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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately.

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MUDAJAYA GROUP BERHAD

Registration No. 200301003119 (605539-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED PARTIAL DISPOSAL BY XELMONT LIMITED ("XELMONT"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MUDAJAYA GROUP BERHAD ("MUDAJAYA"), OF 45% EQUITY INTEREST IN REAL JADE LIMITED ("REAL JADE") ("SALE SHARES") TO MINYI HOLDINGS LIMITED ("MHL" OR THE "PURCHASER") FOR A DISPOSAL CONSIDERATION OF HKD234.00 MILLION (EQUIVALENT TO RM118.45 MILLION) ("DISPOSAL CONSIDERATION") WITH:-

I. SETTLEMENT OF DEBT OWING BY XELMONT TO MHL AMOUNTING TO AN AGGREGATE OF HKD244.97 MILLION (EQUIVALENT TO RM124.00 MILLION) AS AT 30 APRIL 2026 BY WAY OF SET-OFF AGAINST THE DISPOSAL CONSIDERATION; AND

II. THE REMAINING DEBT OF HKD10.97 MILLION TOGETHER WITH ANY INTEREST CALCULATED UP TO THE COMPLETION DATE OF THE SHARE SALE AGREEMENT TO BE PAID IN CASH TO MHL ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

UOB KAY HIAN (M) SDN BHD
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

SCS GLOBAL ADVISORY (M) SDN BHD
Registration No. 200901020913 (864010-V)

The Extraordinary General Meeting ("**EGM**") of Mudajaya will be held physically at Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza, No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 5 November 2026 at 2.30 p.m. or at any adjournment thereof. The Notice of EGM, together with the Proxy Form for the EGM are enclosed herewith.

A member of Mudajaya entitled to attend, participate and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on its/ his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the office of Mudajaya's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	: Tuesday, 3 November 2026 at 2.30 p.m.
Date and time of the EGM	: Thursday, 5 November 2026 at 2.30 p.m.

This Circular is dated 21 October 2026

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	Companies Act 2016
"Acquisition of Real Jade"	:	The acquisition of 100% equity interest in Real Jade from MHL for a purchase consideration of HKD400.00 million (equivalent to RM224.32 million) which was completed on 9 November 2022
"AER"	:	Asia Equity Research Sdn Bhd, being the independent business valuer appointed by Mudajaya for the Proposed Disposal (Registration No. 201401027762 (1103848-M))
"ARMSC"	:	Audit, Risk Management and Sustainability Committee
"Bailonggang Project"	:	The proposed project to be operated and managed by a joint venture company to be established by Shanghai Allied Cement Co, Ltd, a subsidiary of Real Jade, and Shanghai Building Material (Group) Company Limited, a state-owned enterprise, with each party holding a 50% interest in the joint venture company
"BNM"	:	Bank Negara Malaysia
"Board"	:	The Board of Directors of Mudajaya
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"BVI"	:	British Virgin Islands
"Debt Owing to MHL"	:	Debt owing by Xelmont to MHL amounting to an aggregate of HKD244.97 million (equivalent to RM124.00 million) as at 30 April 2026, being the latest cut-off date agreed between Xelmont and MHL for the purposes of calculating the Debt Owing to MHL amount prior to the execution of the SSA (dated 28 May 2026)
"Director(s)"	:	The director(s) of Mudajaya and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Disposal were agreed upon:- (i) a director of Mudajaya, its subsidiaries or holding company; and (ii) a chief executive of Mudajaya, its subsidiaries or holding company
"Disposal Consideration"	:	Disposal consideration of HKD234.00 million as specified in the SSA
"EGM"	:	Extraordinary General Meeting
"EPS"/ "(LPS)"	:	Earnings/ (loss) per share
"FCFF"	:	Free cash flow to firm
"FYE"	:	Financial year ended/ ending
"GP"	:	Gross profit
"GDV"	:	Gross Development Value

"HKD"	:	Hong Kong Dollar
"IAL"	:	Independent advice letter from the Independent Adviser to the non-interested shareholders of Mudajaya in relation to the Proposed Disposal
"Legacy Debt"	:	Outstanding third-party financing with an aggregated amount of HKD427.66 million as at 31 December 2020, for the purpose of financing the general working capital requirements of the Real Jade Group in connection with its manufacturing, sales and trading of cement in PRC
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Loan I"	:	Loan of HKD150,000,000 originally advanced by MHL to Real Jade to partially settle Real Jade Group's Legacy Debt, formalised by loan agreement dated 30 June 2022 and subsequently extended and varied on 1 June 2023, 1 December 2023, 1 June 2024, and 8 November 2024
"Loan II"	:	Loan of HKD15,980,000 advanced by MHL to Xelmont pursuant to loan agreement dated 20 October 2022 and subsequently extended on 16 August 2024
"Loan III"	:	Loan of RM20,000,000 (equivalent to HKD39,510,000) advanced by MHL to Mudajaya pursuant to loan agreement dated 16 August 2024 and subsequently extended on 16 August 2026
"LPD"	:	30 September 2026, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	26 May 2026, being a market day preceding the date of the announcement of the Proposed Disposal
"MCB"	:	Mudajaya Corporation Berhad, a wholly-owned subsidiary of Mudajaya (Registration No. 196501000519 (6307-K))
"MHL" or the "Purchaser"	:	Minyi Holdings Limited
"Mudajaya" or the "Company"	:	Mudajaya Group Berhad (Registration No. 200301003119 (605539-H))
"Mudajaya Group" or the "Group"	:	Mudajaya and its subsidiaries, collectively
"Mudajaya Share(s)" or "Share(s)"	:	Ordinary share(s) in Mudajaya
"NA"	:	Net assets attributable to the owners of the company
"PAT"/ "(LAT)"	:	Profit/ (loss) after taxation
"PBT"/ "(LBT)"	:	Profit/ (loss) before taxation
"P/B"	:	Price-to-Book
"PRC"	:	People's Republic of China

"Proposed Disposal"	:	The proposed partial disposal by Xelmont of 45% equity interest in Real Jade to MHL for the Disposal Consideration with Settlement by way of set-off against the Disposal Consideration with the remaining debt of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash
"Real Jade"	:	Real Jade Limited
"Real Jade Group"	:	Real Jade and its subsidiaries, collectively
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RMB"	:	Renminbi
"RPT"	:	Related party transaction
"Sale Shares"	:	45 ordinary shares in Real Jade, representing 45% equity interest in Real Jade
"SCS Global" or the "Independent Adviser"	:	SCS Global Advisory (M) Sdn Bhd (Registration No. 200901020913 (864010-V))
"Settlement"	:	The settlement of the Settlement Sum by way of set-off against the Disposal Consideration and the remaining debt of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash
"Settlement Sum"	:	The settlement of the Debt Owing to MHL amounting to an aggregate of HKD244.97 million as at 30 April 2026
"SSA"	:	The conditional share sale agreement dated 28 May 2026 entered into between Xelmont and MHL in respect of the Proposed Disposal and subsequently extended on 14 October 2026
"UOBKH" or the "Adviser"	:	UOB Kay Hian (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"USD"	:	United States Dollar
"Valuation Letter"	:	Valuation letter dated 24 April 2026 issued by AER
"Variation"	:	Variation to vary the mode of the settlement of the amount owing to MHL in relation to the Acquisition of Real Jade from wholly in cash, to a combination of cash and the issuance of consideration shares
"Variation Agreement"	:	Conditional variation agreement entered between Mudajaya, Xelmont, MHL and Real Jade dated 29 November 2023
"Xelmont" or the "Vendor"	:	Xelmont Limited, an immediate holding company that holds direct equity stake in Real Jade. Xelmont Limited is wholly-owned by Dayang Pertiwi Sdn Bhd, which in turn is wholly-owned by Mudajaya

References to "we", "us", "our" and "ourselves" are to Mudajaya, and where the context otherwise requires, the subsidiaries of the Company. All references to "you" or "your(s)" in this Circular are made to shareholders who are entitled to participate and vote at the EGM.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified. Any discrepancies between the amount listed, actual figures and the totals thereof as set out in this Circular are due to rounding.

Unless otherwise stated, the exchange rate of HKD1.00 : RM0.5062 being the middle rate quoted by BNM as at 5.00 p.m. on 26 May 2026 (LTD) is applied throughout this Circular. Any exchange rate translation in this Circular is provided solely for convenience of reference and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Mudajaya Group's plans and objectives will be achieved. Shareholders should not place undue reliance on such forward-looking statement, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposal before voting at the EGM of the Company.

Key information	Description	Reference to Part A of this Circular
Summary	Proposed disposal by Xelmont, an indirect wholly-owned subsidiary of Mudajaya of the 45% equity interest in Real Jade for a Disposal Consideration with settlement of Debt Owing to MHL amounting to an aggregate of HKD244.97 million (equivalent to RM124.00 million) as at 30 April 2026 by way of set-off against the Disposal Consideration and the remaining debt of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash.	**Section 2**
Information on the settlement	The Settlement entails the settlement of the Debt Owing to MHL amounting to an aggregate of HKD244.97 million as at 30 April 2026 via a set-off against the Disposal Consideration with the balance Settlement Sum of HKD10.97 million to be paid by Xelmont to MHL in cash on the completion date of the SSA, which is expected to be in the fourth quarter of 2026. For the avoidance of doubt, the Settlement Sum of HKD244.97 million is stated as at 30 April 2026, and interest shall continue to accrue up to the completion date of the SSA. Any additional interest accrued shall be settled in cash by Xelmont upon completion. Details of the settlement of the Disposal Consideration and the remaining Debt Owing to MHL are as follows:-	**Section 2.3**

As at 30 April 2026	Value (HKD'000)	(RM'000)	Remarks
Disposal Consideration	234,000	118,451	-
Debt Owing to MHL	(244,970)	(124,004)	Set-off against the Disposal Consideration
Remaining Debt Owing to MHL payable*	(10,970)	(5,553)	Payable by Xelmont to MHL in cash

Note:-

** The remaining debt of HKD10.97 million (equivalent to RM5.55 million) is payable by Xelmont to MHL in cash, together with any interest of 6% for Loan I and 8% for Loan II and Loan III, calculated up to the completion date of the SSA.*

Basis and justification of arriving at the Disposal Consideration	AER adopted the Net Assets Basis / Price-to-Book approach as the primary valuation reference. The FCFF approach was presented as a secondary valuation cross-check to reflect the potential value contribution from the upgraded cement plant based on management's projections.	**Section 2.5**

Valuation Method	100% equity interest	45% equity interest
Primary Method Net Assets Basis/ Price-to-Book Approach	HKD334.42 million	HKD150.49 million
Secondary Method FCFF Approach	HKD499.29 million to HKD552.12 million	HKD224.68 million to HKD248.45 million

EXECUTIVE SUMMARY

Key information	Description	Reference to Part A of this Circular
Rationale and justifications	(i) The Proposed Disposal enables the Group to optimise its investment exposure in the PRC cement market and allow the Group to reallocate management focus in part, toward supporting its existing core businesses and opportunities in Malaysia, while retaining a 55% interest in its PRC cement business. As at the LPD, the Group's outstanding order book stood at approximately RM73.50 million, which provides earnings visibility for the next 18 months. In addition, the Group has an active tender book amounting to approximately RM451.00 million comprising 2 contracts. In addition, the Group has established a structured in-house development pipeline with an estimated GDV of RM222.00 million. Accordingly, the Proposed Disposal will allow the Group to reallocate management focus in part, towards the abovementioned opportunities within Malaysia which may offer a more strategic use of the Group's capital and management resources at this juncture. (ii) The Proposed Disposal enables the Group to partially realise its investment in Real Jade at a gain of HKD82.11 million (equivalent to RM41.57 million), which in turn is expected to increase the NA and contribute to higher earnings for the Group in the immediate term. (iii) The Proposed Disposal also forms part of the Group's overall strategy to rationalise its financial position and optimise its capital structure. The settlement arrangement of the Proposed Disposal will enable the Group to partially settle the outstanding amount owing to MHL of HKD244.97 million through non-cash consideration, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash. In addition, the reduction of borrowings is expected to strengthen the Group's balance sheet through a reduction in total indebtedness and gearing levels. (iv) The Proposed Disposal entails a partial divestment in Real Jade, which, upon completion, Real Jade will remain an indirect 55%-owned subsidiary of Mudajaya. Accordingly, the Group will continue to retain control over the strategic direction, operational management and key business decisions of Real Jade, as well as continue consolidating Real Jade's financial results while maintaining continuity in its existing business operations.	**Section 4**
Risk factors	Pursuant to the Proposed Disposal, the Group would be exposed to the following risks:- (i) Non-completion risk (ii) Contractual risk; and (iii) Loss of contribution from Real Jade	**Section 5**
Interested parties	Save as disclosed below, none of the Directors, major shareholders of Mudajaya and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal:- (i) MHL, being a major shareholder of Mudajaya (11.76% direct shareholdings as at the LPD) and the Purchaser. In addition, MHL is also deemed interested in the Proposed Disposal in view that the Disposal Consideration will be utilised towards the partial settlement of the amount owing to MHL.	**Section 8**

Key information	Description	Reference to Part A of this Circular
	Accordingly, MHL will abstain from voting in respect of its direct and/ or indirect shareholding in the Company on the resolution pertaining to the Proposed Disposal at the EGM to be convened. Further, MHL has also undertaken to ensure that person(s) connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the EGM.	
Approvals required	The Proposed Disposal is subject to the following approvals being obtained:- (i) The non-interested shareholders of the Company at an EGM to be convened; and (ii) Any other relevant authority or party, if required. The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.	**Section 7**
Board's recommendation	The Board recommends you to **vote in favour** of the resolution in respect of the Proposed Disposal to be tabled at the EGM.	**Section 9**

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MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)
(Incorporated in Malaysia)

Registered Office

PH1, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

21 October 2026

Board of Directors

Ir. James Wong Tet Foh *(Non-Independent Executive Chairman)*
Datuk Wira Arham Bin Abdul Rahman *(Independent Non-Executive Director)*
Leong Choon Meng *(Independent Non-Executive Director)*
Oei Su Lee *(Independent Non-Executive Director)*

To: The shareholders of Mudajaya

Dear Sir/ Madam,

PROPOSED DISPOSAL

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1. INTRODUCTION

On 28 May 2026, UOBKH had, on behalf of the Board, announced that Xelmont, an indirect wholly-owned subsidiary of Mudajaya had on 28 May 2026 entered into a SSA with MHL in relation to the Proposed Disposal.

Subsequently on 14 October 2026, UOBKH had, on behalf of the Board, announced that pursuant to the terms of the SSA, the parties had on 14 October 2026 mutually agreed to extend the cut-off date for the fulfilment of the conditions precedent under the SSA to 27 November 2026.

The Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of MHL being a major shareholder of Mudajaya in relation to the Proposed Disposal as set out in **Section 8, Part A** of this Circular. Accordingly, SCS Global has been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE EGM. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED DISPOSAL TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

For information purposes, Real Jade is currently an indirect wholly-owned subsidiary of Mudajaya. Through its subsidiaries, Real Jade is principally involved in the manufacturing, sales and trading of cement in PRC. It is also involved in the provision of energy conservation and reuse solutions through the installation of energy efficient and environmentally friendly air-conditioning systems and heating systems for commercial, residential and industrial buildings. Real Jade Group conducts its manufacturing operations of cement and clinker solely in PRC and all of its customers are based in PRC.

A summary of the key events relating to the acquisition of Real Jade (completed on 9 November 2022), the subsequent development of Real Jade, which ultimately led to the partial disposal of equity interest in Real Jade (i.e. the Proposed Disposal), is set out below for information purposes:-

Acquisition of Real Jade

On 30 June 2022, Mudajaya and Xelmont, an indirect wholly-owned subsidiary of Mudajaya had entered into a conditional share sale purchase agreement with MHL and Real Jade for the acquisition of the entire equity interest in Real Jade for an indicative cash consideration of HKD400.00 million.

At that point in time, the Group experienced declining revenue, primarily attributable to lower construction activities and delays in infrastructure development projects following the COVID-19 pandemic. Revenue from the property segment was also affected by lower take-up rates while soft market conditions and weak consumer sentiment had continued to prevail in Malaysia's property industry. Revenue from the power segment was generated through the operations of its two solar power plants in Malaysia, albeit in a competitive environment with other power plants and suppliers of alternative energy sources. For clarification, the construction contracts segment was the largest revenue contributor to the Group, contributing approximately 65.59%, 69.69%, 73.85% and 71.75% to the Group's total revenue during the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022, respectively. Further details on the key financial performance of the Group for the 4 financial years up to the FYE 31 December 2022 are illustrated below:-

	<----------Audited---------->							
	FYE 31 December 2019		**FYE 31 December 2020**		**FYE 31 December 2021**		**FYE 31 December 2022**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Revenue^	**393,770**	**100.00**	**347,698**	**100.00**	**250,898**	**100.00**	**305,192**	**100.00**
Construction contracts^	258,260	65.59	242,318	69.69	185,282	73.85	218,967	71.75
Property^	21,087	5.36	19,088	5.49	29,084	11.59	20,375	6.68
Power^	50,585	12.84	47,030	13.53	8,732	3.48	9,630	3.15
Trading & Manufacturing^	75,500	19.17	64,262	18.48	58,353	23.26	87,862	28.79
Adjustment/ Elimination^	(11,662)	(2.96)	(25,000)	(7.19)	(30,553)	(12.18)	(31,642)	(10.37)
PAT/ (LAT)^	**(86,090)**	**100.00**	**(45,276)**	**100.00**	**13,901**	**100.00**	**21,327**	**100.00**
Construction contracts^	2,814	(3.27)	(45,151)	99.72	(6,901)	(49.64)	1,526	7.15
Property^	3,303	(3.84)	6,623	(14.63)	1,828	13.15	10,908	51.15
Power^	(57,630)	66.94	5,762	(12.73)	35,145	252.82	22,018	103.24
Trading & Manufacturing^	436	(0.51)	6,821	(15.07)	4,028	28.97	(3,031)	(14.21)
Others^	(30,034)	34.89	(18,743)	41.40	(20,695)	(148.87)	(13,206)	(61.92)
Adjustment/ Elimination^	(4,979)*	5.79	(588)*	1.30	496	3.56	3,112	14.59

Notes:-

^ *Extracted from Mudajaya's Annual Reports*

* *The revenue elimination in FYE 31 December 2019 and FYE 31 December 2020 relate to intercompany transactions between subsidiaries within Mudajaya group. These transactions include, amongst others, the sale of building materials, rental income, provision of operation and management services.*

After taking into consideration the financial position of the Group at that relevant time, the Board had then evaluated and opined that the Acquisition of Real Jade could possibly help to reduce the Group's reliance on its construction segment by introducing a complementary business with the potential to generate an additional revenue stream.

