes	tonne	HKD'000		tonnes	tonne	HKD'000
PO 42.5 Cement	394	218	85,809	293	225	66,003
PC 42.5 Cement	120	242	28,947	91	241	21,897
PSS 32.5	23	169	3,885	—	—	—
PC 32.5	—	—	—	19	251	4,761

Categorized by product type, the sales volume of the Group's cement products during the Reporting Period amounted to approximately 537 thousand tonnes, representing an increase of approximately 33.3% year on year, while the sales revenue of cement products increased by approximately 28.0% year on year.

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

	For the six months ended 30 June			
	2025		2024	
	Revenue HKD'000	% of total revenue	Revenue HKD'000	% of total revenue
Jiangsu Province	59,840	50.44%	67,997	73.38%
Wujiang District	35,506	29.93%	47,246	50.99%
Suzhou (excluding Wujiang District)	24,334	20.51%	20,751	22.39%
Zhejiang Province	57,460	48.43%	23,280	25.13%
Southern Zhejiang Province (Taizhou, Zhoushan and Ningbo)	11,828	9.97%	7,566	8.17%
Jiaxing	2,110	1.78%	12,618	13.62%
Huzhou	43,522	36.68%	3,096	3.34%
Shanghai	1,341	1.13%	1,384	1.49%
Total	118,641	100.00%	92,661	100.00%

During the Reporting Period, despite multiple challenges such as continued weak market demand and intensified cross-regional competition, the Company still actively seized opportunities. On the one hand, it actively explored sales channels in multiple regions. On the other hand, it continued to enhance brand awareness. The Company's sales in Zhejiang Province increased significantly compared with the same period last year.

During the Reporting Period, the Group's rare earth segment recorded revenue amounted to approximately HK\$7,170,000 and the following table sets out an analysis of the revenue of the rare earths segment by type of revenue:

	As at 30 June 2025 HK\$ '000
Sales of motor machines	2,848
Sales of magnetic materials	1,083
Electroplating and processing	1,377
Calcination service	1,862

Gross Profit and Gross Profit Margin

During the Reporting Period, the gross loss of cement segment business amounted to approximately HKD3,873,000, representing a decrease of approximately HKD1,319,000 or 25.4% as compared to the gross loss of approximately HKD5,192,000 in the corresponding period last year, while the gross profit margin amounted to approximately -3.3%, representing a decrease of approximately 2.3% as compared to approximately -5.6% in the corresponding period last year. The decrease was mainly attributable to the cost reduction and efficiency improvement achieved by the Company through optimized management, while focusing on recovering price level and cost optimization.

During the Reporting Period, the rare earth segment recorded gross loss of approximately HKD1,883,000. After the completion of the Group's acquisition of and capital injection into Ganzhou Chengzheng, a series of coordinated adjustments have been made to the subsidiary engaged in the rare earth segment, including management restructuring, technical modifications, equipment maintenance and renewal to the magnetic material workshop. Currently, production and sales of the rare earth segment have not yet met expectations and have not yet formed a scale. Therefore, a gross loss was recorded due to the higher fixed costs per unit, and the gross margin was approximately -26.3%. The Group actively explored business opportunities through multiple channels, closely monitored and explored potential strategic cooperation opportunities, including but not limited to the development of other rare precious metals businesses and the disposal of rare earth segments.

Other Income

During the Reporting Period, the Group's other income amounted to approximately HKD26,401,000, representing an increase of approximately HKD23,733,000 or 889.5% as compared to approximately HKD2,668,000 in the corresponding period last year. The increase was 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.

Distribution Expenses

The Group's distribution expenses amounted to approximately HKD1,022,000, representing a decrease of approximately 39.7% as compared to approximately HKD1,695,000 in the corresponding period last year. 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 accounted for approximately 0.8% of the revenue of the Group, which roughly remained flat as compared to approximately 1.4% in the corresponding period last year.

Administrative Expenses

During the Reporting Period, the Group's general and administrative expenses amounted to approximately HKD19,017,000, representing a decrease of HKD3,046,000 or 13.8% as compared to approximately HKD22,063,000 in the corresponding period last year. The decrease was due to the efficient allocation of administrative resources and cost savings through management optimization.

Income Tax Credit

During the Reporting Period, the Group's income tax credit amounted to approximately HKD4,250,000, representing a significant increase from approximately HKD1,299,000 in the corresponding period last year, which is mainly attributable to the release of deferred tax liabilities related to withholding tax for distributable profits.

Details of the Group's income tax are set out in note 9 to the condensed consolidated financial statements in this report.

Net Profit Margin

During the Reporting Period, the Group's net profit margin was approximately -10.3%. The net profit margin increased 27.2% as compared to approximately -37.5% in the corresponding period last year. The increase was mainly attributable to the improvement in performance driven by the policies of the cement industry in China and the slowdown in overall market demand in China, as well as the gain recorded from the transfer of cement clinker production quota. Such production quota will be replaced by outsourced clinker.

Liquidity and Capital Resources

The Group planned to meet its working capital requirements primarily through cash flow from operating activities, bank loans and the use of trade and other payables as well as the proceeds from the initial public offering of the Company, and part of the proceeds from the placement of new shares.

	30 June 2025 HKD'000	31 December 2024 HKD'000
Cash and cash equivalents	268,647	135,495
Borrowings	295,140	299,755
Debt to equity ratio	96.0%	118.6%
Liability to asset ratio	49.0%	54.2%

Cash Flow

As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately HKD268,647,000, representing an increase of approximately 98.3% from approximately HKD135,495,000 as at 31 December 2024, which was mainly due to the release of short-term deposits during the Reporting Period.

Borrowings

	30 June 2025 HKD'000	31 December 2024 HKD'000
Current:		
– Cement segment	89,018	96,829
– Rare earth segment	195,422	192,226
– Unallocated	10,700	10,700
	295,140	299,755

As at 30 June 2025, the Group's bank borrowings amounted to approximately HK\$284,440,000, representing a decrease of approximately 1.6% from approximately HK\$289,055,000 as at 31 December 2024, which remained stable during the Reporting Period.

As at 30 June 2025, borrowings of approximately HK\$157,110,000 included the aforesaid borrowings were secured by the Group's property, plant and equipment, land use rights and equity interest of subsidiaries (31 December 2024: property, plant and equipment, land use rights and equity interest of subsidiaries).

Details of the Group's borrowings due are set out in note 19 to the condensed consolidated interim financial statements in this report.

As at 30 June 2025, the Group had no unutilized bank financing facilities.

Debt to Equity Ratio

As at 30 June 2025, the Group's debt to equity ratio was 96.0%, which decreased from 118.6% as at 31 December 2024.

The debt to equity ratio is calculated by dividing the debt by the difference between total assets and total liabilities.

Capital Expenditure and Capital Commitments

As at 30 June 2025, the Group's capital expenditure amounted to approximately HKD4,375,000. Among others, the capital expenditure of the cement segment amounted to approximately HKD4,012,000, representing a notable increase from approximately HKD966,000 in the corresponding period last year.

As at 30 June 2025, the Group had no capital commitments (31 December 2024: HKD4,521,000).

Pledge of Assets

As at 30 June 2025, for the Group's rare earth segment, certain property, plant and equipment with carrying amount of approximately HK\$18,781,000 (31 December 2024: HK\$22,153,000), land use rights with carrying amount of approximately HK\$2,286,000 (31 December 2024: HK\$2,290,000), and equity interest of subsidiaries, were pledged to secure certain bank borrowings of the Group.

Contingent Liabilities

As at 30 June 2025, the Group had no material contingent liabilities.

Foreign Currency Risk

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

During the Reporting Period, the Group did not expose to any material currency exchange risks, and therefore the Group did not 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 levels as a result of any controls that the PRC government may impose. The exchange rates may also be affected by economic developments and political changes in the PRC and/or abroad, as well as the demand and supply of Renminbi. A significant appreciation or devaluation of Renminbi against foreign currencies resulting from the Company's exchange of its remaining balance of IPO net proceeds into Renminbi may have a positive or negative impact on the Company's financial position. The management will closely monitor the foreign exchange exposures and will consider taking appropriate measures on hedging foreign currency risks when necessary.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

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

INTERIM DIVIDEND

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

Other than the above disclosed, the Board does not recommend payment of any interim dividend for the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 275 employees. The total remuneration of our employees amounted to approximately HKD13,999,000 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 the second half of 2025, the Group will prioritize “Enhancing Shareholder Equity and Maximizing Shareholder Value” as its core objective, optimizing the Company's development strategy across multiple dimensions. In operations, we will synergize process enhancements with technological improvements to boost operational efficiency, thereby achieving cost reductions and efficiency improvements. In terms of market development and talent cultivation, based on market demand dynamics, we will focus on the market and products to elevate the Company's brand awareness while exploring profit potential within our product portfolio. We will solidify the talent and team foundation by intensifying professional employee training. This will not only enhance skill levels and stimulate work motivation, but also promote team collaboration and communication, strengthening the development of high-performing talent teams. Regarding business development, we will actively explore diversified investment opportunities and advance the development of international trade segment. Meanwhile, we will concentrate on our core businesses, enhancing profitability and operational efficiency through optimizing our asset structure and capital operations, thereby comprehensively strengthening our overall competitiveness. Regarding industry dynamics, given the narrowing decline in demand of the cement industry and the policy against excessive competition in the sector, the Company will maintain close monitoring of developments in the cement sector to explore relevant business opportunities. Concerning the rare earths segment, as its returns have fallen short of expectations since acquisition, the Company is actively seeking diverse business opportunities and exploring potential strategic collaborations, including but not limited to venturing into other rare and precious metal businesses and seeking potential opportunities for disposal of the rare earths segment.

OTHER INFORMATION

Share Capital

As at 30 June 2025, the Company's issued share capital was HKD5,520,000, divided into 552,000,000 Shares with a par value of HKD0.01 each.

Supplemental Information of the Share Option Scheme

Reference is made to the annual report of the Company for the year ended 31 December 2024 (the **"2024 Annual Report"**). The Board would like to provide additional information in relation to the share option scheme (the **"Share Option Scheme"**) adopted by the Company on 28 May 2015 (the **"Adoption Date"**) pursuant to Rules 17.07(2) and 17.09(3) of the Listing Rules.

As disclosed in the 2024 Annual Report, no options had been granted pursuant to the Share Option Scheme, and no options remained outstanding and unexercised during the year ended 31 December 2024. Further, as disclosed in the Annual Report, the Company has not granted any options under the Share Option Scheme since its adoption. Therefore, the number of options available for grant under the scheme mandate at the beginning and the end of the year ended 31 December 2024 were 55,200,000 and 55,200,000, respectively, representing the scheme limit of the Share Option Scheme. The total number of shares available for issue under the Share Option Scheme is 55,200,000 shares, representing 10% of the total issued shares as at the date of the Annual Report.

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

The Share Option Scheme expired at the close of business on the tenth anniversary of the Adoption Date, i.e., 28 May 2025.

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

As at 30 June 2025, the interests of the Directors, chief executive or their respective associates in the Shares and underlying Shares of the Company and its associated corporations which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company are as follows:

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

Notes:

1. *Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO. Goldview is also an associated corporation of the Company.*

Save as disclosed in the above, as at 30 June 2025, so far as is known to the Directors, no Directors or chief executive of the Company or their respective associates had or were deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations by virtue of Part XV of the SFO which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

As at 30 June 2025, none of the Directors and chief executive of the Company (including their respective spouses and children under the age of 18) had or were granted any rights to subscribe for the securities and share options of the Company and its associated corporations, nor had they exercised any such rights.

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

As at 30 June 2025, so far as is known to the Directors, the person(s), not being the Directors or chief executive of the Company, who had any interests or short positions in the Shares and underlying Shares of the Company required to be recorded in the register kept under section 336 of the SFO are set out below:

Name	Capacity	Long position/ Short position	Number of shares held	Approximate percentage of shareholding
Goldview ¹	Beneficial owner	Long position	297,500,000	53.89%
Mr. Huang Yingbiao	Beneficial owner	Long position	66,650,000	12.07%

Notes:

1. *Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO.*

Save as disclosed in the above, as at 30 June 2025, so far as is known to the Directors, no other persons had any interests or short positions in the Shares and underlying Shares of the Company which had to be disclosed to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 28 May 2015. Please refer to the circular of the Company dated 27 April 2015 for details.

The number of options available for grant under the Share Option Scheme at the beginning and end of the Reporting Period was 55,200,000 and nil, mainly due to that the Share Option Scheme has expired on 28 May 2025. During the Reporting Period, the Company did not grant any share options, and there was no share options exercised, cancelled or lapsed during the Reporting Period, such that the number of shares that may be issued in respect of options granted under the Share Option Scheme is nil during the financial period.

CHANGE IN INFORMATION OF DIRECTORS

The Directors have confirmed that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2025.

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.