The Acquisition of Real Jade was also expected to enable the Group to diversify its sources of earnings in response to the challenging operating environment faced by its core construction business in Malaysia following the COVID-19 pandemic. In addition, the Acquisition of Real Jade represented a horizontal expansion of the Group's trading and manufacturing segment, with the objective of broadening its revenue base, expanding its geographical footprint beyond Malaysia and establishing a presence in the PRC market. This was expected to enhance the Group's market presence and improve the marketability of its range of construction materials to both domestic and international customers.

In addition, the historical financial performance of Real Jade Group before the Acquisition of Real Jade demonstrated an upward trend, as evidenced by the increase in revenue from HKD561.20 million (equivalent to RM294.97 million) for the FYE 31 December 2019 to HKD615.47 million (equivalent to RM329.58 million) for the FYE 31 December 2021 mainly driven by the increase in sales of cement and clinker as a result of higher demand from its customers, coupled with the commencement of the building stones business.

The revenue contribution of each of the business segments of Real Jade Group for the 3 financial years up to the FYE 31 December 2021 is set out below:-

	<----------Audited---------->								
	<----------FYE 31 December---------->								
	<----------2019---------->			<----------2020---------->			<----------2021---------->		
	HKD'000	**RM'000***	**%**	**HKD'000**	**RM'000***	**%**	**HKD'000**	**RM'000***	**%**
Revenue	**561,199**	**294,966**	**100.00**	**498,130**	**258,131**	**100.00**	**615,465**	**329,582**	**100.00**
Manufacturing	472,915	248,564	84.27	404,508	209,616	81.20	539,303	288,797	87.62
Trading	75,130	39,488	13.39	70,861	36,720	14.23	56,724	30,376	9.22
Others*1	13,154	6,914	2.34	22,761	11,795	4.57	19,438	10,409	3.16
PAT/ (LAT)	**99**	**52**	**-*2**	**164,183**	**85,080**	**-*2**	**(19,888)**	**(10,650)**	**-*2**
Manufacturing	86,363	45,393	-*2	(1,453)	(753)	-*2	121,066	64,831	-*2
Trading	32,175	16,911	-*2	62,211	32,238	-*2	42,178	22,586	-*2
Others*1	(118,439)	(62,252)	-*2	103,425	53,595	-*2	(183,132)	(98,067)	-*2

Notes:-

* *The HKD amount as per the above financial statements have been translated into RM amount based on the following middle rate quoted by BNM as at 5.00 p.m. on the respective end dates for each financial years under review, as follows:-*

FYE 31 December 2019 HKD1.00 : RM0.5256
FYE 31 December 2020 HKD1.00 : RM0.5182
FYE 31 December 2021 HKD1.00 : RM0.5355

*1 *Others represents the provision of services on environmental protection and energy conservation and investment holding activities.*

*2 *The PAT/ (LAT) contribution of each of the business segments of Real Jade Group is not applicable due to the loss making segments during the 3 financial years up to the FYE 31 December 2021.*

Premised on the above, and having taken into consideration the historical financial performance of the Real Jade Group and the prevailing market conditions at the relevant time, the Acquisition of Real Jade could possibly enable the Group to diversify its earnings base and contribute positively to the future financial performance of the Group.

On 20 October 2022, the Acquisition of Real Jade was approved by the shareholders of the Company during the EGM convened on even date and the Acquisition of Real Jade was subsequently completed on 9 November 2022.

The purchase consideration for the Acquisition of Real Jade was HKD400.00 million and was intended to be satisfied entirely in cash in the following manner:-

Payment terms	**Timing**	**HKD'000*[1]**	**RM'000*[1]**	**%**
Initial sum	By the completion of the Acquisition of Real Jade	201,000	112,721	50.25
Balance consideration	One lump sum payment together with any unpaid accrued interest at the rate of 5% per annum on or before the expiration of two years after the completion of the Acquisition of Real Jade	199,000	111,599	49.75
Total		**400,000**	**224,320**	**100.00**

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[1] The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.5608, being the middle rate quoted by BNM as at 5.00 p.m. on 29 June 2022, which was the latest practicable date adopted in the announcement of the Acquisition of Real Jade.

Since then, Real Jade was consolidated into the financial statements of the Group and has contributed substantially to its revenue and PAT for the FYE 31 December 2023 (being the first full financial year of Real Jade's consolidation into the Group following the completion of the Acquisition of Real Jade in November 2022). A summary of Real Jade Group's contribution to Mudajaya Group's financial results for the 3 years up to FYE 31 December 2025 are as follows:-

	<----------Audited---------->								
	<----------FYE 31 December 2023---------->			<----------FYE 31 December 2024---------->			<----------FYE 31 December 2025---------->		
	Real Jade	**Mudajaya Group**	**Financial Contribution**	**Real Jade**	**Mudajaya Group**	**Financial Contribution**	**Real Jade**	**Mudajaya Group**	**Financial Contribution**
	RM'000*[2]	**RM'000**		**RM'000*[2]**	**RM'000**		**RM'000*[2]**	**RM'000**	
	(A)	**(B)**	**(A)/(B)**	**(A)**	**(B)**	**(A)/(B)**	**(A)**	**(B)**	**(A)/(B)**
Revenue	235,815	460,701	51.19%	154,521	372,191	41.52%	106,065	230,601	45.99%
PAT/ (LAT)	17,523	(31,253)	>100.00%	12,928	97,448	13.27%	(21,098)	17,333	-*

Note:-

* *Real Jade recorded a LAT of RM21.10 million for FYE 31 December 2025, and accordingly did not contribute positively to the Mudajaya Group's PAT.*

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[2] The HKD amount as per the above financial statements have been translated into RM amount based on the following middle rate quoted by BNM as at 5.00 p.m. on the respective end dates for each financial year under review, as follows:-

FYE 31 December 2023 HKD1.00 : RM0.5876
FYE 31 December 2024 HKD1.00 : RM0.5764
FYE 31 December 2025 HKD1.00 : RM0.5217

Variation in repayment terms and MHL's emergence as major shareholder of Mudajaya

Pursuant to the terms of the Acquisition of Real Jade, the balance consideration of HKD199.00 million (equivalent to RM100.73 million) was subject to vendor financing at the rate of 5% per annum, repayable on or before 8 November 2024. As at the first due date of 8 November 2023, an outstanding interest of HKD9.95 million (equivalent to RM5.04 million) had accrued, bringing the total amount owing to MHL to HKD208.95 million (equivalent to RM105.77 million).

The management of Mudajaya had then assessed the Group's financial position in the period leading up to the first due date and concluded that whilst the Group recorded cash and bank balances of RM307.00 million as at 31 December 2023, RM154.50 million thereof comprised pledged deposits with financial institutions serving as collateral against existing banking facilities. The remaining RM152.50 million constituted cash reserves essential for funding the Group's day-to-day operations. The management of Mudajaya also explored alternative bank financing to settle the outstanding amount but concluded that the proposed interest rates from financial institutions (ranging from 6.5% to 7.5% per annum) were materially higher than the vendor financing rate of 5% per annum, rendering this option commercially unviable.

As a result, Mudajaya, Xelmont, MHL and Real Jade had on 29 November 2023 entered into the Variation Agreement, in which the parties mutually agreed to vary the mode of settlement of the outstanding amount owing to MHL, under the vendor financing, comprising the balance consideration together with all interest accrued thereon, from wholly in cash, to a combination of the following:-

i. the issuance of 250,000,000 new ordinary shares in Mudajaya ("**Consideration Shares**") to MHL at an issue price of RM0.22 per share; and

ii. a cash payment of HKD125.10 million (equivalent to RM75.06 million*[3]) to be funded primarily from the proceeds of a proposed renounceable rights issue with warrants ("**Cash Consideration**") ("**Variation**").

The Variation Agreement was inter-conditional with the renounceable rights issue of up to 531,480,223 new Mudajaya Shares at an issue price of RM0.17 per share, together with 531,480,223 free detachable warrants, on the basis of 1 rights share for every 4 existing shares held ("**Rights Issue with Warrants**"). The total gross proceeds raised from the Rights Issue with Warrants amounted to RM90.35 million, the primary utilisation of which was the cash component of the Variation.

The Board was then of the view that the Rights Issue with Warrants was the most appropriate avenue to raise the necessary fundings after taking into consideration the following:-

i. the Rights Issue with Warrants will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility;

ii. the Rights Issue with Warrants will help position the Group on a better financial footing to expand its business in the future, in tandem with its strategy to further enhance its profitability;

iii. the Rights Issue with Warrants will enable the issuance of new Mudajaya Shares without diluting shareholders' equity interest, based on the assumption that all entitled shareholders subscribe in full for their respective entitlements;

iv. the Rights Issue with Warrants will provide all entitled shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and

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*[3] *The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.6000, being the middle rate quoted by BNM as at 5.00 p.m. on 28 November 2023, which was the latest practicable date adopted in the announcement of the Variation.*

v. the Rights Issue with Warrants will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

The warrants have been attached to provide the entitled shareholders with additional incentive to subscribe for the rights shares. The warrants will potentially allow the entitled shareholders who subscribe for the rights shares to benefit from the possible capital appreciation of Mudajaya Shares and/ or the warrants, and increase their equity participation in the Company at a predetermined price over the tenure of the warrants. The Company would also be able to raise additional proceeds as and when the warrants are exercised.

On 13 June 2024, the Variation was approved by the shareholders of the Company during the EGM convened on even date and the Variation was subsequently completed on 20 August 2024 following the full settlement of the cash consideration pursuant to the Variation as follows:-

Payment terms	**HKD'000*[3]**	**RM'000*[3]**	**%**
Consideration Shares	91,667	55,000	42.30
Cash Consideration	125,097	75,058	57.70
Amount owing to MHL	**216,764***	**130,058**	**100.00**

Note:-

* *The amount owing to MHL of HKD216.76 million was calculated after taking into consideration 9 months of interest at 5% amounting to HKD7.81 million (equivalent to RM4.69 million).*

As a consequence of the issuance of the Consideration Shares, MHL became a major shareholder of Mudajaya holding 11.76% of the enlarged issued share capital of the Company.

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Subsequent development of Real Jade

Pursuant to the Acquisition of Real Jade, Real Jade has contributed positively to the Group's trading and manufacturing segment by broadening the Group's revenue base and extending its business operations into the PRC market. In this regard, Real Jade has enabled the Group to establish a presence in the PRC and participate in the trading and manufacturing of construction materials within the PRC market.

Following the completion of the Acquisition of Real Jade, Real Jade recorded profits for 2 consecutive full financial years, namely from the FYE 31 December 2023 to FYE 31 December 2024, reflecting a period of positive operational performance post-acquisition. However, while Real Jade continued to contribute revenue to the Group, its revenue has been on a declining trend from HKD401.32 million (equivalent to RM235.82 million*[4]) in FYE 31 December 2023 through to HKD203.31 million (equivalent to RM106.07 million*[4]) in FYE 31 December 2025.

A summary of the financial information of the Real Jade Group for 4 financial years from the FYE 31 December 2022 to the FYE 31 December 2025 is set out below:-

	<----------Audited FYE 31 December---------->							
	<---------2022--------->		<-------2023--------->		<-------2024--------->		<-------2025--------->	
	HKD'000	RM'000*[4]	HKD'000	RM'000*[4]	HKD'000	RM'000*[4]	HKD'000	RM'000*[4]
Revenue	500,054	281,530	401,319	235,815	268,080	154,521	203,306	106,065
GP	127,189	71,607	103,980	61,099	106,334	61,291	46,312	24,161
PBT/ (LBT)	72,289	40,699	51,634	30,340	42,124	24,280	(30,945)	(16,144)
PAT/ (LAT)	50,426	28,390	29,822	17,523	22,429	12,928	(40,440)	(21,098)
GP margin (%)	25.44	25.44	25.91	25.91	39.67	39.67	22.78	22.78
PAT margin (%)	10.08	10.08	7.43	7.43	8.37	8.37	(19.89)	(19.89)
Gearing ratio (times)	0.34	0.34	0.63	0.63	0.43	0.43	0.44	0.44
Current ratio (times)	2.22	2.22	1.41	1.41	1.77	1.77	1.24	1.24

As highlighted in the table above, while Real Jade continued to contribute revenue to the Group post Acquisition of Real Jade, Real Jade recorded a loss during the FYE 31 December 2025, primarily attributable to the following reasons:-

i. lower production output arising from the temporary disruption associated with the expansion programme undertaken at its cement manufacturing plant during the FYE 31 December 2025. The expansion programme, which commenced in late-2024 and completed in September 2026, resulted in lower sales volumes in Shandong and Shanghai during the FYE 31 December 2025, which declined by 51.50% and 28.81% respectively; and

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*[4] *The HKD amount as per the above financial statements have been translated into RM amount based on the following middle rate quoted by BNM as at 5.00 p.m. on the respective end dates for each financial year under review, as follows:-*

FYE 31 December 2022	*HKD1.00 : RM0.5630*
FYE 31 December 2023	*HKD1.00 : RM0.5876*
FYE 31 December 2024	*HKD1.00 : RM0.5764*
FYE 31 December 2025	*HKD1.00 : RM0.5217*

ii. fluctuations in demand conditions in the cement and clinker market in the PRC, whereby demand is typically stronger during periods of active construction and development within close proximity to a cement manufacturing plant, as transportation costs generally limit the economically viable supply radius of cement products. Accordingly, demand for Real Jade's cement products is mainly influenced by the timing and scale of construction and infrastructure activities within its economically viable supply radius.

This was evidenced by the increased demand arising from various property development and infrastructure projects undertaken in Zaozhuang City during the 2019 to 2022 period, where Real Jade's cement manufacturing plant is located, which contributed to the higher sales volume and utilisation rates achieved by Real Jade at the time of the Acquisition of Real Jade. Among other projects, Real Jade has taken part in urban renewal projects located in the vicinity of Xuzhou, Jining and Linyi City. In addition, Real Jade also supplied cement products to concrete batching plants surrounding the Zaomu Expressway Eastward Extension project and the Zaozhuang Yiyun Airport project.

Zaozhuang is a traditional major cement production area in southern Shandong, with abundant limestone resources in the region. The city hosts several large clinker production enterprises, including Shandong Shenfeng Cement Group Co., Ltd, Zaozhuang Shanshui Cement Co., Ltd and Shandong Quanxing Cement Co., Ltd, resulting in a high industry concentration. The regional highway network is well-developed, complemented by the convenient water transport of the Beijing-Hangzhou Grand Canal, leading to overall low logistics and transportation costs.

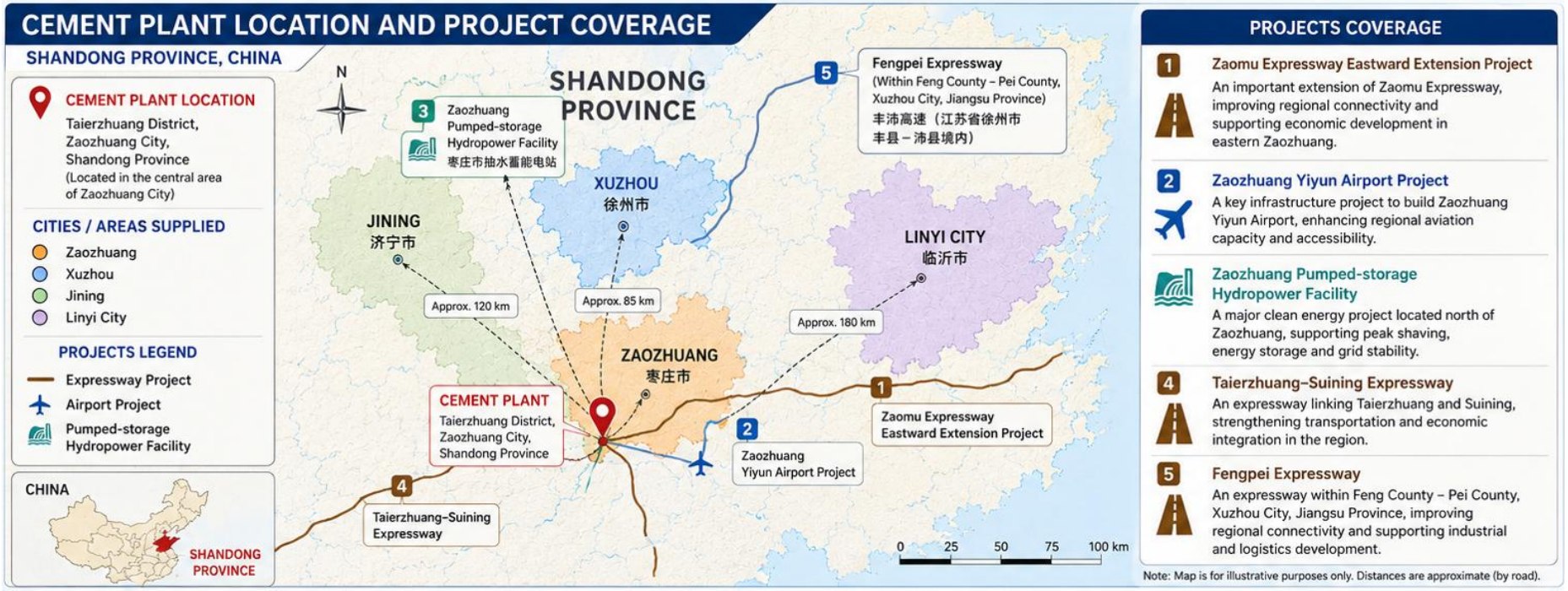
Local cement clinker products can be sold to the Huaihai region, where market competition shows significant cross-regional characteristics, and intense market dynamics prevail in the area.