MATERIAL LITIGATION AND ARBITRATION

So far as is known to the Directors, the Group was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claims of material importance to be pending or threatened by or against the Company 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 ("Corporate Governance Code") as set out in Appendix C1 to the Listing Rules as its own code on corporate governance.

The Company has complied with the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2025 and has discussed the financial reporting, risk management and internal control with the management. In addition, the Company's auditor, BDO Limited, has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagement 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by HKICPA. The Audit Committee is of the opinion that the preparation of these financial statements within which the appropriate disclosures have been made has complied with the applicable accounting standards and requirements.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there is no significant event that requires additional disclosures or might affect the Company after the Reporting Period.

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

Hong Kong, 22 August 2025

As at the date of this report, the Board comprises Mr. Liu Dong and Mr. Wu Junxian as executive Directors; Mr. Tseung Hok Ming and Ms. Xie Yingxia as non-executive Directors; and Mr. Yuan Yuan, Mr. Yu Ronald Patrick Lup Man and Mr. Suo Suo as independent non-executive Directors.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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TO THE BOARD OF DIRECTORS OF DONGWU CEMENT INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements set out on pages 28 to 72, which comprise the condensed consolidated interim statement of financial position of Dongwu Cement International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2025 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements, including material accounting policy information (the “**condensed consolidated interim financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Choi Kit Ying

Practising Certificate no. P07387

Hong Kong, 22 August 2025

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Revenue	7	125,811	106,613
Cost of sales		(131,567)	(114,426)
Gross loss		(5,756)	(7,813)
Distribution expenses		(1,022)	(1,695)
Administrative expenses		(19,017)	(22,063)
Other income and other gain, net	8	26,401	2,668
Provision for impairment losses on goodwill	12	(8,554)	–
Operating loss		(7,948)	(28,903)
Finance income		4,123	8,491
Finance expenses		(6,094)	(6,548)
Finance (expenses)/income – net		(1,971)	1,943
Share of results of associates		(211)	(881)
Loss on disposal of subsidiaries	10(b)	(7,073)	–
Loss before income tax	10(a)	(17,203)	(27,841)
Income tax credit	9	4,250	1,299
Loss for the period from continuing operations		(12,953)	(26,542)
Discontinued operation			
Loss for the period from a discontinued operation, after tax	10(b)	(13)	(13,439)
Loss for the period		(12,966)	(39,981)

		Six months ended 30 June	
Notes		2025	2024
		HKD'000 (Unaudited)	HKD'000 (Unaudited)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
	Exchange difference arising on translation of financial statements of foreign operations	17,059	(16,573)
<i>Items that have been reclassified to profit or loss:</i>			
	Exchange reserve released upon disposal of subsidiaries	(1,116)	–
Total comprehensive income for the period		2,977	(56,554)
Loss for the period attributable to:			
Owners of the Company			
	– From continuing operations	(9,040)	(22,794)
	– From a discontinued operation	(115)	(13,080)
		(9,155)	(35,874)
Non-controlling interests			
	– From continuing operations	(3,913)	(3,748)
	– From a discontinued operation	102	(359)
		(3,811)	(4,107)
		(12,966)	(39,981)
Total comprehensive income for the period attributable to:			
Owners of the Company			
	– From continuing operations	3,738	(36,206)
	– From a discontinued operation	186	(13,584)
		3,924	(49,790)

		Six months ended 30 June	
	Notes	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Non-controlling interests			
– From continuing operations		(738)	(6,629)
– From a discontinued operation		(209)	(135)
		<u>(947)</u>	<u>(6,764)</u>
		<u>2,977</u>	<u>(56,554)</u>
Loss per share from continuing and discontinued operations			
– Basic and diluted (<i>HKD per share</i>)	23	<u>(0.017)</u>	<u>(0.065)</u>
Loss per share from continuing operations			
– Basic and diluted (<i>HKD per share</i>)	23	<u>(0.016)</u>	<u>(0.041)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2025 HKD'000 (Unaudited)	At 31 December 2024 HKD'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	223,503	222,022
Goodwill	12	40,008	47,183
Intangible assets	13	11,758	12,845
Deposit paid for purchase of machineries	17	–	341
Investments in associates	14	33,264	32,417
Deferred tax assets	21	6,766	7,392
Financial assets at fair value through profit or loss	15	109,576	108,027
Total non-current assets		424,875	430,227
Current assets			
Inventories	16	200,535	196,531
Trade and other receivables	17	57,833	55,119
Short-term bank deposits		–	206,866
Pledged bank deposits		7,608	15,932
Cash and cash equivalents		268,647	135,495
		534,623	609,943
Assets classified as held for sale	10(b)	–	2,065
Total current assets		534,623	612,008

	Notes	At 30 June 2025 HKD'000 (Unaudited)	At 31 December 2024 HKD'000 (Audited)
Current liabilities			
Trade and other payables	18	106,573	123,688
Contract liabilities	7	22,707	11,109
Lease liabilities	25	389	382
Borrowings	19	180,321	171,604
Dividend payables		–	75,072
		309,990	381,855
Liabilities associated with assets classified as held for sale	10(b)	–	1,498
Total current liabilities		309,990	383,353
Net current assets		224,633	228,655
Total assets less current liabilities		649,508	658,882
Non-current liabilities			
Lease liabilities	25	267	463
Borrowings	19	114,819	128,151
Deferred income	20	19,962	20,232
Deferred tax liabilities	21	24,872	33,191
Total non-current liabilities		159,920	182,037
Net assets		489,588	476,845
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	5,520	5,520
Reserves		385,719	381,795
		391,239	387,315
Non-controlling interests		98,349	89,530
Total equity		489,588	476,845

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company						Total equity HKD'000
	Share capital HKD'000 (Note 22)	Other reserves HKD'000	Translation reserve HKD'000	Retained earnings/ (Accumulated losses) HKD'000	Total HKD'000	Non- controlling interests HKD'000	
At 1 January 2025 (audited)	5,520	463,936	(87,578)	5,437	387,315	89,530	476,845
Loss for the period	-	-	-	(9,155)	(9,155)	(3,811)	(12,966)
Exchange difference arising on translation of financial statements of foreign operations	-	-	14,195	-	14,195	2,864	17,059
Exchange reserve released upon disposal of subsidiaries (Note 10 (b))	-	-	(1,116)	-	(1,116)	-	(1,116)
Total comprehensive income for the period	-	-	13,079	(9,155)	3,924	(947)	2,977
Disposal of subsidiaries (Note 10 (b))	-	-	-	-	-	9,766	9,766
At 30 June 2025 (unaudited)	5,520	463,936	(74,499)	(3,718)	391,239	98,349	489,588

	Equity attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Translation reserve	Retained earnings	Total		
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 1 January 2024 (audited)	5,520	460,343	(70,152)	139,144	534,855	101,884	636,739
Loss for the period	–	–	–	(35,874)	(35,874)	(4,107)	(39,981)
Exchange difference arising on translation of financial statements of foreign operations	–	–	(13,916)	–	(13,916)	(2,657)	(16,573)
Total comprehensive income for the period	–	–	(13,916)	(35,874)	(49,790)	(6,764)	(56,554)
At 30 June 2024 (unaudited)	<u>5,520</u>	<u>460,343</u>	<u>(84,068)</u>	<u>103,270</u>	<u>485,065</u>	<u>95,120</u>	<u>580,185</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Cash flows from operating activities		
Operating profit/(loss) before working capital changes	12,842	(17,110)
Increase/(decrease) in trade and other receivables	723	(22,102)
Other operating cash flows	(10,206)	(18,224)
Cash generated from/(used in) operating activities	3,359	(57,436)
Income tax paid	(14)	(43)
Withholding tax paid	(4,111)	–
Net cash used in operating activities	(766)	(57,479)
Cash flows from investing activities		
Interest received	4,123	8,491
Purchases of property, plant and equipment	(4,045)	(5,483)
Proceed from disposal of property, plant and equipment	–	121
Deposits paid for purchases of machineries	–	(494)
Placement of short-term deposits	–	(210,566)
Release of short-term deposits	209,573	334,746
Placement of pledged bank deposits	(7,463)	(32,341)
Release of pledged bank deposits	16,141	37,143
Disposal of subsidiaries, net of cash disposed	(13)	–
Proceed from distribution of interest in trust agreement investment	4,431	–
Advanced to suppliers	–	(53,991)
Purchase of financial assets at fair value through profit or loss	–	(53,991)
Net cash generated from investing activities	222,747	23,635

		Six months ended 30 June	
	Notes	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Cash flows from financing activities			
Proceeds from borrowings		62,603	142,213
Repayments of borrowings		(76,419)	(98,102)
Dividend paid		(75,072)	–
Repayments of principal portion of lease liabilities		(189)	(205)
Interest paid		(6,554)	(6,191)
Net cash (used in)/generated from financing activities		(95,631)	37,715
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		126,350	3,871
Effect of exchange rate changes on bank balances and cash		135,495	21,895
		6,802	(90)
Cash and cash equivalents at the end of the period		268,647	25,676
Represented by:			
Cash and cash equivalents		268,647	25,659
Cash and cash equivalents classified as held for sale	10(b)	–	17
		268,647	25,676

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dongwu Cement International Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 29 November 2011. The address of its registered office is at the offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. In the directors’ opinion, the immediate and ultimate holding company of the Company is Goldview Development Limited, a company incorporated in British Virgin Islands (the “**BVI**”).

The Company is an investing 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. Principal place of the Group’s business is located at Fenhu Economic Development Zone, Wujiang, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 13 June 2012.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information (the “**Financial Information**”) has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This condensed consolidated interim financial information was approved by the Board of Directors (the “**Board**”) for issue on 22 August 2025.

The Financial Information has been prepared with the same accounting policies adopted in the 2024 annual financial statements, except for those that relate to amended standards effective for the first time for periods beginning on or after 1 January 2025 or agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board. Details of any changes in material accounting policies are set out in note 3.

The preparation of the Financial Information in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

2 BASIS OF PREPARATION (CONTINUED)

The Financial Information is presented in Hong Kong Dollars (“HKD”), unless otherwise stated and contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The Financial Information does not include all information required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards and should be read in conjunction with the 2024 consolidated financial statements.

The Financial Information is unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Statements Performed by the Independent Auditor of the Entity”, issued by the HKICPA. BDO Limited’s independent review report to the Board of Directors is included on pages 26 to 27.

The Financial Information has been prepared under historical cost convention except for certain financial instruments, which are measured at fair values, as appropriate.

3 MATERIAL ACCOUNTING POLICIES

3.1 Changes in HKFRS Accounting Standards

(a) *Adoption of amendments to HKFRS Accounting Standards – first effective on 1 January 2025*

The HKICPA has issued an amendment to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
--------------------------------------	-------------------------

The application of the amendment to HKFRS Accounting Standards in the current period has had no material impact on the Group’s financial performance and position for the current and prior period and/or on the disclosures set out in these condensed consolidated interim financial statements.

3.2 Current income tax

Income tax in the interim period is accrued using tax rate that would be applicable to expected total annual earnings.

3.3 Other new HKFRS Accounting Standards, amendments and interpretations

The Group has not applied any new HKFRS Accounting Standards or amendments that are not yet effective for the current accounting period.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign currency risk, cash flow interest rate risk, credit risk and liquidity risk.

The Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank borrowings and the financial support provided by the equity holders.

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

6 SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The segments are managed separately as each business offers different products and services and requires different business strategies. The Board has identified the Group's product and service lines as reportable operating segments as follows:

Continuing reportable segments:

- Production and sales of cement
- Production and sales of magnetic materials and other application products
- Trading business

Discontinued reportable segment:

- Research and development in biotechnology

Most of the 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.

The table in Note 7 includes a reconciliation of the disaggregated revenue with the Group's reportable segment and by timing of revenue recognition.

6

SEGMENT REPORTING (CONTINUED)

For the six months ended 30 June 2025 (Unaudited)

	Continuing operation		Discontinued operation		
	Production and sale of magnetic materials and		Research and development in		
	Production and sales of cement	other application products	Trading business	biotechnology	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Segment revenue	118,641	7,170	-	-	125,811
Segment results	15,572	(20,520)	(871)	(13)	(5,832)
Unallocated expenses					(11,384)
Income tax credit	4,049	201	-	-	4,250
Loss for the period					(12,966)
As at 30 June 2025 (Unaudited)					
Segment assets	514,356	321,356	20	-	835,732
Financial assets at fair value through profit or loss					109,576
Unallocated assets					14,190
Total assets					959,498
Segment liabilities	175,201	269,695	580	-	445,476
Unallocated liabilities					24,434
Total liabilities					469,910

6 SEGMENT REPORTING (CONTINUED)

For the six months ended 30 June 2024 (Unaudited)

	Continuing operation			Discontinued operation	
	Production and sale of magnetic materials and other application products			Research and development in biotechnology business	Total
	Production and sales of cement HKD'000	other application products HKD'000	Trading business HKD'000	HKD'000	HKD'000
Segment revenue	92,689	13,866	58	–	106,613
Segment results	(12,353)	(11,784)	(287)	(13,439)	(37,863)
Unallocated expenses					(3,417)
Income tax credit	1,154	145	–	–	1,299
Loss for the period					(39,981)
As at 31 December 2024 (Audited)					
Segment assets	592,497	324,639	178	2,065	919,379
Financial assets at fair value through profit or loss					108,027
Unallocated assets					14,829
Total assets					1,042,235
Segment liabilities	202,706	262,273	85	1,498	466,562
Dividend payable					75,072
Unallocated liabilities					23,756
Total liabilities					565,390

6 SEGMENT REPORTING (CONTINUED)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods. Revenue derived from the single largest external independent customers amounted to 26.22% of the Group's revenue for the period (30 June 2024: 8.54%).