The total clinker production capacity in Zaozhuang and the southern Shandong region exceeds the actual consumption of nearby markets, making it a structurally over capacitated area. Due to the supply-demand imbalance, cement companies in the region struggle to achieve full-capacity production throughout the year. The industry regulates market supply through staggered production schedules to avoid vicious price competition.

In 2026, several rounds of staggered kiln shutdowns have been implemented: 74 days from January to March 15, 25 days in April, 20 days in June, and 20 days in July. Future staggered production arrangements will be dynamically adjusted based on clinker inventory levels and actual market demand. At the industry level, national capacity control policies are being strictly enforced, with a strict prohibition on adding new clinker capacity in violation of regulations.

(Source: (i) Shandong Provincial Department of Industry and Information Technology: Work Plan for Stabilising Growth in the Building Materials Industry of Shandong Province, January 2026, (ii) Shandong Provincial Department of Industry and Information Technology: Public Notice on Cement Clinker Production Capacity Replacement (production capacity replacement documents involving Shandong Shenfeng Cement Group Co., Ltd., Zaozhuang Shanshui Cement Co., Ltd., Shandong Quanxing Cement Co., Ltd., Shandong Allied Wangchao, and other enterprises) and (iii) Digital Cement: Kiln Shutdown Information)

For information purposes, the location of Real Jade's cement manufacturing plant and the key projects covered by Real Jade within its supply radius are set out in the diagram below.



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Following the substantial completion of these projects in 2023, demand for cement in the immediate vicinity of Real Jade's cement manufacturing plant has moderated, resulting in Real Jade's revenue recording a declining trend from HKD401.32 million (equivalent to RM235.82 million*[5]) in FYE 31 December 2023 through to HKD203.31 million (equivalent to RM106.07 million*[6]) in FYE 31 December 2025. Consequently, the financial performance of Real Jade is expected to continue to be influenced by the pace of new project launches, government infrastructure spending, property development activities and overall construction activity in Zaozhuang City. As at the LPD, Real Jade noted potential development costs amounting to RMB920.00 million for infrastructure projects of the Zaozhuang pumped-storage hydropower facility and RMB3.20 billion for the construction of the Taierzhuang–Suining Expressway and Fengpei Expressway, which are expected to contribute to future demand for cement products. For shareholders' information, Real Jade does not supply cement directly to construction projects. Instead, its cement products are supplied to concrete batching plants, which in turn supply concrete to the respective construction projects. The aforementioned projects are located within the region of Zaozhuang, where Real Jade's cement plant is located and in which Real Jade is one of the major cement suppliers. Real Jade is actively engaging with local concrete batching plants to secure orders as the production plant resumes normal operations as Real Jade's supply to the concrete batching plants are generally transacted on a purchase order basis. Nevertheless, there can be no assurance that the scale or timing of these projects will be sufficient to offset the decline in demand following the completion of the earlier development projects.

For the avoidance of doubt, while cement demand in the region has moderated following the completion of major projects in 2023 as highlighted above, the capacity expansion of Real Jade's cement manufacturing plant which comprises a single production line from 2,500 tonnes per day to 4,000 tonnes per day was undertaken in late-2024 pursuant to the management of Mudajaya's long-term view of the cyclical nature of the cement industry and the need to position Real Jade to capture future demand as market conditions improve. This is the only cement manufacturing plant owned by the Group via Shandong Allied WangChao Cement Limited and has an average useful lifespan of 18 years. The upgraded production line was successfully launched in mid-March 2026, and the waste heat power generation commissioning was completed on 30 August 2026. The project was completed in September 2026 and is able to commence full-scale production. While the timing of achieving full production capacity utilisation will depend on prevailing market demand, the Company anticipates that the plant will reach full capacity utilisation by 2028.

As part of the Group's long-term strategy to strengthen its manufacturing operations in the PRC, the clinker production line expansion is also intended to modernise the plant, which has been in operation since the early 2000s and deployed for 20 years up to 2023. Given the ageing production technology, the expansion is anticipated to enhance efficiency, reduce costs and reinforce the Group's commitment to sustainable operations, which may contribute positively to the earnings of the Group from the FYE 31 December 2026 onwards. The total cost incurred for the expansion was HKD161 million (equivalent to RM81.50 million) in 2025 and HKD1 million (equivalent to RM0.51 million) in 2024, which was funded by a combination of internally generated funds and debt.

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[5] The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.5876, being the middle rate quoted by BNM as at 5.00 p.m. on the end date for FYE 31 December 2023.

[6] The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.5217, being the middle rate quoted by BNM as at 5.00 p.m. on the end date for FYE 31 December 2025.

The expansion was also undertaken in response to decarbonisation targets within the cement industry, which are accelerating the phase-out of inefficient and high-emission production facilities and stricter environmental regulations of the state and Shandong Province such as, amongst others, that expansion projects for cement clinkers must adhere to a capacity reduction replacement ratio of no less than 2:1, whereby at least 2 tonnes of existing clinker capacity must be retired for every 1 tonne of new capacity approved, as per the Notice of the Ministry of Industry and Information Technology on Issuing the Implementation Measures for Capacity Replacement in the Cement and Glass Industries (Gong Xin Bu Yuan [2021] No. 80). The expansion programme involves the expansion from 2,500 tonnes per day to 4,000 tonnes per day, representing an increase of 1,500 tonnes per day in production capacity. Accordingly, an additional 3,000 tonnes per day of capacity replacement licence was required to support the expansion, based on the 2:1 replacement ratio. In addition, amid the ongoing industry consolidation where larger and financially stronger players are expected to strengthen the market positioning through mergers, acquisitions and production rationalisation, the expansion is intended to enhance Real Jade's operational competitiveness and strengthen its position in an increasingly consolidated market environment.

In addition, Real Jade and MHL entered into a loan agreement dated 30 June 2022 for MHL to advance HKD150.00 million to Real Jade bearing interest at a rate of 5% per annum (i.e. Loan I), and subsequently, Xelmont had entered into a loan agreement on 20 October 2022 to accept an unsecured loan of principal sum of HKD15.98 million (equivalent to RM8.09 million) at the interest rate of 5% per annum (i.e. Loan II). Subsequently on 16 August 2024, Mudajaya had entered into a loan agreement to accept an unsecured loan of RM20.00 million (equivalent to HKD39.51 million) from MHL at an interest rate of 8% per annum with repayment period on or before 16 February 2027 (i.e. Loan III). Please refer to **Section 2.2, Part A** of this Circular for further details on the loans.

Taking into consideration the above developments and the prevailing operating environment of Real Jade, the Board has evaluated Mudajaya Group's investment, financial position and strategic options in relation to Real Jade and has accordingly decided to undertake a partial disposal of its equity interest in Real Jade (i.e. the Proposed Disposal), as it represents an opportunity for the Group to achieve the following:-

(i) optimise its investment exposure in the PRC cement market and allow the Group to reallocate management focus in part, toward supporting its existing core businesses and opportunities in Malaysia;

(ii) partially realise its investment in Real Jade at a gain of HKD82.11 million (equivalent to RM41.57 million), which is expected to increase the NA and contribute to higher earnings for the Group in the immediate term;

(iii) rationalise its financial position, optimise its capital structure, and reduce its gearing level as well as associated finance costs as the settlement arrangement of the Proposed Disposal will enable the Group to partially settle the outstanding amount owing to MHL of HKD244.97 million (equivalent to RM124.00 million) through non-cash consideration, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash thereby strengthening the Group's balance sheet while preserving cash resources for its ongoing operations, project requirements and working capital needs; and

(iv) maintain a controlling equity interest in Real Jade, which will remain as an indirect 55%-owned subsidiary of Mudajaya, thereby allowing the Group to continue participating in its future growth prospects. Accordingly, the Proposed Disposal allows the Group to achieve an appropriate balance between value realisation and future participation. By retaining a controlling 55% equity interest in Real Jade, the Group remains well-positioned to benefit from any increase in production capacity, earnings contribution, operational efficiencies and value creation arising from the expansion programme, while at the same time securing the immediate financial and balance sheet benefits associated with the Proposed Disposal. At the same time, the Proposed Disposal enables the Group to immediately address and settle the Debt Owing to MHL.

For clarification, the Company has elected to partially dispose of its investment in Real Jade pursuant to the Proposed Disposal notwithstanding that the expansion of Real Jade's cement manufacturing plant was completed in September 2026, as the Proposed Disposal provides an opportunity to realise part of the value created by the expansion programme at this juncture while simultaneously retaining exposure to the future benefits arising therefrom as the progress achieved under the expansion programme have enhanced the attractiveness and valuation of Real Jade. Upon completion of the expansion programme, the cement plant is able to commence full-scale production. While the timing of achieving full capacity utilisation will depend on prevailing market demand, the Company anticipates that the plant will reach full capacity utilisation by 2028, and accordingly, the full operational and financial benefits of the expanded plant are expected to materialise by 2028.

Accordingly, the Proposed Disposal enables the Group to crystallise part of its investment at a gain of HKD82.11 million (equivalent to RM41.57 million) and strengthen its financial position through the settlement of a substantial portion of the amount owing to MHL, without having to wait for the full operational and financial benefits of the expanded production facilities to materialise.

Please refer to **Section 4, Part A** of this Circular for the rationale of the Proposed Disposal.

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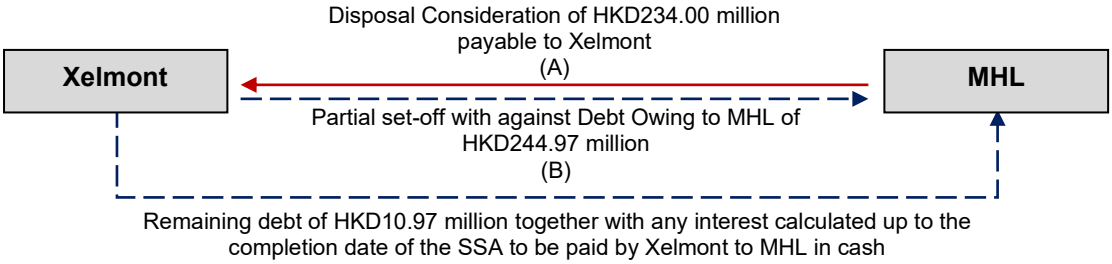
Details of the Proposed Disposal

Pursuant to the above, Xelmont had on 28 May 2026 entered into the SSA with MHL for the divestment of 45 ordinary shares in Real Jade, representing 45% equity interest in Real Jade to MHL, for a Disposal Consideration of HKD234.00 million with settlement of Debt Owing to MHL amounting to an aggregate of HKD244.97 million. For shareholders' information, pursuant to the completion of the Proposed Disposal, Real Jade will become an indirect 55%-owned subsidiary of Mudajaya.

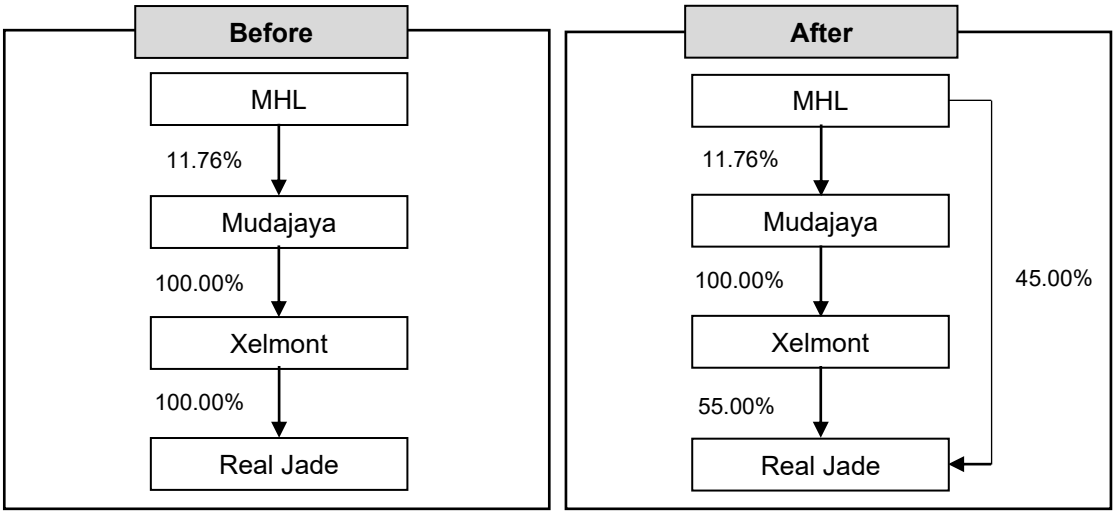
The settlement of debt is by way of set-off against the Disposal Consideration of HKD234.00 million and the remaining debt of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash.

For illustrative purposes, the settlement mechanism of the Debt Owing to MHL and the shareholding structure of Mudajaya as at the LPD and upon completion of the Proposed Disposal are as follows:-

Settlement of Debt Owing to MHL



Shareholding structure before and after the Proposed Disposal



For the avoidance of doubt, the Proposed Disposal is not classified as a Major Disposal pursuant to Paragraph 10.02(1)(eA) of the Listing Requirements as the completion of the Proposed Disposal will not result in Mudajaya Group being classified as a cash company, affected listed issuer or Practice Note 17 Issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements, respectively. Further, Real Jade does not fall under the definition of a major subsidiary pursuant to Paragraph 1.01 of the Listing Requirements, given that Real Jade is loss making in FYE 31 December 2025 and contributed 45.61% of total assets of Mudajaya as at 31 December 2025, hence it did not contribute 70% or more of the profit before tax or total assets employed of Mudajaya Group on a consolidated basis, based on the latest audited financial statements of Real Jade and Mudajaya Group for the 12-month FYE 31 December 2025.

Please refer to **Appendix I** of this Circular for the salient terms of the SSA.

2.1 Information on Real Jade

Real Jade was incorporated in BVI under the BVI Business Companies Act, 2004 on 22 July 2019 as a limited company. As at LPD, Real Jade has an authorised share capital of USD50,000 consisting of 50,000 ordinary shares of USD1 each and an issued and paid-up capital of USD100 comprising 100 ordinary shares of USD1 each which are all held by the Vendor.

Real Jade is principally engaged in investment holding. Through its subsidiaries, Real Jade commenced its business in 1993 and is principally involved in the manufacturing, sales and trading of cement in PRC. In addition, Real Jade Group is also involved in the provision of energy conservation and reuse solutions through the installation of energy efficient and environmentally friendly air-conditioning systems and heating systems for commercial, residential and industrial buildings.

Please refer to **Appendix III** of this Circular for further details on Real Jade.

2.2 Nature of Debt Owing to MHL

Previously, MHL had granted loans to Real Jade, Mudajaya and Xelmont amounting to an aggregate sum (including interest thereon) of HKD244.97 million (equivalent to RM124.00 million) as at 30 April 2026. In conjunction with the Proposed Disposal, and given that Xelmont and Real Jade are wholly-owned subsidiaries of Mudajaya, the parties (i.e. Mudajaya, Xelmont and Real Jade) had mutually agreed to novate and transfer all rights, liabilities and obligations under the respective loans to Xelmont as part of an internal debt restructuring exercise.

As the Vendor under the Proposed Disposal is Xelmont and the Purchaser is MHL, the novation allows the Debt Owing to MHL to be consolidated under Xelmont, thereby facilitating a direct set-off of the Disposal Consideration against the Debt Owing to MHL between the same parties. This simplifies the settlement process and avoids the need for multiple settlement arrangements involving different entities within the Group. Accordingly, on the completion date of the SSA, the Debt Owing to MHL will be set off against the Disposal Consideration, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash. For shareholders' information, there are no other loans extended by MHL to Mudajaya Group other than the Debt Owing to MHL.