7 REVENUE

The Group's revenue from continuing operations is analysed as follows:

	Six months ended 30 June	
	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Revenue from contract with customers		
Production and sales of cement segment:		
Sale of composite Portland cement strength class 32.5R	3,885	4,761
Sale of ordinary Portland cement strength class 42.5	85,809	66,003
Sale of composite Portland cement strength class 42.5	28,947	21,897
Solid waste processing services income	—	28
	118,641	92,689
Production and sale of magnetic materials and other application products segment:		
Sale of motor machines and parts	3,931	6,807
Sale of rare earth materials	—	2,621
Metal processing service income	3,239	4,438
	7,170	13,866
	125,811	106,555
Revenue from other sources		
Trading business segment:		
Commodity metals trading income	—	58
	125,811	106,613

7 REVENUE (CONTINUED)

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods transferred at point in time	122,572	102,895
Services transferred over time	3,239	3,660
	125,811	106,555

The following table provides information about trade and bills receivables, and contract liabilities from contracts with customers.

	As at	
	30 June	31 December
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Trade and bills receivables, net (<i>Note 17</i>)	25,221	24,850
Contract liabilities	(22,707)	(11,109)

Contract liabilities mainly relate to advances received from its customers. HKD11,109,000 (30 June 2024: HKD17,206,000) of the contract liabilities as of 1 January 2025 has been recognised as revenue for the six months ended 30 June 2025 when performance obligations have been satisfied in current period.

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 periods.

8 OTHER INCOME AND OTHER GAIN, NET

	Six months ended 30 June	
	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Government grants (notes (a))	951	1,950
Rental income	741	–
Change in fair value of financial assets at FVTPL	2,479	–
Exchange loss, net	(204)	(69)
Gain on transfer of cement clinker production quota (notes (b))	22,052	–
Gain on disposal of property, plant and equipment	–	50
Others	382	737
Total	26,401	2,668

Notes:

- (a) The amount refers to the government's subsidy for saving energy and reducing pollution emissions and development in magnetic application products research. No further condition was attached to the grants.
- (b) Given that the cost of self-produced clinker is higher than purchased clinker and taking into account of factors such as the macroeconomic environment and market fluctuations, the Group permanently sold cement clinker production quota in the first quarter of 2025. The Group will continue to ensure enough supply through using purchased clinker as an alternative for the production.

9 INCOME TAX CREDIT

	Six months ended 30 June	
	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Current tax		
– Enterprise Income Tax (“EIT”)	14	20
– Under provision in respect of prior years	–	18
– PRC withholding tax	4,111	–
Deferred tax (<i>Note 21</i>)	(8,375)	(1,337)
Income tax credit relating to continuing operations	(4,250)	(1,299)

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 periods. 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 periods.

Except for certain subsidiaries incorporated in the PRC that have been certified as a High and New Technology Enterprise (“HNTe”) by the Ministry of Science and Technology provided their Enterprise Income Tax at a reduced tax rate of 15% (2024: 15%), the remaining subsidiaries incorporated in the PRC provided their Enterprise Income Tax at 25% (2024: 25%) of the estimated taxable profits arising in the PRC for both current and prior periods.

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 periods. 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 periods.

10 LOSS BEFORE INCOME TAX

- (a) The Group's loss before income tax from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	125,635	107,426
Provision for impairment on inventory	2,756	—
Depreciation of property, plant and equipment	9,557	12,574
Depreciation of right-of-use assets	473	491
Amortisation of intangible assets	1,479	1,842
Provision for/(reversal of provision for) impairment on trade receivables, net	378	(126)
Provision for/(reversal of provision for) impairment on other receivables, net	85	(29)
Employee expenses (including directors' remuneration)		
– wages and salaries	11,177	12,652
– pension scheme contribution	2,822	3,254
Auditor remuneration	150	151
Short-term lease expenses	32	36

(b) Discontinued operation/Disposal of subsidiaries:

On 22 May 2024, the Board resolved to dispose the operation of Orient Everhealth Biomedical Company Limited and its 65% equity owned subsidiary, Suzhou Everhealth Biomedical Company Limited (together the “Disposal 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 Disposal 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 six months ended 30 June 2025, the Group has entered into agreement with an independent third party to dispose of its entire interest in the Disposal Group at a cash consideration of RMB2,000,000 (equivalent to HKD2,150,000). The disposal was completed on 26 June 2025.

10 LOSS BEFORE INCOME TAX (CONTINUED)

(b) Discontinued operation/Disposal of subsidiaries: (Continued)

The results, cash flows and net assets of the Disposal Group were as follow:

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Administrative expenses	(13)	(1,056)
Other income	–	28
Provision for impairment on goodwill	–	(12,411)
	<hr/>	<hr/>
Loss for the period from a discontinued operation	(13)	(13,439)
	<hr/>	<hr/>
Loss for the period from a discontinued operation attributable to:		
Owner of the Company	(115)	(13,080)
Non-controlling interests	102	(359)
	<hr/>	<hr/>
	(13)	(13,439)
	<hr/>	<hr/>
Total comprehensive income for the period from a discontinued operation attributable to:		
Owner of the Company	186	(13,584)
Non-controlling interests	(209)	(135)
	<hr/>	<hr/>
	(23)	(13,719)
	<hr/>	<hr/>

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Operating cash outflows	(13)	(221)
Financing cash inflow	–	173
Effect of foreign exchange rate changes	(2)	(1)
	<hr/>	<hr/>
Total cash outflows	(15)	(49)
	<hr/>	<hr/>

10 LOSS BEFORE INCOME TAX (CONTINUED)

(b) Discontinued operation/Disposal of subsidiaries: (Continued)

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

	2025 HKD'000 (Unaudited)
Property, plant and equipment	15
Intangible assets	2,081
Prepayment	6
Cash and cash equivalents	13
Other payables	(1,542)
	<hr/>
Net assets disposed of	573

	2025 HKD'000 (Unaudited)
Total cash consideration (Note)	2,150
Less: Net assets disposed	(573)
Less: Non-controlling interest of the Disposal Group	(9,766)
Add: Release of exchange reserve upon disposal	1,116
	<hr/>
Loss on disposal of subsidiaries	(7,073)
	<hr/>
Net cash flow arising on disposal of subsidiaries	
	<hr/>
Bank balances and cash disposed	(13)

Note:

The consideration remains unpaid as at 30 June 2025 and included in other receivables of the Group.