Details of Mudajaya Group's total loans and borrowings as at 30 June 2026 are as follows:-

Types of loans and borrowings	**Amount outstanding (RM'000)**	**Interest rate (%)**	**Purpose**	**Tenure[*1]**	**Due date**	**Repayment practice**
Loan I	86,142[*2]	6.00	To finance working capital of Real Jade such as general administrative expenses, payment to suppliers and staff costs	4 years years and 4 months	9 November 2026	Lump-sum settlement

Types of loans and borrowings	Amount outstanding (RM'000)	Interest rate (%)	Purpose	Tenure[*1]	Due date	Repayment practice
Loan II	9,074[*2]	8.00	To finance working capital such as payment to subcontractors and suppliers	4 years	8 November 2026	Lump-sum settlement
Loan III	20,000[*2]	8.00	To finance working capital such as payment to subcontractors and suppliers	2 years and 6 months	16 February 2027	Lump-sum settlement
Other borrowings denominated in HKD	2,354	12.00	To finance working capital such as payment to suppliers	1 year	8 August 2027	Lump-sum settlement
Other borrowings denominated in HKD	26,013	5.25	To finance working capital of Real Jade such as general administrative expenses, payment to suppliers and staff costs	1 year	3 February 2027	Lump-sum settlement
Other borrowings denominated in HKD	41,621	5.25	To finance working capital of Real Jade such as general administrative expenses, payment to suppliers and staff costs	1 year	3 February 2027	Lump-sum settlement
Other borrowings denominated in RMB	1,569	3.50	To finance working capital such as payment to suppliers	18 months	25 December 2026	Lump-sum settlement
Other borrowings denominated in RMB	5,990	3.00	To finance working capital such as payment to suppliers	1 year	3 November 2026	Lump-sum settlement
Term loan denominated in MYR	31,500	5.00	To finance working capital such as payment to subcontractors and suppliers	1 year	10 April 2027	Lump-sum settlement

Types of loans and borrowings	Amount outstanding (RM'000)	Interest rate (%)	Purpose	Tenure[*1]	Due date	Repayment practice
Bankers' acceptance	671	4.68	To finance working capital such as payment to subcontractors and suppliers	45 days	13 November 2026	Lump-sum settlement
Revolving credit	4,000	5.13	To finance working capital such as payment to suppliers	Rollover	Rollover	Lump-sum settlement
Revolving credit	13,895	5.38	To finance working capital such as payment to subcontractors and suppliers	Rollover	Rollover	Lump-sum settlement
Revolving credit	9,250	5.27	To finance working capital such as payment to subcontractors and suppliers	Rollover	Rollover	Lump-sum settlement
Revolving credit	24,000	5.19	To finance working capital such as payment to suppliers	Rollover	Rollover	Lump-sum settlement
Green SRI Sukuk Wakalah	152,919	5.90	To finance the development of a Large Scale Solar (LSS) photovoltaic energy generating facility at Sungai Siput, Perak	18 years	30 January 2036	Periodic settlement
Term loan denominated in MYR	2,278	4.47	Refinancing of borrowings	10 years	1 July 2035	Periodic settlement
Term loan denominated in MYR	3,000	5.15	Refinancing of borrowings	3 years	1 July 2038	Periodic settlement
Term loan denominated in MYR	20,519	6.18	Refinancing of borrowings	10 years	31 October 2032	Periodic settlement
Term loan denominated in MYR	29,250	4.97	Refinancing of borrowings	10 years	30 October 2032	Periodic settlement

Types of loans and borrowings	Amount outstanding (RM'000)	Interest rate (%)	Purpose	Tenure[*1]	Due date	Repayment practice
Term loan denominated in USD	85,813	8.50	To finance Mudajaya Group's investments in overseas projects	2 years	10 September 2027	Lump-sum settlement
Invoice financing denominated in RMB	96	3.20	To finance working capital such as payment to suppliers	1 year	28 June 2027	Lump-sum settlement
Total	**569,954**					

Notes:-

*[*1]* *The tenure represents the total period commencing from the original execution date of the respective loans and includes any subsequent extension of the loan tenure, if applicable.*

*[*2]* *The total amount outstanding for Loans I, II and III is RM115.22 million, which represents 20.21% of the Group's total loans and borrowings of RM569.95 million as at 30 June 2026.*

Further details of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) are set out below:-

i. Loan I

Loan I pertains to a loan of HKD165.57 million (inclusive of interest capitalised of HKD15.57 million between 9 November 2022 to 7 November 2024) (equivalent to RM83.81 million) at an interest rate of 5% per annum. Subsequently, on 8 November 2024, the parties (i.e. Real Jade and MHL) mutually agreed to extend the repayment period for a further 2 years, with the interest rate revised to 6% per annum, as mutually agreed by both parties upon the renewal of the loan agreement.

As at 30 April 2026, the outstanding sum of HKD180.24 million (inclusive of HKD14.67 million interest) remains due and payable by Real Jade to MHL as summarised below:-

Principal[*1]		Accrued interest		Outstanding balance	
HKD'000	**RM'000**	**HKD'000**	**RM'000**	**HKD'000**	**RM'000**
165,572	83,813	14,670	7,426	180,242	91,239

Note:-

*[*1]* *As at 31 December 2020, Real Jade Group had outstanding Legacy Debt, for the purpose of financing the general working capital requirements of the Real Jade Group in connection with its manufacturing, sales and trading of cement in PRC.*

On 4 February 2021, MHL in its capacity as the then holding company of Real Jade, partially settled the Legacy Debt on behalf of Real Jade Group in the aggregate amount of HKD150.00 million, thereby resulting in a corresponding indebtedness of HKD150.00 million owing by Real Jade to MHL prior to the Acquisition of Real Jade.

At the time of the Acquisition of Real Jade, being the acquisition of Real Jade by Xelmont from MHL, the amount of HKD150.00 million owing by Real Jade to MHL remained outstanding. With the completion of the Acquisition of Real Jade, MHL would cease to be a shareholder of Real Jade and became a third-party creditor in respect of the outstanding indebtedness.

Accordingly, in order to safeguard MHL's interests as a third-party creditor and to provide Real Jade with additional time for repayment following the Acquisition of Real Jade, Real Jade and MHL entered into a loan agreement dated 30 June 2022 to formalise the outstanding indebtedness. Pursuant to the loan agreement, the parties (i.e. Real Jade and MHL) agreed that HKD150.00 million has been advanced to Real Jade by MHL and such loan shall bear interest at a rate of 5% per annum, with repayment to be paid by Real Jade on or before 9 November 2024, being 2 years from the completion of the Acquisition of Real Jade.

Subsequently, on 1 June 2023, 1 December 2023 and 1 June 2024, the parties (i.e. Real Jade and MHL) agreed to aggregate the interest payable into the principal loan sum and on 8 November 2024, the parties (i.e. Real Jade and MHL) mutually agreed to aggregate the interest payable into the principal loan sum, extend the repayment period for a further 2 years, with the interest rate revised to 6% per annum and the repayment date extended to on or before 9 November 2026.

Further details of the principal and interest of Loan I are as follows:-

	From	***To***	***Interest rate (%)***	***HKD'000***	***RM'000***
Principal				*150,000*	*75,930*
Capitalised interest	*9 November 2022*	*7 November 2024*	*5.00*	*15,572*	*7,883*
Interest	*8 November 2024*	*31 December 2025*	*6.00*	*11,404*	*5,773*
Interest	*1 January 2026*	*30 April 2026*	*6.00*	*3,266*	*1,653*
Outstanding sum as at 30 April 2026				***180,242***	***91,239***

ii. Loan II

After the Acquisition of Real Jade, Xelmont had entered into a loan agreement on 20 October 2022 to accept an unsecured loan of principal sum of HKD15.98 million (equivalent to RM8.09 million) from MHL at the interest rate of 5% per annum repayable by 8 November 2024. Subsequently on 16 August 2024, the parties agreed to an extension of the aforesaid loan agreement to 8 November 2026 whereby the outstanding sum (comprising principal sum and interest) of HKD17.44 million (equivalent to RM8.83 million) is subject to an interest rate of 8% per annum with repayment period on or before 8 November 2026. For shareholders' information, the higher interest in comparison to Loan I was agreed between the parties after taking into consideration, amongst others, the relatively smaller loan amount as compared to Loan I.

Although Real Jade had sufficient cash resources at the relevant time, its cash was primarily denominated in RMB as it represented 98.01% of total restricted bank deposits and bank balances and cash in the FYE 31 December 2022, whereas the working capital requirements of its Hong Kong subsidiary were denominated in HKD. Funding the subsidiary directly from Real Jade would have required a cross-border transfer and RMB/HKD conversion, which could result in foreign exchange conversion costs, bank and remittance charges, additional administrative requirements and potential delays. Accordingly, Loan II was obtained from MHL to provide the Hong Kong subsidiary with more timely and direct access to HKD funding for its immediate working capital requirements such as remitting payment to suppliers at that material time, while allowing Real Jade to preserve its existing RMB cash resources for other operational commitment.

As at 30 April 2026, the total outstanding sum of HKD19.82 million (inclusive of HKD2.38 million interest) remains due and payable by Xelmont to MHL as summarised below:-

Principal[*1]		Accrued interest		Outstanding balance	
HKD'000	**RM'000**	**HKD'000**	**RM'000**	**HKD'000**	**RM'000**
17,441	8,829	2,382	1,206	19,823	10,034

Note:-

*[*1]* *For information purposes, the loan of HKD15.98 million was utilised to fund the working capital for the Real Jade Group's cement manufacturing and trading business, the breakdown of which are as follows:-*

Purpose of loan	***Amount (HKD'000)***
Payment of staff related expenses (i.e. employees' salaries and statutory payment of executive staffs)	*4,605*
Other operating and administrative expenses (i.e. payment to suppliers, office expenses and taxes)	*11,375*
Total	***15,980***

Further details of the principal and interest of Loan II are as follows:-

	From	***To***	***Interest rate (%)***	***HKD'000***	***RM'000***
Principal				*15,980*	*8,089*
Capitalised interest	*22 October 2022*	*16 August 2024*	*5.00*	*1,461*	*740*
Interest	*16 August 2024*	*31 December 2024*	*8.00*	*528*	*267*
Interest	*31 December 2024*	*30 April 2026*	*8.00*	*1,854*	*938*
Outstanding sum as at 30 April 2026				***19,823***	***10,034***

iii. Loan III

On 16 August 2024, Mudajaya had entered into a loan agreement to accept an unsecured loan of RM20.00 million (equivalent to HKD39.51 million) from MHL at an interest rate of 8% per annum with repayment period on or before 16 February 2027. For shareholders' information, the higher interest in comparison to Loan I was agreed between the parties after taking into consideration, amongst others, the relatively smaller loan amount as compared to Loan I.

As at 30 April 2026, the total outstanding sum of RM22.73 million (inclusive of RM2.73 million interest) remains due and payable by Mudajaya to MHL as summarised below:-

Principal[*1]		Accrued interest		Outstanding balance	
HKD'000	**RM'000**	**HKD'000**	**RM'000**	**HKD'000**	**RM'000**
39,510	20,000	5,395	2,731	44,905	22,731

Note:-

*[*1]* *For information purposes, the loan of RM20.00 million was utilised by Mudajaya Group to fund repayment to subcontractor in relation to LRT3 project.*

*MCB had on 9 October 2017, received a Letter of Acceptance from Prasarana Malaysia Berhad ("**Prasarana**") to be appointed as the main contractor to undertake the construction and completion of guideway, stations, park and ride, ancillary buildings and other associated works for Package GS01 for the construction and completion of Light Rail Transit ("**LRT**") Line 3 from Bandar Utama to Johan Setia ("**LRT3 GS01 Project**"). The contract sum for the LRT3 GS01 Project is RM655.00 million with the balance cost for completion as at 31 July 2024 of RM65.10 million.*

The LRT3 GS01 Project obtained its Certificate of Compliance and Completion in December 2025 and as at 4 December 2025, there was an outstanding sum of RM30.30 million being due and payable by MCB to the various subcontractors. The subcontractors are mainly involved in the construction work of stations, building services and external works, utilities relocation, safety, health and environmental management, main line and ancillary works. Accordingly, the loan was utilised to settle repayments in the period from August 2024 to March 2025.

*For information purposes, on 22 February 2019, MCB had entered into a novation agreement with Prasarana and MRCB George Kent Sdn Bhd ("**MRCB George Kent**"), in which all of the rights, interests, benefits, obligations, duties and liabilities of Prasarana under the LRT3 GS01 Project shall be transferred and conveyed absolutely from Prasarana to MRCB George Kent. Further on 26 March 2021, MCB had executed an Articles of Agreement with MRCB George Kent, following the appointment of MRCB George Kent as the turnkey contractor for the LRT3 GS01 Project, as a result of the change in the LRT3 GS01 Project's structure from a project delivery partnership to a turnkey pursuant to a contract between Prasarana and MRCB George Kent. On 1 November 2021, MRCB George Kent informed that its name has been changed to Setia Utama LRT 3 Sdn Bhd.*

Further details of the principal and interest of Loan III are as follows:-

	From	***To***	***Interest rate (%)***	***HKD'000***	***RM'000***
Principal				*39,510*	*20,000*
Interest	*16 August 2024*	*31 December 2025*	*8.00*	*4,356*	*2,205*
Interest	*1 January 2026*	*30 April 2026*	*8.00*	*1,039*	*526*
Outstanding sum as at 30 April 2026				***44,905***	***22,731***

In summary, the total amount of HKD244.97 million (equivalent to RM124.00 million), being the Settlement Sum, is due and payable by Xelmont to MHL. A breakdown of the Settlement Sum as at 30 April 2026 is set out below:-

	Principal		**Interest**		**Total**	
	HKD'000	**RM'000**	**HKD'000**	**RM'000**	**HKD'000**	**RM'000**
HKD denominated						
Loan I[*1]	165,572	83,813	14,670	7,426	180,242	91,239
Loan II[*2]	17,441	8,829	2,382	1,206	19,823	10,034
	183,013	**92,642**	**17,052**	**8,632**	**200,065**	**101,273**
RM denominated						
Loan III[*3]	39,510	20,000	5,395	2,731	44,905	22,731
Settlement Sum	**222,523**	**112,642**	**22,447**	**11,363**	**244,970**	**124,004**

Notes:-

*[*1]* *Loan of HKD165.57 million (inclusive of interest capitalised of HKD15.57 million between 9 November 2022 to 7 November 2024) at an interest rate of 5% per annum. Subsequently, on 8 November 2024, the parties (i.e. Real Jade and MHL) mutually agreed to extend the repayment period for a further 2 years, with the interest rate revised to 6% per annum.*

*[*2]* *Loan of HKD17.44 million (inclusive of interest capitalised of HKD1.46 million between 22 October 2022 to 16 August 2024) at an interest rate of 5% per annum. Subsequently on 16 August 2024, the parties (i.e. Xelmont and MHL) mutually agreed to extend the repayment period for a further 2 years, with the interest rate revised to 8% per annum.*

*3 *Loan of RM20.00 million (equivalent to HKD39.51 million) at an interest rate of 8% per annum. The Loan III will be repayable to MHL in HKD.*

Considering the Group's financial capability at that point in time, where its cash and bank balances were already reserved for other purposes (i.e., pledged deposits and working capital, cement plant expansion), Real Jade Group did not make any partial repayment for the outstanding Legacy Debt and Loan II but instead extended the repayment period along with the accrued interest during the period, despite Real Jade Group recording a profit prior to and after the Acquisition of Real Jade.

2.3 Information on the Settlement

The Settlement entails the settlement of the Settlement Sum via a set-off against the Disposal Consideration with the balance Settlement Sum of HKD10.97 million to be paid by Xelmont to MHL in cash on the completion date of the SSA, which is expected to be in the fourth quarter of 2026. For the avoidance of doubt, the Settlement Sum of HKD244.97 million is stated as at 30 April 2026 as set out in **Section 2.2, Part A** of this Circular, and interest shall continue to accrue up to the completion date of the SSA. Any additional interest accrued shall be settled in cash by Xelmont upon completion.

Based on an illustrative completion date of 30 November 2026, the additional interest expected to accrue is as follows:-

	Interest rate %	**No. of days from 1 May 2026 to 30 November 2026**	**Principal**		**Additional interest from 1 May 2026 to 30 November 2026***	
			HKD'000	**RM'000**	**HKD'000**	**RM'000**
Loan I	6.00	214	165,572	83,813	5,825	2,948
Loan II	8.00	214	17,441	8,829	818	414
Loan III	8.00	214	39,510	20,000	1,853	938
Total			**222,523**	**112,642**	**8,496**	**4,301**

Note:-

* *The above computation is provided for illustrative purposes only and assumes completion of the SSA on 30 November 2026. The actual amount of additional interest payable will depend on the actual completion date of the SSA.*

This arrangement forms an integral component of the Proposed Disposal and is intended to facilitate the partial settlement of the Group's outstanding borrowings in a capital-efficient manner. Through the set-off mechanism, HKD234.00 million of the total Debt Owing to MHL will be settled without requiring a corresponding cash outflow from the Group, and achieve interest savings of approximately HKD14.49 million (equivalent to RM7.34 million) per annum as referred to in **Section 3, Part A** of this Circular, thereby strengthening the Group's balance sheet while preserving cash resources for its ongoing operations, project requirements and working capital needs.

2.4 Information on the Purchaser

MHL was incorporated on 12 October 2020 under the laws of the BVI with limited liability. MHL is principally engaged in investment holding.

As at the LPD, MHL has a total issued share capital of USD1 comprising 1 ordinary share.

As at the LPD, the director of MHL is Cheng Lung Don, who holds 1 ordinary share in MHL indirectly via his shareholding in Mastery Cheers Enterprises and Mastery Holdings, which in turn holds 100.00% equity interest in MHL.

Cheng Lung Don, aged 71, is a Chinese living in Hong Kong. He graduated from Hong Kong Baptist University majoring in Accounting. Mr. Cheng is a businessman and has been a consultant to a number of listed companies in Hong Kong for the past 29 years, as well as a strategic investor based in Hong Kong and the PRC undertaking a number of projects involving corporate restructuring, mergers and acquisitions for turnaround.

2.5 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:-

i. The ascribed value of the entire equity interest in Real Jade as appraised by AER, being the independent business valuer appointed by Mudajaya for the Proposed Disposal, vide their Valuation Letter. The Valuation Letter is set out in **Appendix II** of this Circular.

AER had adopted the dual-scenario approach to ascribe the fair value of the 100% equity interest in Real Jade, utilising both an asset-based approach and an income approach.
Based on AER's evaluation, the fair value for the entire equity interest in Real Jade falls within a range of HKD334.42 million to HKD552.12 million. Accordingly, the fair value for the 45% equity interest in Real Jade shall translate to fall within a range of HKD150.49 million to HKD248.45 million. The Disposal Consideration for the 45% equity interest in Real Jade is within the aforementioned valuation range, thereby providing support on the fairness and reasonableness of the Disposal Consideration.

Scenario I: Primary Method (Net Assets Basis/ Price-to-Book Approach)

Applying the P/B approach as the primary methodology, AER adopted a valuation multiple capped at 1.0 times the consolidated audited NA of Real Jade (after deduction of non-controlling interests) as at 31 December 2025. This approach translates to a base-case fair value of approximately HKD334.42 million for the entire equity interest in Real Jade. Accordingly, the implied fair value for the 45% equity interest being transacted shall translate to approximately HKD150.49 million.

Scenario 1 was adopted as the primary valuation reference to establish an appropriate baseline or "floor" reflecting the replacement cost of the productive assets. However, it inherently reflects historical costs and does not capture the forward-looking cash-generating potential of the business.

Scenario 2: Secondary Method (FCFF Approach)

Applying the FCFF approach as a secondary methodology, the management of Mudajaya had provided projected cash flows to capture the expected economic benefits of the upgraded, higher-capacity manufacturing plant. Based on this analysis, the implied equity value for the 100% equity interest in Real Jade is approximately HKD499.29 million to HKD552.12 million. Accordingly, the implied fair value for the 45% equity interest being transacted shall translate to approximately HKD224.68 million to HKD248.45 million.

Scenario 2 was adopted as a rigorous cross-check specifically to recognise the future economic benefits of the upgraded cement plant (expanding capacity from 2,500 to 4,000 metric tonnes per day), which incurred substantial capital expenditures of HKD162.93 million in FYE 2025.

ii. The Proposed Disposal is expected to result in an improvement in the Group's balance sheet position through the realisation of proceeds and potential reduction in liabilities. This, in turn, is anticipated to enhance the Group's NA per Share. In addition, the utilisation of proceeds for debt repayment is expected to reduce the Group's gearing level from 0.76 times to 0.59 times, thereby strengthening its capital structure and resulting in interest savings of approximately HKD14.49 million (equivalent to RM7.34 million) per annum as referred to in **Section 3, Part A** of this Circular, which would have a positive impact on the Group's future earnings and cash flows. Further details on the rationale and benefits arising from the Proposed Disposal are set out in **Section 4, Part A** of this Circular.

The Disposal Consideration of HKD234.00 million for the 45% equity interest implies an equity value of HKD520.00 million for 100% of Real Jade. This implied value falls within the Scenario 2 FCFF valuation range of HKD499.29 million to HKD552.12 million, but is above the Scenario 1 net assets value of HKD334.42 million.

From a commercial perspective, as Mudajaya is the seller in this transaction, it is directly beneficial to Mudajaya and its shareholders to negotiate a Disposal Consideration that leans towards the higher secondary valuation (i.e. Scenario 2). Securing a price aligned with the FCFF method allows Mudajaya to successfully monetise the asset at a premium to its historical book value, capturing the intrinsic commercial value of the newly upgraded plant on a willing-buyer willing-seller basis.

2.6 Mode of settlement

Pursuant to the terms of SSA, the Disposal Consideration will be satisfied in the following manner:-

Payment terms	Timing	HKD'000	RM'000	%
Settlement of the Disposal Consideration by way of set-off against the Settlement Sum	10 business days after the SSA turns unconditional	234,000	118,451	100.00

2.7 Liabilities to remain with Mudajaya

Save for the obligations and liabilities pursuant to the SSA as set out in **Appendix I** of this Circular as well as the liabilities in the consolidated financial statements of Real Jade which will be consolidated into the financial results of the Group, there are no other liabilities in respect of Real Jade, including contingent liabilities and/ or guarantees, which will remain with Mudajaya after the completion of the Proposed Disposal.

2.8 Expected gain arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma gain to Mudajaya, details of which are set out below:-

	HKD'000	RM'000
Disposal Consideration	234,000	118,451
(Less): 45% of audited NA of Real Jade as at 31 December 2025	(150,489)	(76,178)
Pro forma gross gain on disposal from the Proposed Disposal	83,511	42,273
Less: Estimated expenses for the Proposed Disposal	(1,400)	(709)
Pro forma gain from the Proposed Disposal	**82,111**	**41,565**

The above pro forma computation is derived based on management of Mudajaya's estimates, and that the actual amount of the gain on disposal will depend on the fair value of Real Jade upon completion of the Proposed Disposal and subject to review with the external auditors of the Company.

2.9 Original date and cost of investment in Real Jade

Mudajaya's original date and cost of investment in Real Jade to date is as follows:-

Date of investment	No. of shares	Cost of investment HKD'000	Cost of investment RM'000*
9 November 2022	1	400,000	224,320

Note:-

* *The HKD amount has been translated into RM amount based on the middle rate quoted by BNM as at 5.00 p.m. on 29 June 2022, being the announcement LPD of the Acquisition of Real Jade.*

3. UTILISATION OF PROCEEDS

The Disposal Consideration of HKD234.00 million will be used to off-set the Settlement Sum which as at 30 April 2026 amounts to HKD244.97 million (equivalent to RM124.00 million).

As at the LPD, the total loans and borrowings of the Group were RM568.36 million. The proceeds from the Proposed Disposal to be utilised for the partial repayment of borrowings and the interest savings from the full settlement of the Settlement Sum are set out below:-

Loans and borrowings	Interest rate %	Principal		Amount outstanding		Settlement Sum[*1]		Interest savings per annum[*2]	
		HKD'000	RM'000	HKD'000	RM'000	HKD'000	RM'000	HKD'000	RM'000
Loan I	6.00	165,572	83,813	180,242	91,239	180,242	91,239	9,934	5,029
Loan II	8.00	17,441	8,829	19,823	10,034	19,823	10,034	1,395	706
Loan III	8.00	39,510	20,000	44,905	22,731	44,905	22,731	3,161	1,600
Total		**222,523**	**112,642**	**244,970**	**124,004**	**244,970**	**124,004**	**14,490**	**7,335**

Notes:-

[*1] *The Settlement Sum will be fully satisfied via (i) the Disposal Consideration of HKD234.00 million, being the proceeds from the Proposed Disposal to be set off against the Settlement Sum; and (ii) the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash.*

[*2] *Interest savings per annum is derived based on the interest rate multiplied by the principal sum of the respective outstanding loan amount.*

4. RATIONALE FOR THE PROPOSED DISPOSAL

As highlighted in **Section 2, Part A** of this Circular, Real Jade is currently an indirect wholly-owned subsidiary of Mudajaya. Through its subsidiaries, Real Jade is principally involved in the manufacturing, sales and trading of cement in PRC. It is also involved in the provision of energy conservation and reuse solutions through the installation of energy efficient and environmentally friendly air-conditioning systems and heating systems for commercial, residential and industrial buildings. Real Jade Group conducts its manufacturing operations of cement and clinker solely in PRC and all of its customers are based in PRC.

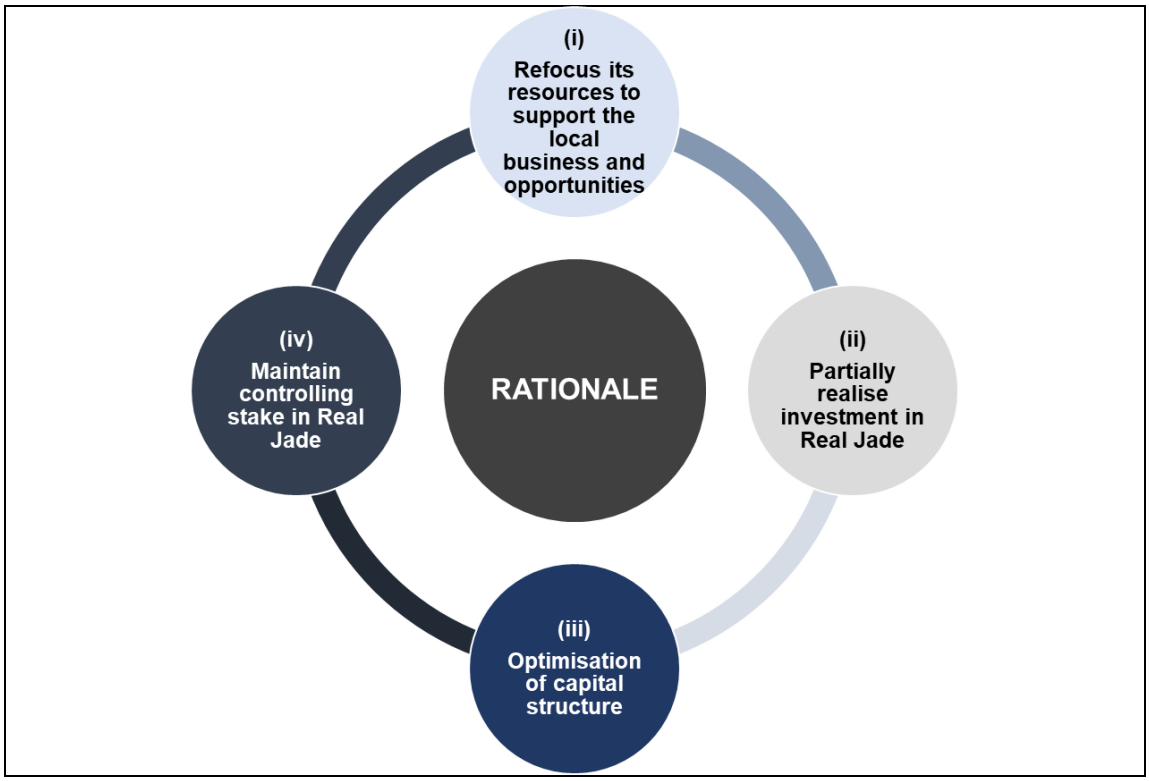
On 20 October 2022, the Acquisition of Real Jade was approved by the shareholders of the Company during the EGM convened on even date and the Acquisition of Real Jade was subsequently completed on 9 November 2022.

At that point in time, the Group experienced declining revenue, primarily attributable to lower construction activities and delays in infrastructure development projects following the COVID-19 pandemic. Accordingly, the Board had then evaluated and opined that the Acquisition of Real Jade could possibly help to diversify the Group's earnings base and geographical footprint beyond Malaysia amid the challenging conditions affecting the domestic construction sector. The Acquisition of Real Jade was undertaken to facilitate the expansion of the Group's trading and manufacturing segment into the PRC construction materials market, thereby providing the Group with an additional source of revenue and earnings to cushion the impact of the softer Malaysian construction market.

Following the completion of the Acquisition of Real Jade, Real Jade has contributed positively to the Group's trading and manufacturing segment by broadening the Group's revenue base and extending its business operations into the PRC market. In this regard, Real Jade has enabled the Group to establish a presence in the PRC and participate in the trading and manufacturing of construction materials within the PRC market.

In particular, Real Jade recorded profits for 2 consecutive full financial years, namely from the FYE 31 December 2023 to FYE 31 December 2024, reflecting a period of positive operational performance post-acquisition. However, while Real Jade continued to contribute revenue to the Group, its revenue has been on a declining trend from HKD401.32 million in FYE 31 December 2023 through to HKD203.31 million in FYE 31 December 2025 and it recorded LAT of HKD40.44 million for the FYE 31 December 2025 due to lower production output arising from the temporary disruption associated with the expansion programme undertaken at its cement manufacturing plant and soft demand in the cement and clinker market. However, the Group will continue to undertake ongoing strategic reviews of its investments and operational positioning in the PRC, taking into consideration evolving market conditions, industry developments and long-term sustainability of its operation.

Taking into consideration the above developments and the prevailing operating environment of Real Jade, the Board has evaluated Mudajaya's investment and strategic options in relation to Real Jade and has accordingly decided to undertake a partial disposal of its equity interest in Real Jade (i.e. the Proposed Disposal), as it represents an opportunity for the Group to achieve the following:-



(i) Refocus its resources to support the local business and opportunities

The Proposed Disposal enables the Group to optimise its investment exposure in the PRC cement market and allow the Group to reallocate management focus in part, toward supporting its existing core businesses and opportunities in Malaysia, while retaining a 55% interest in its PRC cement business.

As at the LPD, the Group's outstanding order book stood at approximately RM73.50 million, which provides earnings visibility for the next 18 months. In addition, the Group has an active tender book amounting to approximately RM451.00 million comprising 2 contracts. At this juncture, the management of Mudajaya intends to focus on the timely execution and delivery of its existing projects while selectively pursuing suitable new contracts which are aligned with the Group's operational capabilities, risk appetite and strategic objectives.

In Malaysia, the Group has established a structured in-house development pipeline with an estimated GDV of RM222.00 million, anchored by the flagship Batu Kawah development. As at 30 June 2026, there is one ongoing in-house development, details of which are disclosed below:-

Project Name	Estimated GDV (RM mil)	Expected commencement and completion date	Status	Percentage of completion
Eaven @ SkyVilla Residences	66.00	December 2024 to April 2027	Ongoing construction	44.00%

While potential infrastructure projects include the MRT 3 Circle Line, the Group remains selective in external tenders. In addition, the Group is positioning itself to capture opportunities from Energy Commission of Malaysia initiatives, particularly in Large-Scale Solar (LSS), Battery Energy Storage Systems (BESS), and the Corporate Renewable Energy Supply Scheme (CRESS). Further, the Company had secured a contract valued at RM18.80 million in 2025 for the extension of the vehicle yard and facilities at Senari Port, Kuching.

Further details of ongoing contracts and projects secured by the Group are disclosed below:-

Project Name	Estimated GDV (RM mil)	Expected commencement and completion date	Status	Percentage of completion
LRT3 Package GS01	646.90	October 2017 to December 2025	Completed[*1]	100.00%
Senari Port - Phase 1	42.33	October 2022 to March 2025	Completed[*1]	100.00%
Kotra Pharma	65.85	April 2023 to November 2024	Completed[*1]	100.00%
ECRL	50.18[*2]	August 2023 to August 2026	Ongoing construction	97.98%
Blk E	41.19	December 2024 to October 2026	Ongoing construction	44.06%
Senari Port - Phase 2	18.80	March 2025 to November 2026	Ongoing construction	62.64%

Notes:-

[*1] *For shareholders' information, while the physical construction works for these projects have been completed, the projects remain within their respective defects liability period. Accordingly, these projects continue to be included in the list of ongoing contracts and projects as the Group remains subject to post-completion obligations under the relevant contracts.*

[*2] *The estimated GDV of RM50.18 million represents the value attributable to builder works.*

The Board is also of the view that the construction and power sectors in Malaysia are expected to gain more traction, fuelled by the government's continued infrastructure and energy transition initiatives under Budget 2026, which includes the allocation of RM12.90 billion to enhance connectivity in East Malaysia, as well as supportive measures such as the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE), which are expected to encourage further investments in green and sustainable projects.

While the overall outlook for the construction sector remains stable, the real catalyst for growth will depend on the pace of implementation and effective execution of these planned initiatives. The Group will continue to focus on replenishing its order book selectively while maintaining operational discipline and cost management.

Accordingly, the Proposed Disposal will allow the Group to reallocate management focus in part, towards the abovementioned opportunities within Malaysia which may offer a more strategic use of the Group's capital and management resources at this juncture.

(ii) Partially realise investment in Real Jade

The Proposed Disposal enables the Group to partially realise its investment in Real Jade at a gain of HKD82.11 million (equivalent to RM41.57 million) as outlined in **Section 2.8, Part A** of this Circular, which in turn is expected to increase the NA and contribute to higher earnings for the Group in the immediate term.

The Board is of the view that the Proposed Disposal represents a timely opportunity for the Group to partially realise the value of its investment in Real Jade. In particular, the Proposed Disposal is being undertaken at a juncture when the expansion programme was completed in September 2026. As a result, the progress achieved under the expansion programme is expected to enhance the attractiveness and value of Real Jade, and the Disposal Consideration allows the Group to crystallise part of this value ahead of the realisation of the full economic benefits of the expanded operations. In doing so, the Group is able to realise a return on investment of 20.53%[*1] after a holding period of approximately 4 years. The Proposed Disposal also provides the Group with greater flexibility in redeploying its financial and operational resources towards areas which are more aligned with the Group's long-term strategic direction.

Note:-

*[*1] The return on investment is computed as follows:-*

$$\text{Return on investment} = \frac{\text{Pro forma gain from the Proposed Disposal}^{[*a]}}{\text{Cost of investment}^{[*b]}} \times 100$$

$$= \frac{\text{HKD 82,111,000}}{\text{HKD 400,000,000}} \times 100$$

$$= \textbf{20.53\%}$$

*[*a] Pro forma gain from the Proposed Disposal as referred to in **Section 2.8, Part A** of this Circular.*

*[*b] Cost of investment in Real Jade as referred to in **Section 2.9, Part A** of this Circular.*

(iii) Optimisation of capital structure

The Proposed Disposal also forms part of the Group's overall strategy to rationalise its financial position and optimise its capital structure. Previously, MHL had granted loans to Real Jade, Xelmont and Mudajaya amounting to an aggregate sum of HKD244.97 million as at 30 April 2026 to support its operational and funding requirements. The settlement arrangement of the Proposed Disposal will enable the Group to partially settle the outstanding amount owing to MHL of HKD244.97 million through non-cash consideration, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash. This would therefore minimise cash outflow and preserve the Group's cash reserves for its existing ongoing projects and working capital requirements.