10 LOSS BEFORE INCOME TAX (CONTINUED)

(b) Discontinued operation/Disposal of subsidiaries: (Continued)

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

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

11 PROPERTY, PLANT AND EQUIPMENT

Property,
plant and
equipment
HKD'000

Six months ended 30 June 2025

Carrying amount as at 1 January 2025 (Audited)
Additions
Depreciation
Exchange differences

222,022
4,375
(10,030)
7,136

Carrying amount as at 30 June 2025 (Unaudited)

223,503

Six months ended 30 June 2024

Carrying amount as at 1 January 2024 (Audited)
Additions
Disposal
Depreciation
Classified as held for sale
Exchange differences

220,625
32,713
(71)
(13,065)
(59)
(6,033)

Carrying amount as at 30 June 2024 (Unaudited)

234,110

Note (a): The following table summarised the right-of-use assets capitalised by nature of underlying assets:

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets	Land use right HKD'000	Leasehold land and buildings HKD'000	Total HKD'000
At 1 January 2025	18,006	833	18,839
Depreciation	(281)	(192)	(473)
Exchange differences	585	–	585
At 30 June 2025	18,310	641	18,951
At 1 January 2024	19,220	81	19,301
Addition	–	1,153	1,153
Depreciation	(282)	(209)	(491)
Exchange differences	(506)	–	(506)
At 30 June 2024	18,432	1,025	19,457

Note (b): As at 30 June 2025, certain land use right (included in right-of-use assets) and property, plant and equipment are pledged as security for the Group's bank borrowings of HKD157,110,000 (31 December 2024: HKD155,096,000) (Note 19).

12 GOODWILL

	HKD'000
Six months ended 30 June 2025	
Carrying amount as at 1 January 2025 (Audited)	47,183
Impairment loss	(8,554)
Exchange differences	1,379
Carrying amount as at 30 June 2025 (Unaudited)	40,008
Six months ended 30 June 2024	
Carrying amount as at 1 January 2024 (Audited)	61,589
Impairment loss (Note 10(b))	(12,411)
Classified as held for sale	(103)
Exchange differences	(1,512)
Carrying amount as at 30 June 2024 (Unaudited)	47,563

12 GOODWILL (CONTINUED)

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As at	
	30 June	31 December
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Chengzheng CGU (note (a))	40,008	47,183

Note (a):

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

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

The recoverable amount of the CGU, in which the goodwill, property, plant and equipment including right-of-use assets, 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 HK\$8,554,000 was recognised for the six months ended 30 June 2025 which was allocated to goodwill, mainly due to the underperformance of the CGU and competitive environment.

13 INTANGIBLE ASSETS

	Technical know-how
	HKD'000
At 1 January 2025 (Audited)	12,845
Amortisation	(1,479)
Exchange differences	392
At 30 June 2025 (Unaudited)	11,758
At 1 January 2024 (Audited)	22,046
Amortisation	(1,842)
Classified as held for sale	(5,219)
Exchange differences	(565)
At 30 June 2024 (Unaudited)	14,420

Technical know-how represents the intellectual property rights which have finite useful life and are amortised on a straight-line basis over its estimated useful life of 10 years.

14 INVESTMENTS IN ASSOCIATES

	As at	
	30 June 2025	31 December 2024
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Unlisted equity investment:		
At the beginning of period ended and year ended	32,417	34,798
Share of results of associates	(211)	(1,212)
Exchange differences	1,058	(1,169)
As at the end of period ended and year ended	33,264	32,417

The Group has a 43.2% (31 December 2024: 43.2%) interest in its associate, Suzhou Dongtong Environment and Technology Company Limited (蘇州東通環保科技有限公司, "Dongtong Environment and Technology"), which was incorporated and operates in the PRC. The principal activity of Dongtong Environment and Technology is research and development on environmental technology and provision of related services. The cost of the investment was HKD27,637,000 (equivalent to RMB24,000,000).

14 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Net assets of Dongtong Environment and Technology	68,972	67,520
Proportion of the Group's ownership interest in Dongtong Environment and Technology	43.2%	43.2%
Carrying amount of the Group's interest in Dongtong Environment and Technology	29,799	29,172

Aggregate information of an associate that is not material

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Aggregate carrying amount	3,465	3,245

	Six months ended 30 June	
	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Aggregate amounts of the Group's share of the associate's:		
– Profit for the period	111	68
– Other comprehensive income for the period	108	(114)
– Total comprehensive income for the period	219	(46)

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2025 HKD'000 (unaudited)	31 December 2024 HKD'000 (Audited)
Trust agreement investment	<u>109,576</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 and expects to realise within twelve months after the reporting period. For further information regarding the above, please refer to the announcements dated 27 December 2022 and 30 December 2022.

16 INVENTORIES

	As at	
	30 June 2025 HKD'000 (unaudited)	31 December 2024 HKD'000 (Audited)
Raw materials	129,653	125,105
Work-in-progress	13,447	13,564
Finished goods	<u>57,435</u>	<u>57,862</u>
	<u>200,535</u>	<u>196,531</u>

17 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Trade and bills receivables from third parties	25,804	25,206
Less: provision for impairment (Note (iv))	(583)	(356)
Trade and bills receivables, net (Note (i))	25,221	24,850
Prepayments and deposits (Note (ii))	11,190	17,550
Less: Classified as held for sale	–	(6)
Other receivables (Note (iii))	21,667	13,219
Less: provision for impairment on other receivables (Note (iv))	(245)	(153)
Prepayments, deposits and other receivables	32,612	30,610
Total trade and other receivables	57,833	55,460
Less: non-current portion		
Deposits paid for purchase of machineries (Note (iii))	–	(341)
Trade and other receivables – current portion	57,833	55,119

As at 30 June 2025 and 31 December 2024, no trade and bills receivables were pledged for the borrowings.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade and bills receivables

Credit terms given to its customers generally range from 30 to 90 days (31 December 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 receivables 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 receivable 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:

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Within 90 days	15,459	15,601
From 91 days to 180 days	5,977	6,186
From 181 days to 1 year	3,681	2,482
Over 1 year	104	581
	<u>25,221</u>	<u>24,850</u>

The above balances include 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, the directors are of the opinion that no provision for impairment is necessary in respect of these balances 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 collaterals or other credit enhancements over these balances.

(ii) Prepayments and deposits

As at 30 June 2025, included in the Group's prepayments and deposits were mainly represented by the prepayments and deposits amounted to HKD9,019,000 and HKD Nil (31 December 2024: HKD16,006,000 and HKD341,000) paid to the suppliers for raw material purchases and purchase of machineries respectively.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

(iii) Other receivables

As at 30 June 2025, included in the Group's other receivables of approximately HKD2,191,000 consideration receivables from disposal of subsidiaries, HKD2,575,000 from transfer of cement clinker production quota, and HKD8,020,000 advanced to the non-controlling shareholders of the subsidiaries of the Group, which was unsecured, interest-free and repayable on demand.

(iv) Movements of the provision for impairment of trade and other receivables are as follows:

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Trade receivables:		
Beginning of period/year	356	330
Provision for the period/year	454	240
Balance recovered for the period/year	(76)	(202)
Write-off	(167)	–
Exchange differences	16	(12)
End of period/year	583	356
Other receivables:		
Beginning of period/year	153	177
Provision for the period/year	85	–
Balances recovered for the period/year	–	(24)
Exchange differences	7	–
End of period/year	245	153

The origination and release of provision for impairment of trade receivables 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 assessment in accordance with the accounting policy.

18 TRADE AND OTHER PAYABLES

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Trade payables	31,511	27,298
Bills payables	10,616	29,426
Salary and bonus payables	4,018	5,010
VAT payables	662	777
Amounts due to related parties (note 26(a))	3,839	3,565
Other payables	34,015	36,395
Consideration payables	21,912	21,217
	106,573	123,688

The credit period granted by the Group's principal suppliers is 30 to 90 days. Most of the Group's trade and other payables are denominated in RMB.

The carrying value of the Group's trade and other payables approximated to their fair values.

Aging analysis of trade payables based on invoice dates are as follows:

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Within 30 days	7,884	5,430
From 31 days to 90 days	13,049	6,134
From 91 days to 180 days	4,866	7,714
From 181 days to 1 year	1,808	5,917
From 1 year to 2 years	2,236	712
Over 2 years	1,668	1,391
	31,511	27,298

19 BORROWINGS

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Bank borrowings (note (a))	127,330	133,959
Bank borrowings, secured (note (b))	157,110	155,096
Other loans, unsecured (note (c))	10,700	10,700
Total bank and other loans	295,140	299,755
Carrying amount of bank borrowings repayable:		
On demand or within one year	169,621	160,904
More than one year, but not exceeding two years	16,434	10,609
More than two years, but not exceeding five years	87,648	96,537
More than five years	10,737	21,005
	284,440	289,055
Carrying amount of other loans repayable:		
On demand or within one year	10,700	10,700
Total bank and other loans	295,140	299,755
Analysis for reporting purposes:		
– Current	180,321	171,604
– Non-current	114,819	128,151
	295,140	299,755

Notes:

- (a) As at 30 June 2025, bank borrowings of approximately HKD127,330,000 (31 December 2024: HKD133,959,000) with fixed interest rates ranged from 2.90% to 4.45% (31 December 2024: 2.90% to 4.95%) per annum was guaranteed from the Company.

19 BORROWINGS

Notes: (Continued)

- (b) As at 30 June 2025, bank borrowings of approximately HKD157,110,000 (31 December 2024: HKD155,096,000) with fixed interest rates ranged from 3.85% to 4.20% (31 December 2024: 3.60% to 7.85%) per annum was secured by equity interest of subsidiaries of the Company, land use rights of HKD2,286,000 (31 December 2024: HKD2,290,000) and property, plant and equipment of HKD18,781,000 (31 December 2024: HKD22,153,000) of the Group.
- (c) As at 30 June 2025, the Group's other loans included a loan of HKD10,700,000 (31 December 2024: HKD10,700,000) with a fixed interest rate of 9% (2024: 9%) per annum from a third party.

20 DEFERRED INCOME

	2025 HKD'000 (Unaudited)	2024 HKD'000 (Unaudited)
Government grants:		
At 1 January	20,232	23,278
Refunded to government	–	(254)
Released to profit or loss	(915)	(1,115)
Exchange difference	645	(604)
	<hr/>	<hr/>
At 30 June	19,962	21,305

Note: Deferred income represents government grants received from the PRC local government authorities to support a subsidiary's research and development activities.

21 DEFERRED TAXATION

	As at	
	30 June 2025	31 December 2024
	HKD'000	HKD'000
	(unaudited)	(audited)
Deferred tax assets	6,766	7,392
Deferred tax liabilities	(24,872)	(33,191)
	<u>(18,106)</u>	<u>(25,799)</u>

	Withholding tax for attributable profit relating to equity holders HKD'000 (Note (a))	Tax loss HKD'000 (Note (b))	Revaluation of property, plant and equipment HKD'000	Total HKD'000
As at 1 January 2025 (Audited)	(30,981)	7,392	(2,210)	(25,799)
Charged to profit or loss (Note 9)	9,012	(852)	215	8,375
Exchange difference	<u>(840)</u>	<u>226</u>	<u>(68)</u>	<u>(682)</u>
As at 30 June 2025 (Unaudited)	<u>(22,809)</u>	<u>6,766</u>	<u>(2,063)</u>	<u>(18,106)</u>
As at 1 January 2024 (Audited)	(33,751)	5,313	(1,789)	(30,227)
Charged to profit or loss (Note 9)	1,172	—	165	1,337
Exchange difference	<u>883</u>	<u>(141)</u>	<u>46</u>	<u>788</u>
As at 30 June 2024 (Unaudited)	<u>(31,696)</u>	<u>5,172</u>	<u>(1,578)</u>	<u>(28,102)</u>

21 DEFERRED TAXATION (CONTINUED)

- (a) Pursuant to the PRC Corporate Income Tax Law, effective from 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% upon the PRC tax bureau's approval at the time of dividend claim. The Group is therefore liable to withholding taxes on dividends distributed by the subsidiary established in the PRC in respect of their earnings generated from 1 January 2008.
- (b) As at 30 June 2025, the Group had unused tax losses of approximately HKD87,897,000 (31 December 2024: HKD81,607,000), available to offset against future profits. As at 30 June 2025, unused tax losses of approximately HKD27,066,000 (31 December 2024: HKD29,570,000) had been recognized in deferred tax assets, while approximately HKD60,831,000 (31 December 2024: HKD52,037,000) had not been recognised as at 30 June 2025, due to the unpredictability of future profit streams.