The amount owing to MHL currently bears interest between 6% to 8% per annum. As such, the Proposed Disposal allows the Group to reduce its exposure to financing costs in a timely manner. The Disposal Consideration is expected to be utilised to set off approximately HKD234.00 million of the outstanding amount owing to MHL, with the remaining balance to be settled via internally generated funds. This is expected to result in interest savings of approximately HKD14.49 million (equivalent to RM7.34 million) per annum as referred to in **Section 3, Part A** of this Circular, and improve the Group's overall financial position moving forward.

In addition, the reduction of borrowings is expected to strengthen the Group's balance sheet through a reduction in total indebtedness and gearing levels. Based on the pro forma effects of the Proposed Disposal as set out in **Section 6.1, Part A** of this Circular, the Group's gearing is expected to improve from approximately 0.76 times to 0.59 times following the completion of the Proposed Disposal.

(iv) Maintain controlling stake in Real Jade

The Proposed Disposal entails a partial divestment in Real Jade, which, upon completion, Real Jade will remain an indirect 55%-owned subsidiary of Mudajaya. Accordingly, the Group will continue to retain control over the strategic direction, operational management and key business decisions of Real Jade, as well as continue consolidating Real Jade's financial results while maintaining continuity in its existing business operations.

The Board is of the view that retaining a controlling stake in Real Jade enables the Group to continue recognising the future financial contributions of Real Jade while maintaining flexibility to participate in any future upside arising from a recovery in market conditions and operational improvements within the PRC cement industry. Accordingly, the Proposed Disposal allows the Group to achieve a balanced outcome between partially realising its investment in Real Jade and retaining long-term participation in the business of Real Jade within the PRC cement industry.

Following the completion of the Proposed Disposal, Mudajaya will continue to retain a controlling 55% equity interest in Real Jade and will remain entitled to participate in any future growth, earnings enhancement and value creation arising from the successful completion of the expansion programme and any subsequent recovery in the PRC cement market. Accordingly, the Proposed Disposal strikes an appropriate balance between realising value at an opportune time and preserving exposure to potential future upside. The Proposed Disposal enables the Group to achieve the objectives set out above, namely refocusing resources towards its Malaysian operations and growth opportunities, partially realising its investment in Real Jade at a gain, optimising its capital structure through the settlement of indebtedness and reduction of financing costs, and maintaining a controlling stake in Real Jade. As such, the Board considers the Proposed Disposal to be fair, reasonable and in the best interests of the Company and its minority shareholders.

Premised on the above, the Proposed Disposal provides the Group with an opportunity to reallocate management focus in part toward strengthening its existing core businesses in Malaysia, realise part of its investment in Real Jade, optimise its capital structure and reduce its gearing level as well as associated finance costs, while retaining a controlling stake in Real Jade and the ability to participate in any potential future growth and operational improvements of Real Jade. Barring any unforeseen circumstances, the Board is of the opinion that the Proposed Disposal represents a prudent exercise to optimise the Group's overall financial and operational position moving forward.

5. RISK FACTORS

5.1 Non completion risk

The completion of the Proposed Disposal is conditional upon the conditions precedent of the SSA being fulfilled or waived, details of which are set out in **Appendix I** of this Circular. In the event that the conditions precedent are not met/ waived, the SSA will be terminated and the Proposed Disposal will not be completed and the amount owing to MHL will remain outstanding and interest bearing in accordance with its pre-existing terms and conditions. The Proposed Disposal may also be delayed in the event that any of the dates for the fulfilment of the respective conditions precedent under the SSA is extended by mutual agreement of Xelmont and the Purchaser.

Nevertheless, the Company will take reasonable steps to ensure that the conditions precedent are met in a timely manner and that every effort is made to obtain all necessary approval(s) for the Proposed Disposal within the stipulated timeframe.

5.2 Contractual risk

Xelmont is subject to certain contractual risks including, but not limited to, the representations, warranties, covenants and indemnities which are given or to be given pursuant to the SSA. Nevertheless, Xelmont shall endeavour to ensure full compliance in relation to the fulfilment of its obligations under the SSA.

5.3 Loss of contribution from Real Jade

Upon completion of the Proposed Disposal, Real Jade will cease to be Xelmont's wholly-owned subsidiary and will instead become a 55%-owned subsidiary of Xelmont, and thus an indirect 55%-owned subsidiary of Mudajaya. As the Group is expected to retain control over Real Jade and will continue to consolidate its financial results, 45% of the profits attributable to Real Jade (if any) will be allocated to non-controlling interests. As a result, the net profit attributable to owners of the Company may be reduced, as referenced in **Appendix II** of the Valuation Letter.

Notwithstanding the above, the Proposed Disposal will enable the Group to reduce the amount owing to MHL, which currently bears a relatively high interest rate, thereby potentially improving the Group's financial position and reducing its finance costs.

6. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Mudajaya as the Proposed Disposal does not involve any issuance of ordinary shares in Mudajaya.

6.1 NA per Share and gearing level

Based on the latest audited consolidated statements of financial position of the Group as at 31 December 2025, the estimated effects of the Proposed Disposal on the NA and gearing level of the Group are set out as follows:-

	Audited FYE 31 December 2025 RM'000	After the Proposed Disposal RM'000
Share capital	788,940	788,940
Warrant reserve	24,094	24,094
Foreign currency translation reserve	(37,320)	(37,320)
Accumulated losses	(213,094)	(171,529)[*1]
Shareholders' equity/ NA	**562,620**	**604,185**
Non-controlling interests	244,659	244,659
Total equity	**807,279**	**848,844**
Number of shares in issue ('000)	531,475	531,475
NA per Share (RM)	1.06	1.14
Total borrowings	616,492	498,041[*2]
Gearing level (times)	0.76	0.59

Notes:-

[*1] *After adjusting for the estimated gain of RM41.57 million upon completion of the Proposed Disposal as referred to in* ***Section 2.8, Part A*** *of this Circular.*

[*2] *The Group's total borrowings will be reduced by HKD234.00 million (equivalent to RM118.45 million) following the settlement of the amount owing to MHL upon completion of the Proposed Disposal.*

6.2 Earnings and EPS

Purely for illustration purpose, assuming that the Proposed Disposal had been completed as at 1 January 2025, being the beginning of the latest audited FYE 31 December 2025, the pro forma effects of the Proposed Disposal on the earnings and EPS of the Group are as follows:-

	Audited FYE 31 December 2025 RM'000	After the Proposed Disposal RM'000
PAT attributable to owners of the Company	11,744	11,744
Add: 45% of Real Jade's LAT for the FYE 31 December 2025	-	9,494[*1]
Add: Estimated pro forma gain from the Proposed Disposal	-	41,565[*2]
Estimated PAT attributable to owners of the Company	**11,744**	**62,803**
Number of shares in issue ('000)	531,475	531,475
Basic EPS (RM)	0.02	0.12

Notes:-

[*1] *After excluding 45% of the LAT contribution of Real Jade from the PAT of Mudajaya for the FYE 31 December 2025, given that Real Jade will become an indirect 55%-owned subsidiary of Mudajaya upon completion of the Proposed Disposal.*

[*2] *After accounting for the estimated pro forma gain of approximately HKD82.11 million (equivalent to RM41.57 million) arising from the Proposed Disposal as referred to in **Section 2.8, Part A** of this Circular.*

For the avoidance of doubt, the estimated gain of approximately HKD82.11 million (equivalent to RM41.57 million) is a one-off event pursuant to the Proposed Disposal. The actual earnings and EPS of Mudajaya Group subsequent to the completion of the Proposed Disposal will depend on the future financial performance of the Group.

6.3 Convertible securities

As at the LPD, the Company has 106,295,270 outstanding warrants 2024/2027 in the Company. Save for the aforementioned convertible securities, the Company has no other convertible securities.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:-

i. the non-interested shareholders of the Company at an EGM to be convened; and

ii. any other relevant authority and/ or party, if required.

The Proposed Disposal is not conditional upon any corporate proposals undertaken or to be undertaken by the Company.

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is approximately 45.61% computed based on the total assets of Real Jade and Mudajaya as at 31 December 2025.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders of Mudajaya and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal.

i. MHL, being a major shareholder of Mudajaya (11.76% direct shareholdings as at the LPD) and the Purchaser. In addition, MHL is also deemed interested in the Proposed Disposal in view that the Disposal Consideration will be utilised towards the partial settlement of the amount owing to MHL.

Accordingly, MHL will abstain from voting in respect of its direct and/ or indirect shareholding in the Company on the resolution pertaining to the Proposed Disposal at the EGM to be convened. Further, MHL has also undertaken to ensure that person(s) connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the EGM.

For shareholders' information, the Company intends to enter into a shareholders' agreement with MHL upon completion of the Proposed Disposal to regulate the relationship and responsibilities between the parties and manage any potential conflict of interest that may arise.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including but not limited to the rationale and effects of the Proposed Disposal, salient terms of the SSA as well as the basis and justification of arriving at the Disposal Consideration, is of the opinion that the Proposed Disposal is in the best interest of the Company and the Proposed Disposal is:-

i. fair, reasonable and on normal commercial terms; and

ii. not detrimental to the interest of the non-interested shareholders of the Company.

Accordingly, the Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Disposal at the EGM.

10. ARMSC'S STATEMENT

The ARMSC of Mudajaya, after taking into consideration the advice and opinion of the Independent Adviser, is of the opinion that the Proposed Disposal is:-

i. in the best interest of the Company;

ii. fair, reasonable and on normal commercial terms; and

iii. not detrimental to the interest of the non-interested shareholders of the Company.

In forming its views, the ARMSC of Mudajaya has taken into consideration, amongst others, the following:-

i. the rationale and benefits for the Proposed Disposal;

ii. the terms and conditions of the SSA;

iii. the basis and justification in arriving at the Disposal Consideration;

iv. mode and settlement of the Disposal Consideration;

v. the pro forma effects of the Proposed Disposal; and

vi. the evaluation of the Independent Adviser on the Proposed Disposal.

11. TRANSACTIONS WITH RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the Proposed Disposal, there have been no transactions entered into by Mudajaya with MHL in the 12 months preceding the date of this Circular.

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

The Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the date of this Circular.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed by the fourth quarter of 2026.

Timeline	Events
Thursday, 5 November 2026	Convening of EGM to obtain approval for the Proposed Disposal
Mid-November 2026	• Fulfilment of all conditions precedent for the SSA for the Proposed Disposal • Completion of the Proposed Disposal

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held physically at Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza, No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 5 November 2026 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend, participate and vote in person at the EGM, you may appoint a proxy to attend, participate and vote on your behalf. The appointment of proxy may be made in a hardcopy form or by electronic means as specified below and must be received by the Company not less than forty-eight (48) hours before the time appointed for the taking of the poll:-

- **In hardcopy form**
  The original proxy form shall be deposited at the Company Share Registrar's office, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

- **Electronically**
  The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.proxy@boardroomlimited.com.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
MUDAJAYA GROUP BERHAD

IR JAMES WONG TET FOH
Non-Independent Executive Chairman

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

All definitions used in this Executive Summary shall have the same meanings as the words and expressions provided in the "Definitions" section, Part A of the Circular, except where the context otherwise requires or where otherwise defined herein.

All references to "we", "us" and "our" are to SCS Global, being the Independent Adviser for the Proposed Disposal. All references to "you" and "your" are to the non-interested shareholders of Mudajaya.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT POINTS OF OUR EVALUATION OF THE PROPOSED DISPOSAL. YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH THE LETTER FROM THE BOARD IN PART A OF THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION. YOU SHOULD NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED DISPOSAL.

YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN BOTH THIS IAL AND THE LETTER FROM THE BOARD BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT MUDAJAYA'S FORTHCOMING EGM.

IF YOU HAVE ANY DOUBT ABOUT THE PROPOSED DISPOSAL, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

1. INTRODUCTION

On 28 May 2026, on behalf of the Board, UOBKH announced that Xelmont, an indirect wholly-owned subsidiary of the Company, had entered into the SSA with the Purchaser for the Proposed Disposal. Subsequently, on 14 October 2026, on behalf of the Board, UOBKH announced that Xelmont and the Purchaser had mutually agreed to extend the cut-off date for the fulfilment of the conditions precedent under the SSA to 27 November 2026.

In view of the interest of the interested major shareholder of the Company as set out in Section 8, Part A of the Circular, the Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements.

In accordance with Paragraph 10.08(2) of the Listing Requirements, the non-interested Directors of the Board had on 3 April 2026 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Disposal together with our recommendation on whether you should vote in favour of or against the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM, subject to our scope and limitations specified herein.

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors:

Consideration Factors	Our Evaluation
Evaluation of the Disposal Consideration	We have assessed the fairness and reasonableness of the Disposal Consideration of HKD234.00 million for the Proposed Disposal, having regard to the historical financial performance and valuation methodology. We take note the commentaries on the historical financial performance of Real Jade as set out in Section 5 of Appendix III in the Circular.

Consideration Factors	Our Evaluation
	We note that AER has adopted the net asset basis as a primary valuation method in deriving the fair value of the entire equity interest in Real Jade and FCFF approach as secondary valuation method for cross checking purposes. Based on net asset basis, AER opined that the fair value of the entire equity interest in Real Jade is approximately HKD334.42 million. Accordingly, the fair value attributable to the 45% equity interest in Real Jade is approximately HKD150.49 million. Based on FCFF approach, AER opined that the fair value of the entire equity interest in Real Jade is in the range of approximately HKD499.29 million to HKD552.12 million. Accordingly, the fair value attributable to the 45% equity interest in Real Jade is in the range of approximately HKD224.68 million to HKD248.45 million. Based on the above, we note that the Disposal Consideration is: (i) higher than the fair value of the 45% equity interest in Real Jade as appraised by AER under the net asset basis; and (ii) falls within the fair value range of the 45% equity interest in Real Jade as appraised by AER under the FCFF approach. We are of the view that the Disposal Consideration, which is closer to the upper end of the valuation range derived under the FCFF approach, is favourable to the Mudajaya Group and its shareholders as it enables the Group to realise a higher value for its 45% equity interest in Real Jade. In particular, the Disposal Consideration allows the Group to monetise its investment in Real Jade at a higher value which takes into consideration the forward-looking earnings and cash generating potential of Real Jade's businesses following the completion of the upgraded manufacturing plant in September 2026, as compared with the valuation derived by AER under the net asset basis, which is based on historical financial performance. Accordingly, we are of the opinion that the Disposal Consideration is fair and reasonable and not detrimental to the interests of the non-interested shareholders of Mudajaya. In addition, we have also evaluated the set-off of the Disposal Consideration against the Debt Owing to MHL. We are of the view that the set-off arrangement is fair and reasonable and does not give rise to any detriment to the non-interested shareholders of the Company, premised on our evaluation of the Disposal Consideration, the history of the Acquisition of Real Jade as well as the details of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont). Please refer to Section 6.1 of this IAL for further details on our evaluation of the Disposal Consideration and the set-off arrangement of the Disposal Consideration against the Debt Owing to MHL.

Consideration Factors	Our Evaluation
Salient terms of the SSA	We have reviewed the salient terms of the SSA entered into in relation to the Proposed Disposal as set out in Appendix I of the Circular. These include, amongst others, the terms and conditions governing the sale and purchase of the Sale Shares, the payment of Sale Consideration, the conditions precedent, obligations to be fulfilled prior and on the date of completion as well as the rights of the Vendor and Purchaser for termination in the event of breach. We are of the view that the salient terms of the SSA is fair and reasonable. Please refer to Section 6.2 of this IAL for further details on our evaluation of the salient terms of the SSA.
Rationale for the Proposed Disposal	We note that, in conjunction with the Proposed Disposal, the Group and MHL agreed to undertake an internal debt restructuring whereby all rights, liabilities and obligations in respect of Loan I and Loan III would be novated and transferred to Xelmont, while Loan II is already an obligation of Xelmont. Consequently, the Debt Owing to MHL including the interest accrued thereon will be consolidated under Xelmont, being the Vendor under the Proposed Disposal, thereby facilitating the direct set-off of the Disposal Consideration against the Debt Owing to MHL between Xelmont and MHL. The novation does not result in the Group assuming any new indebtedness to MHL, nor does it increase the aggregate amount owing by the Group to MHL. Rather, it represents a restructuring of existing indebtedness within the Mudajaya Group. As Xelmont and Real Jade are indirect wholly-owned subsidiaries of Mudajaya prior to completion of the Proposed Disposal, we concur with the Company that the novation of Loan I and Loan III to Xelmont simplifies the settlement process and avoids the need for multiple settlement arrangements involving different entities within the Group. The novation also enables the Disposal Consideration payable by MHL to Xelmont to be directly set off against the Group's existing indebtedness to MHL. Taking into consideration the above, particularly that the novated amounts, including the interest accrued thereon, represent existing financial obligations of the Group which would otherwise remain payable to MHL, we are of the view that the novation of Loan I and Loan III to Xelmont is fair and reasonable and is not detrimental to the interests of the Company's non-interested shareholders. We take note that the Debt Owing to MHL by the Group amounted to HKD244.97 million as at 30 April 2026 with the respective loans due for repayment in November 2026 and February 2027, thereby indicating a near-term repayment obligation for the Group. We also note that the Disposal Consideration payable by MHL will be satisfied by way of set-off against part of the Debt Owing to MHL, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA at the applicable interest rates of 6% per annum for Loan I and 8% for Loan II and Loan III, to be paid by Xelmont to MHL in cash upon completion. We further note that as the Settlement is substantially satisfied by way of non-cash consideration, the Proposed Disposal enables the Group to settle the Debt Owing to MHL without using its existing available cash resources.