22 SHARE CAPITAL

	Number of ordinary shares (thousands)	Nominal value of ordinary shares HKD'000
<i>Authorised:</i>		
Ordinary shares of HKD0.01 each as at 1 January 2024, 30 June 2024, 31 December 2024 and 30 June 2025	<u>10,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
As at 1 January 2024, 30 June 2024, 31 December 2024 and 30 June 2025	<u>552,000</u>	<u>5,520</u>

23 LOSS PER SHARE

From continuing and discontinued operations

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company of HKD9,155,000 (30 June 2024: HKD35,874,000) by the weighted average number of ordinary shares in issue during the period of 552,000,000 (30 June 2024: 552,000,000).

As there were no dilutive options and other dilutive potential ordinary shares in issue for the six months ended 30 June 2025 and 2024, diluted loss per share is the same as basic loss per share.

From a discontinued operation

Basic and diluted loss per share for the period from a discontinued operation is HKD0.000 per share (30 June 2024: HKD0.024 per share), based on the loss for the period from a discontinued operation attributable to owners of the Company of HKD115,000 (30 June 2024: HKD13,080,000) divided by the weighted average number of ordinary shares in issue during the period of 552,000,000 (30 June 2024: 552,000,000).

From continuing operations

Basic and diluted loss per share for the period from continuing operations is HKD0.016 per share (30 June 2024: HKD0.041 per share), based on the loss for the period from continuing operations attributable to owners of the Company of HKD9,040,000 (30 June 2024: HKD22,794,000) divided by the weighted average number of ordinary shares in issue during the period of 552,000,000 (30 June 2024: 552,000,000).

24 DIVIDENDS

During the six months ended 30 June 2025, no dividend was proposed. Special dividend of HKD0.136 per share declared in the Board meeting held on 5 December 2024 was paid during the six months ended 30 June 2025. (2024: no dividend was paid or proposed during the six months ended 30 June 2024).

Subsequent to the end of the current interim period, the directors of the Company have determined that no dividend will be paid in respect of the interim period (2024: Nil).

25 LEASE LIABILITIES

	Leasehold land and buildings	
	2025	2024
	HKD'000	HKD'000
At 1 January (Audited)	845	83
Addition	–	1,153
Interest expenses	13	13
Lease payments	(202)	(218)
	<u>656</u>	<u>1,031</u>
At 30 June (Unaudited)	656	1,031

	As at	
	30 June	31 December
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Current portion	389	382
Non-current portion	267	463
	<u>656</u>	<u>845</u>

Future lease payments are due as follows:

	Minimum lease payments	Interest	Present value
	30 June 2025	30 June 2025	30 June 2025
	HKD'000	HKD'000	HKD'000
	(Unaudited)	(Unaudited)	(Unaudited)
Not later than one year	405	(16)	389
After one year but within two years	270	(3)	267
	<u>675</u>	<u>(19)</u>	<u>656</u>

25 LEASE LIABILITIES (CONTINUED)

	Minimum lease payments	Interest	Present value
	31 December 2024	31 December 2024	31 December 2024
	HKD'000 (Audited)	HKD'000 (Audited)	HKD'000 (Audited)
Not later than one year	405	(23)	382
After one year but within two years	405	(9)	396
After two years but within five years	67	–	67
	<u>877</u>	<u>(32)</u>	<u>845</u>

26 RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management includes directors (executive and non-executive) and senior management. Remuneration paid or payables to key management for employees service is shown below:

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Basic salaries and benefits in kind	<u>1,544</u>	<u>2,419</u>

On 1 November 2018, Mr. Tseung (as the lender) entered into an interest-free loan facility agreement with the Company (as borrower) to grant a loan facility up to HKD1,500,000 to a subsidiary of the Company and subject to the lender's overriding right of repayment on demand. As at 30 June 2025 and 31 December 2024, there was no borrowing due to Mr. Tseung.

Other payables included amounts due to companies under control of Mr. Tseung, of HKD3,839,000 (31 December 2024: HKD3,565,000). The balances are unsecured, interest-free and repayable on demand.

26 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material related party transactions

Summary of the material related party transactions carried out by the Group during the period are follows:

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Revenue received from		
– an associate	–	28

Note:

- (i) Revenue received in respect of solid waste processing income were mutually agreed by both parties

None of the related party transactions set out above constituted non-exempted connected transactions or non-exempted continuing connected transactions under the Listing Rules.

27 CAPITAL COMMITMENT

	As at	
	30 June 2025	31 December 2024
	HKD'000	HKD'000
	(Unaudited)	(Audited)
Commitments for the acquisition of:		
Property, plant and equipment	–	151

28 FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair value of financial assets and liabilities:

	As at	
	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
Financial assets:		
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments	46,643	37,916
– Short-term bank deposits	–	206,866
– Pledged bank deposits	7,608	15,932
– Cash and cash equivalents	268,647	135,495
Financial assets at fair value through profit or loss	109,576	108,027
Total	432,474	504,236
Financial liabilities:		
Financial liabilities at amortised cost		
– Borrowings	295,140	299,755
– Trade and other payables excluding non-financial liabilities	105,911	122,911
Lease liabilities	656	845
Dividend payable	–	75,072
Total	401,707	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.

28 **FINANCIAL INSTRUMENTS (CONTINUED)**

Fair value measurement (Continued)

(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 and borrowings.

Due to their short term nature, the carrying value of cash and bank balances, trade and other receivables, short-term bank deposits, pledged bank deposits, trade and other payables and borrowings approximate their fair value.

(ii) Financial instruments measured at fair value

Financial assets at fair value through profit or loss included in the condensed consolidated interim 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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement (Continued)

(ii) Financial instruments measured at fair value (Continued)

Information about level 3 fair value measurements (Continued)

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 six months ended 30 June 2025.

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

Financial assets at fair value through profit or loss

	2025 HKD'000	2024 HKD'000
At 1 January (audited)	108,027	–
Addition	–	53,991
Total gains or losses:		
– changes in fair value of financial assets	2,479	–
Distribution	(4,431)	–
Exchange differences	3,501	(521)
	<u>109,576</u>	<u>53,470</u>
At 30 June (unaudited)		