Consideration Factors	Our Evaluation
	Accordingly, the Proposed Disposal is expected to minimise immediate cash outflow, preserve the Group's cash reserves for its existing projects and working capital requirements and mitigate potential repayment default risk in respect of the Debt Owing to MHL, which is due for repayment in near term. In assessing the fairness and reasonableness of the set-off arrangement, we have reviewed the salient terms of the respective loan agreements entered into by Real Jade, Xelmont and Mudajaya with MHL, including the repayment terms and applicable interest rates. Pursuant to the Proposed Disposal, instead of recovering the Debt Owing to MHL in cash, MHL is only receiving 45% equity interest in Real Jade by way of the set-off arrangement. We take note that the Disposal Consideration payable by MHL to Xelmont, as mutually agreed between the parties on a willing-buyer willing-seller basis, is higher than the fair value of the 45% equity interest in Real Jade opined by the Valuer under the primary valuation method and is closer to the upper end of the valuation range derived by the Valuer under the secondary valuation method. Further, MHL will assume the risk associated with holding an equity interest in a privately held company, including the lack of marketability of such investment, as compared with recovering the amount owing to it in cash. Having regard to the above, we are of the view that the set-off arrangement, including payment of the remaining balance and accrued interest, does not confer any preferential benefit on MHL. In addition, the Debt Owing to MHL currently bears interest at rates ranging from 6% to 8% per annum. We take note that the Proposed Disposal is expected to reduce the Group's exposure to such financing costs and result in estimated interest savings of approximately HKD14.49 million per annum. The Proposed Disposal is also expected to reduce the Group's borrowings to strengthen its balance sheet through a reduction in total indebtedness and gearing levels. This is expected to improve the Group's financial position and financial performance moving forward. We take note that the Proposed Disposal entails a partial divestment in Real Jade, which will reduce the Group's equity interest in Real Jade from 100% to 55% upon the completion of the Proposed Disposal. Given that the Group will retain a controlling stake in Real Jade after completion of the Proposed Disposal, the Group will continue to retain control over the strategic direction, operational management and key business decisions of Real Jade, as well as continue to consolidate Real Jade as a subsidiary. The partial disposal of Real Jade also enables the Group to continue benefiting from any potential future recovery, growth and operational improvement of Real Jade within the PRC cement industry, while partially realising its investment in Real Jade which is expected to record a gain on disposal of HKD82.11 million.

Consideration Factors	Our Evaluation
	We further note that Loan I and Loan II are due for repayment in November 2026, while Loan III is due for repayment in February 2027, thereby representing immediate and near-term repayment obligations of the Group. Accordingly, notwithstanding that the Proposed Disposal is being undertaken when the expansion of Real Jade's manufacturing plant is nearing completion, we are of the view that the timing of the Proposed Disposal is reasonable. In particular, the Proposed Disposal enables the Group to partially realise its investment in Real Jade at a Disposal Consideration which falls within the fair value range derived under the FCFF approach, while retaining a controlling 55% equity interest and continuing to participate in the future prospects of Real Jade. At the same time, the Proposed Disposal enables the Group to address its immediate and near-term repayment obligations in respect of the Debt Owing to MHL, thereby reducing its indebtedness, financing costs and mitigate potential repayment default risk. The Proposed Disposal will also allow the Group to reallocate its management focus, in part, towards supporting its existing core businesses and opportunities in Malaysia, while optimising its investment exposure in the PRC cement market by retaining a 55% equity interest in Real Jade and continue to participate in the business of Real Jade. In this regard, the Proposed Disposal provides the Group with an opportunity to reallocate management focus in part towards supporting its existing core businesses and opportunities in Malaysia, monetise part of its investment in Real Jade which is expected to result in a pro forma gain of disposal of HKD82.11 million, strengthen its financial position and optimise its capital structure through the reduction of outstanding indebtedness and financing costs, preserve cash resources, and at the same time retain control over Real Jade and continue to participate in its future prospects. Premised on the above, we are of the view that the overall rationale for the Proposed Disposal is reasonable. Please refer to Section 6.3 of this IAL for further details on our evaluation of the rationale for the Proposed Disposal.
Risk factors in relation to the Proposed Disposal	We take cognisance of the risks associated with the Proposed Disposal as outlined in Section 5, Part A of the Circular. We are of the view that the risks associated with the Proposed Disposal are not unusual for a transaction of this nature and have been mitigated through a combination of contractual terms and structural safeguards. We are of the view that the Proposed Disposal, while subject to inherent risks, is fair, reasonable, and not detrimental to the interests of the non-interested shareholders of Mudajaya. In evaluating the Proposed Disposal, we advise you to carefully consider the risk factors as outlined in Section 5, Part A of the Circular and Section 6.4 of this IAL. Please note that these risk factors are not exhaustive.

Consideration Factors	Our Evaluation
Effects of the Proposed Disposal	Issued share capital and substantial shareholders' shareholdings The Proposed Disposal will not have any effect on the Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal does not involve any issuance of new Mudajaya Shares. NA per Share and gearing level We acknowledge that the Group's NA per Share will increase from RM1.06 to RM1.14 following the completion of the Proposed Disposal. This is primarily attributable to the recognition of expected pro forma gain of RM41.57 million arising from the Proposed Disposal. We also acknowledge that the Group's gearing level will decrease from 0.76 times to 0.59 times following the completion of the Proposed Disposal. This is mainly attributable to the settlement of the Debt Owing to MHL. Earnings and EPS We acknowledge that, assuming that the Proposed Disposal had been completed on 1 January 2025, being the beginning of the latest audited FYE 31 December 2025, the Group's earnings would have increased by RM51.06 million, primarily attributable to the recognition of estimated pro forma gain arising from Proposed Disposal amounting to RM41.57 million and the exclusion of the 45% equity interest in Real Jade Group's LAT amounting to RM9.49 million for the FYE 31 December 2025. Accordingly, the Proposed Disposal is expected to result an increase in EPS from 0.02 sen to 0.12 sen. We wish to highlight that the estimated pro forma gain arising from the Proposed Disposal is non-recurring in nature, and the actual earnings and EPS of the Group subsequent to the completion of the Proposed Disposal will depend on the future financial performance of the Group. Convertible securities We note that, as at the LPD, save for the 106,295,270 outstanding warrants 2024/2027 in the Company, the Company does not have any other convertible securities. Please refer to Section 6.5 of this IAL for further details on our evaluation of the effects of the Proposed Disposal.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal. Based on our evaluation in Section 6 of this IAL, we are of the opinion that, on the basis of the information available to us, the Proposed Disposal is **FAIR AND REASONABLE** insofar as you are concerned and is not detrimental to your interests.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

SCS Global Advisory (M) Sdn. Bhd. 200901020913 (864010-V)

Registered Office:
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50470 Kuala Lumpur

21 October 2026

To: The Non-Interested Shareholders of Mudajaya Group Berhad ("Mudajaya" or the "Company")

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED DISPOSAL ("IAL")

This IAL is prepared for inclusion in the Circular to the shareholders of Mudajaya dated 21 October 2026 and should be read in conjunction with the same. All definitions used in this IAL shall have the same meanings as defined in the "Definitions" section, Part A of the Circular, except where the context otherwise requires or is otherwise defined herein.

All references to "we", "us" and "our" are to SCS Global, being the Independent Adviser for the Proposed Disposal. All references to "you" and "your" are to the non-interested shareholders of Mudajaya.

1. INTRODUCTION

On 28 May 2026, on behalf of the Board, UOBKH announced that Xelmont, an indirect wholly-owned subsidiary of the Company, had entered into the SSA with the Purchaser for the Proposed Disposal. Subsequently, on 14 October 2026, on behalf of the Board, UOBKH announced that Xelmont and the Purchaser had mutually agreed to extend the cut-off date for the fulfilment of the conditions precedent under the SSA to 27 November 2026.

In view of the interest of the interested major shareholder of the Company as set out in Section 8, Part A of the Circular, the Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements.

In accordance with Paragraph 10.08(2) of the Listing Requirements, the non-interested Directors of the Board had on 3 April 2026 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Disposal together with our recommendation on whether you should vote in favour of or against the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM, subject to our scope and limitations specified herein.

This IAL is prepared solely for the purpose of assisting the non-interested Directors and advising you, as the non-interested shareholders, to evaluate the fairness and reasonableness of the Proposed Disposal. You should nonetheless rely on your own examination of the merits of the Proposed Disposal before making a decision in connection with the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN BOTH THIS IAL AND THE LETTER FROM THE BOARD BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

IF YOU HAVE ANY DOUBT ABOUT THE PROPOSED DISPOSAL, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE PROPOSED DISPOSAL

The details of the Proposed Disposal as well as the salient terms of the SSA in relation to the Proposed Disposal are disclosed in the following sections of the Circular:

		Reference in the Circular
(i)	Details of the Proposed Disposal	Section 2, Part A
(ii)	Rationale for the Proposed Disposal	Section 4, Part A
(iii)	Risk factors of the Proposed Disposal	Section 5, Part A
(iv)	Effects of the Proposed Disposal	Section 6, Part A
(v)	Salient terms of the SSA	Appendix I
(vi)	Information on Real Jade Group	Appendix III

You should read and fully understood the entirety of the Proposed Disposal.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The interests of Directors, major shareholders and/or persons connected with them are disclosed in Section 8, Part A of the Circular.

We acknowledged that MHL, being the interested major shareholder for the Proposed Disposal, will abstain from voting in respect of its direct and/or indirect shareholding in the Company on the resolution pertaining to the Proposed Disposal at the forthcoming EGM. MHL has undertaken to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED DISPOSAL

SCS Global was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Disposal. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the Proposed Disposal as to whether the Proposed Disposal is fair and reasonable insofar you are concerned as well as providing our recommendation based on information and documents made available to us as set out below:

(i) the information contained in Part A of the Circular and the accompanying appendices in the Circular;

(ii) the SSA dated 28 May 2026 entered into between Xelmont as the Vendor and MHL as the Purchaser and the letter of extension dated 14 October 2026;

(iii) Valuation Letter dated 24 April 2026 prepared by AER;

(iv) the audited financial statements of Real Jade for the FYE 31 December 2023, FYE 31 December 2024 and FYE 31 December 2025;

(v) discussions with the management of the Mudajaya Group as well as representations made by them;

(vi) other relevant information, documents, confirmations and/or representations furnished to us by the management of the Mudajaya Group; and

(vii) other publicly available information which we deem to be relevant for our evaluation.

We have relied on the management of the Mudajaya Group to take due care to ensure that all information, documents, confirmations and representations provided to us to facilitate our evaluation of the Proposed Disposal and which had been used, referred to and/or relied upon in this IAL have been fully disclosed to us, are accurate, valid and complete in all material aspects.

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy and completeness of the information contained herein (save for our assessment, evaluation and opinion) and confirms, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this IAL the omission of which would make any information in this IAL misleading.

The responsibility of the Board in respect of:

(i) the information relating to the Group is limited to ensuring that such information is accurately reproduced in this IAL; and

(ii) the independent advice and expression of opinion by us in relation to the Proposed Disposal is limited to ensuring that accurate information in relation to the Group was provided to us for our evaluation of the Proposed Disposal and to ensure that all information in relation to the Group that are relevant to our evaluation of the Proposed Disposal have been completely disclosed to us and that there is no material fact the omission of which would make any information provided to us false or misleading.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all reasonable checks, corroborating with independent sources where possible and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission. Notwithstanding that, we shall not be under any responsibility or liability for any misstatement of fact or from any omissions therein.

In rendering our advice, we have taken note of the pertinent matters which we believe are necessary and of importance to an assessment of the implications of the Proposed Disposal and therefore are of general concern to you to consider and form your views thereon.

Notwithstanding the foregoing:

(i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposed Disposal; and

(ii) we have not considered the specific investment objectives, financial situation, risk profile or particular needs of any individual shareholders or any specific group of shareholders. We recommend that in the event you are in doubt as to the action to be taken in relation to the Proposed Disposal in the context of your individual investment objectives, financial situation, risk profile or particular needs, you should consult your respective stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, equity capital market, economic, industry, regulatory and/or other prevailing conditions, and the information/documents made available to us as at the LPD or such other period specified herein. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion expressed herein do not take into account the information, events or conditions arising after the LPD.

After the despatch of the Circular and this IAL, we will notify the non-interested shareholders of the Company if we become aware of the following:

(i) significant change affecting the information contained in this IAL;

(ii) there is a reasonable ground to believe that the statements in this IAL are misleading/deceptive; and/or

(iii) there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of the Company.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We did not have any professional relationship with the Mudajaya Group in the past 2 years prior to the date of this IAL. Premised on the above, we confirm that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser for the Proposed Disposal.

We are a holder of a Capital Markets Services Licence issued by the Securities Commission Malaysia as a licensed adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007. Our corporate finance team comprises experienced personnel with the requisite qualification and experience to provide a range of advisory services encompassing, amongst others, initial public offerings, mergers and acquisitions, capital market advisory, valuation and independent advice for related party transactions.

Our key management's credentials and experiences as an independent adviser include, amongst others, the following:

(A) Independent advisory assignment undertaken by SCS Global

(i) the acquisition of 55% equity interest in SPPH Eco Biomass Resources Sdn Bhd ("**SPPH**") by Jasa Kita Berhad from Abd Azis bin Mohamad for a purchase consideration of RM14.51 million, together with the settlement of the advances owing by SPPH to Abd Azis bin Mohamad of up to RM23.93 million, whereby the independent advice letter was issued on 13 August 2026;

(ii) the acquisition of the entire equity interest in Dahlia Cemerlang Sdn Bhd by SkyGate Properties Sdn Bhd, a wholly-owned subsidiary of SkyGate Solutions Berhad, from Jitu Sempurna Sdn Bhd, Prominent Goldhill Sdn Bhd, and Promaddun Sdn Bhd for a total purchase consideration of RM75.9 million, whereby the independent advice letter was issued on 30 April 2026;

(iii) the disposal of 599,999 ordinary shares in Thye On Tong Trading Sdn Bhd ("**TOT**"), representing the entire equity interest of PeterLabs Holdings Berhad in TOT of approximately 59.99% equity interest in TOT to Datuk Loh Saw Foong and Datin Lin Ching Yein for a disposal consideration of RM6.90 million, whereby the independent advice letter was issued on 10 February 2026;

(iv) the disposal of the entire equity interest in Rex Canning Co. Sdn Bhd and Rex Trading Sdn Bhd by ETA Group Berhad (formerly known as Rex Industry Berhad) to Darmendran Kunaretnam for a total disposal consideration of RM40.00 million, whereby the independent advice letter was issued on 24 October 2025;

(v) the acquisition of the entire equity interest in Metta Food & Lifestyle Sdn Bhd by Oasis Harvest Corporation Berhad (formerly known as Dolphin International Berhad) for a cash consideration of RM30.80 million and the variation of the utilisation of proceeds from the disposal by Dolphin Applications Sdn Bhd of a parcel of industrial land where erected upon is a three storey detached factory with a three-storey office annexed together with a guardhouse, whereby the independent advice letter was issued on 19 September 2025;

(vi) the disposal of 4 parcels of freehold industrial land together with a single-storey detached warehouse and a guard house erected thereon by JKB Development Sdn Bhd, a wholly-owned subsidiary of Jasa Kita Berhad, to Logik Damai Sdn Bhd for a cash consideration of RM38.00 million, variation to the utilisation of proceeds from the disposal by JKB Development Sdn Bhd of a parcel of leasehold industrial land, and distribution of a special cash dividend of RM0.12 per ordinary share in Jasa Kita Berhad, whereby the independent advice letter was issued on 11 September 2025; and

(vii) the variation to the terms of the share sale agreement dated 24 February 2022 (as supplemented by a supplemental letter) entered into between Oasis Harvest Corporation Berhad (formerly known as Dolphin International Berhad), Oasis Harvest Culinary Sdn Bhd (formerly known as Asia Poly Food and Beverage Sdn Bhd which is a wholly-owned subsidiary of Oasis Harvest Corporation Berhad) with Dato' Yeo Boon Leong, Yeo Boon Thai, Yeo Boon Ho and Yeo Soon Bee for the acquisition of the entire equity interest in Oasis Harvest Reserve Sdn Bhd for a purchase consideration of RM36.00 million ("**Acquisition of Oasis Harvest Reserve**") by varying/waiving certain payment terms of the Acquisition of Oasis Harvest Reserve, whereby the independent advice letter was issued on 13 September 2024;

(B) Independent advisory assignments previously undertaken by our key management

(i) the selective capital reduction and repayment exercise of Kwantas Corporation Berhad pursuant to Section 116 of the Companies Act 2016, whereby the independent advice letter was issued on 30 October 2020;

(ii) the unconditional take-over offer by Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah ("**Dato' Dr. Karim**") to acquire all the remaining ordinary shares in Reneuco Berhad (formerly known as Kumpulan Powernet Berhad) not already owned by Dato' Dr. Karim and his persons acting in concert for a cash offer price of RM1.00 per share, whereby the independent advice circular was issued on 4 November 2019;

(iii) the disposal of SIG Gases Berhad's 100% equity interest in Southern Industrial Gas Sdn Bhd, whereby the independent advice letter was issued on 26 September 2019;

(iv) the selective capital reduction and repayment exercise of MAA Group Berhad pursuant to Section 116 of the Companies Act 2016, whereby the independent advice letter was issued on 3 May 2019;

(v) the exemption under Paragraph 4.08 of the Rules to Tan Sri Mohamed Azman Bin Yahya and person acting in concert with him in accordance with Section 216 of Capital Markets and Services Act 2007 from the obligation to undertake a mandatory offer for the remaining ordinary shares and outstanding warrants 2013/2020 in Symphony Life Berhad not already owned by them, whereby the independent advice letter was issued on 10 August 2018;

(vi) the unconditional take-over offer by Malaysia Hengyuan International Limited to acquire all the remaining ordinary shares in Hengyuan Refining Company Berhad (formerly known as Shell Refining Company (Federation of Malaya) Berhad) not already owned by Malaysia Hengyuan International Limited and its persons acting in concert for a cash offer price of RM1.92 per share, whereby the independent advice circular was issued on 19 January 2017;

(vii) the acquisition by MISC Berhad of the 305,700,001 ordinary shares of USD1.00 each in Gumusut-Kakap Semi-Floating Production System (L) Limited ("**GKL**"), representing 50% of the issued and paid-up share capital of GKL from E&P Venture Solutions Co Sdn Bhd ("**EPV**"), a wholly-owned subsidiary of PETRONAS Carigali Sdn Bhd, which in turn is a wholly-owned subsidiary of Petroliam Nasional Berhad ("**PETRONAS**") for a cash consideration of USD445.0 million (approximately RM1,849.0 million), whereby the independent advice letter was issued on 28 March 2016;

(viii) the unconditional mandatory take-over offer by Dayang Enterprise Holdings Berhad to acquire all the remaining ordinary shares in Perdana Petroleum Berhad ("**PPB**") ("**PPB Shares**") and such number of new PPB Shares that may be issued pursuant to the exercise of any outstanding warrants issued by PPB ("**PPB Warrants**") and all the remaining PPB Warrants not already owned by Dayang Enterprise Holdings Berhad at the cash offer price of RM1.55 per PPB Share and RM0.84 per PPB Warrant, whereby the independent advice circular was issued on 3 August 2015;

(ix) the selective capital reduction and repayment exercise of Malaysian Airline System Berhad pursuant to Sections 60 and 64 of the Companies Act 1965, whereby the independent advice letter was issued on 15 October 2014;

(x) the unconditional take-over offer by TER Equity Sdn Bhd to acquire all the remaining ordinary shares in Sunsuria Berhad (formerly known as Malaysia Aica Berhad) which are not already held by TER Equity Sdn Bhd and its persons acting in concert for a cash consideration of RM0.85 per share, whereby the independent advice circular was issued on 21 February 2014;

(xi) the conditional take-over offer by PETRONAS to acquire all the ordinary shares in MISC Berhad which are not already held by PETRONAS at a cash offer price of RM5.30 per share, whereby the independent advice circular was issued on 8 March 2013;

(xii) the disposal by MISC Berhad of the 305,700,001 ordinary shares of USD1.00 each in GKL, representing 50% of the issued and paid-up share capital of GKL to EPV, a wholly-owned subsidiary of PETRONAS Carigali Sdn Bhd, which in turn is a wholly-owned subsidiary of PETRONAS, for a cash consideration of USD305.7 million (approximately RM934.4 million), whereby the independent advice letter was issued on 12 November 2012;

(xiii) the disposal of principal subsidiaries of PacificMas Berhad, whereby the independent advice letter was issued on 24 April 2012; and

(xiv) the take-over offer of Sindora Berhad, whereby the independent advice letter was issued on 15 September 2011.

For the avoidance of doubt, the credentials and experiences as set out in items (i) to (xiv) above are independent advisory cases advised by our key management, but are not projects undertaken by SCS Global.

6. EVALUATION OF THE PROPOSED DISPOSAL

In arriving at our conclusion and recommendation in respect of the Proposed Disposal, we have assessed and evaluated the fairness and reasonableness of the Proposed Disposal in accordance with the relevant provisions relating to the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

We have considered the following factors in our evaluation of the Proposed Disposal:

(i) evaluation of the Disposal Consideration;

(ii) salient terms of the SSA;

(iii) rationale for the Proposed Disposal;

(iv) risk factors in relation to the Proposed Disposal; and

(v) effects of the Proposed Disposal.

6.1 Evaluation of the Disposal Consideration

As disclosed in Section 2.5, Part A of the Circular, the Disposal Consideration was arrived at on a willing-buyer willing-seller basis after considering the following:

(i) the ascribed value of the entire equity interest in Real Jade as appraised by AER, being the independent business valuer appointed by Mudajaya for the Proposed Disposal.

AER had adopted the dual-scenario approach to ascribe the fair value of the entire equity interest in Real Jade, using an asset-based approach as the primary methodology and an income approach as the secondary methodology. Asset-based approach (net asset basis) was adopted to establish an appropriate baseline or "floor" reflecting the replacement cost of the productive assets. However, it inherently reflects historical costs and does not capture the forward-looking financial performance potential of the business. Income approach (FCFF approach) was adopted as a rigorous cross-check specifically to recognise the future economic benefits of the upgraded manufacturing plant (expanding daily capacity from 2,500 tonnes to 4,000 tonnes).

Based on AER's evaluation, the fair value of the entire equity interest in Real Jade, determined under its primary valuation method using the asset-based approach, is approximately HKD334.42 million. This valuation is based on Real Jade's consolidated audited NA after deduction of non-controlling interests. Accordingly, the fair value attributable to the 45% equity interest in Real Jade is approximately HKD150.49 million.

The fair value of the entire equity interest in Real Jade as opined by the AER under its secondary valuation method using income approach (FCFF approach) is approximately HKD499.29 million to HKD552.12 million, implying a fair value of approximately HKD224.68 million to HKD248.45 million for the 45% equity interest in Real Jade; and

(ii) the Proposed Disposal is expected to result in an improvement in the Group's balance sheet position through the realisation of proceeds and potential reduction in liabilities, which in turn is anticipated to enhance the Group's NA per Share. In addition, the utilisation of proceeds for debt repayment is expected to reduce the Group's gearing level from 0.76 times to 0.59 times, thereby strengthening its capital structure and resulting in interest savings of approximately HKD14.49 million per annum as referred to in Section 3, Part A of the Circular, which would have a positive impact on the Group's future earnings and cash flows. Further details on the rationale for the Proposed Disposal are set out in Section 4, Part A of the Circular.

Our comments:

As at the LPD, Real Jade is an investment holding company. Through its subsidiaries, Real Jade is principally involved in the manufacturing, sales and trading of cement in PRC as well as provision of energy conservation and reuse solutions through the installation of energy efficient and environmentally friendly air-conditioning systems and heating systems for commercial, residential and industrial buildings.

A summary of Real Jade's financial information based on its audited consolidated financial statements for the FYE 31 December 2023, FYE 31 December 2024 and FYE 31 December 2025 are set out below:

	FYE 31 December		
	2023	**2024**	**2025**
	HKD'000	**HKD'000**	**HKD'000**
Revenue	401,319	268,080	203,306
GP	103,980	106,334	46,312
PBT/(LBT)	51,634	42,124	(30,945)
PAT/(LAT)	29,822	22,429	(40,440)
Share capital	(1)	(1)	(1)
NA	376,402	368,816	334,421
Bank balances and cash	174,284	76,969	94,110
Bank and other borrowings	506,799	336,458	328,787
No. of ordinary shares in issues (unit)	1	1	1
GP margin (%)	25.91	39.67	22.78
PBT/(LBT) margin (%)	12.87	15.71	(15.22)
PAT/(LAT) margin (%)	7.43	8.37	(19.89)
EPS/(LPS)	29,822	22,429	(40,440)
NA per Share	376,402	368,816	334,421
Current ratio (times)	1.41	1.77	1.24
Gearing ratio (times)	0.63	0.43	0.44

Note:

(1) Represents HKD1.

We note the commentaries on the Real Jade's historical financial performance as set out in Section 5 of Appendix III in the Circular, as follows:

(i) Comparison between FYE 31 December 2023 and FYE 31 December 2024

Real Jade's revenue decreased by HKD133.24 million or 33.20% from HKD401.32 million for the FYE 31 December 2023 to HKD268.08 million for the FYE 31 December 2024. The decline was mainly due to the following:

(a) decrease in revenue from manufacturing and sales of cement and clinker segment by HKD104.02 million, primarily arising from lower selling prices of cement and lower production output in conjunction with the lower demand during the financial year;

(b) decrease in revenue from trading of cement segment by HKD23.14 million, primarily arising from weaker demand for the products; and

(c) decrease in revenue from provision of service on environmental protection and energy conservation segment by HKD5.58 million following the completion of certain existing projects, mainly attributable to the Phase II Air Conditioning Renovation Project at Futian Digital Era Plaza, involving the upgrade of outdated air-conditioning systems for commercial buildings.

Real Jade recorded a decline in PAT by HKD7.39 million or 24.79% from HKD29.82 million for the FYE 31 December 2023 to HKD22.43 million for the FYE 31 December 2024. This was mainly due to the following:

(a) Real Jade recorded net impairment loss on trade and bill receivables and other receivables amounting to HKD2.24 million for the FYE 31 December 2024 whilst it recorded net reversal of impairment loss on trade and bill receivables and other receivables amounting to HKD11.94 million for the FYE 31 December 2023; and

(b) decrease in other income and other gains or losses by HKD7.31 million mainly due to an absence of a reversal of over accrued expenses in the FYE 31 December 2024 (FYE 31 December 2023: HKD5.00 million), lower subsidy income due to reduced production at the manufacturing plant.

The abovementioned decrease in PAT was partially offset by the following:

(a) decrease in impairment loss on loan receivables by HKD5.44 million mainly due to lower expected credit losses incurred in relation to the impairment assessment; and

(b) decrease in administrative expenses by HKD3.13 million primarily arising from lower staff costs.

(ii) Comparison between FYE 31 December 2024 and FYE 31 December 2025

Real Jade's revenue decreased by HKD64.77 million or 24.16% from HKD268.08 million for the FYE 31 December 2024 to HKD203.31 million for the FYE 31 December 2025. The decline was mainly due to the decrease in revenue from manufacturing and sales of cement and clinker segment by HKD61.03 million, amid the cement plant's expansion programme during the financial year and soft market demand.

Real Jade recorded a LAT of HKD40.44 million for the FYE 31 December 2025 as compared to a PAT of HKD22.43 million for the FYE 31 December 2024. This was mainly due to following:

(a) decrease in GP by HKD60.02 million mainly due to the cement plant's expansion programme during which certain fixed overheads continued to be absorbed; and

(b) decrease in other income and other gains or losses by HKD18.83 million which was mainly due to a net loss on disposal of existing plant and machinery (which was transferred to and recorded as construction in progress following the commencement of the expansion of the manufacturing plant). Such plant and machinery were deemed obsolete due to outdated technology, were not suitable for use in the upgraded manufacturing plant and were accordingly disposed of to the contractor at an agreed price. The decrease in other income and other gains or losses was also partly attributable to lower sundry income.

The abovementioned LAT was partially offset by a decrease in finance costs of HKD6.02 million mainly due to lower interest expenses from bill discounting.

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Based on Section 1 of Appendix III of the Circular, we take cognisance that the annual production output of Real Jade's manufacturing plant located in Zaozhuang, Shandong Province, declined over the past 3 financial years up to the FYE 31 December 2025. We have evaluated data extracted from the National Bureau of Statistics of China, we note that the overall cement production in the PRC as well as particularly in Shandong Province and Shanghai Municipality, being the principal markets served by the Real Jade Group, generally showed a declining trend from 2022 to 2025, save for an increase in cement production output in Shanghai Municipality in 2023. The details are set out below:

	2022	2023	2024	2025
Annual production output (tonnes)				
- PRC	2,129,271,800	2,019,402,000	1,825,237,000	1,693,143,000
- Shandong Province	135,225,200	129,696,500	109,885,500	99,061,700
- Shanghai Municipality	3,695,800	4,416,500	3,570,900	3,257,300
- Real Jade	891,140	822,000	398,000	196,000
Change in annual production output (%)				
- PRC	-	(5.16)	(9.61)	(7.24)
- Shandong Province	-	(4.09)	(15.27)	(9.85)
- Shanghai Municipality	-	19.50	(19.15)	(8.78)
- Real Jade	-	(7.76)	(51.58)	(50.75)

(Sources: National Bureau of Statistics of China and the management of the Group)

We note a declining trend in cement production output across most of the provinces in the PRC (which collectively accounted for more than 70% of the PRC's total national cement production output) from 2022 to 2025. Amid the overall downturn in the PRC's cement industry, we take note that Real Jade's cement production output decreased at a faster rate than the overall production output at both the national and Shandong Province and contributed to less than 1% of the annual cement production output in Shandong Province from 2022 to 2025. Based on Section 2, Part A of the Circular, we further note that demand for Real Jade's cement products is mainly influenced by the timing and scale of construction and infrastructure activities within the economically viable supply radius of its manufacturing plant, having regard to transportation costs. In particular, following the substantial completion of various construction and infrastructure projects in and around Zaozhuang City in 2023, demand for cement products within the immediate vicinity of Real Jade's manufacturing plant moderated.

In view of the above, we note from our enquiries to the management of the Company that the decrease in Real Jade's revenue from the manufacturing and sales of cement and clinker segment from HKD314.63 million for the FYE 31 December 2022 to HKD206.40 million for the FYE 31 December 2023 was mainly due to lower production output from its manufacturing plant coupled with lower average selling prices, in line with the decline in cement production in the PRC and Shandong Province. Notwithstanding the increase in cement production output in Shanghai Municipality in 2023, the Real Jade's revenue from the trading of cement in Shanghai Municipality decreased from HKD64.22 million for the FYE 31 December 2022 to HKD59.47 million for the FYE 31 December 2023. This was mainly due to lower average selling prices for cement products. In addition, the decrease in Real Jade's revenue from the manufacturing and sales of cement and clinker segment, as well as the trading of cement segment for the FYE 31 December 2024 was mainly due to lower production output from its manufacturing plant. We further note from our enquiries to the management of the Company that the decrease in Real Jade's revenue was exacerbated by weaker demand for cement products, consistent with the broader decline in cement production in the PRC and relevant regional markets. For the FYE 31 December 2025, we note that the further decrease in Real Jade's revenue and production output was mainly due to the prevailing weak cement market conditions, as reflected by the continued decline in cement production output in the PRC and the relevant regional markets, coupled with production disruptions arising from the expansion of its manufacturing plant, which commenced in late-2024 and remained ongoing during the financial year.

Notwithstanding the decline in the annual production output in the cement industry in the PRC, as well as particularly in Shandong Province and Shanghai Municipality, i.e., the principal markets served by the Real Jade Group, we note from our enquiries to the management of the Company that Real Jade commenced the expansion of its manufacturing plant in late-2024 after taking into consideration, amongst others, the following:

(i) the Mudajaya Group's management's long-term view of the cyclical nature of the cement industry and its intention to position Real Jade to capture potential future demand upon market conditions improving;

(ii) the age of the manufacturing plant, which had been in operation since the early 2000s. Given the ageing production technology, the expansion is intended to modernise the production facilities, enhance operational efficiency and reduce operating costs; and

(iii) the increasingly stringent environmental regulations and decarbonisation targets applicable to the cement industry in the PRC.

We further note from our enquiries with the Company's management that the upgraded manufacturing plant was completed in September 2026. Upon completion, the manufacturing plant is capable of commencing full-scale production, with its production capacity increasing from 2,500 tonnes per day to 4,000 tonnes per day.

Premised on the above, we are of the opinion that the expansion of Real Jade's manufacturing plant is reasonable.

In assessing the fairness and reasonableness of the Disposal Consideration, we have reviewed and evaluated the Valuation Letter as set out in Appendix II of the Circular, prepared by the independent business valuer, AER. We note that AER had adopted the net asset basis as the primary approach in deriving the fair value of the entire equity interest in Real Jade and FCFF approach as secondary approach for cross checking purposes, with details as set out in Sections 6.1.1 and 6.1.2 of this IAL, respectively.

6.1.1 Primary approach: net asset basis

In our assessment of the fairness and reasonableness of the Disposal Consideration, we note that AER had considered Real Jade's consolidated audited NA after deduction of non-controlling interests as at 31 December 2025 of HKD334.42 million.

Pursuant to the Valuation Letter, AER assessed the fair value of the entire equity interest in Real Jade with reference to its consolidated audited NA as at 31 December 2025, as follows:

	HKD million
Total equity of Real Jade as at 31 December 2025	746.59
Less: non-controlling interests	(412.17)
NA/Fair value of the entire equity interest in Real Jade	334.42
Fair value of the 45% equity interest in Real Jade	**150.49**

(Source: Valuation Letter)

Accordingly, based on net asset basis, AER opined that the fair value of the entire equity interest in Real Jade is approximately HKD334.42 million, implying a fair value of approximately HKD150.49 million for the 45% equity interest in Real Jade. Hence, we are of the view that the Disposal Consideration is fair and reasonable as the Disposal Consideration is representing a premium of HKD83.51 million or 55.49% against the fair value of the 45% equity interest in Real Jade.

In addition to the net asset basis adopted by AER in its primary valuation method, we further note that AER had performed the Relative Valuation Approach ("**RVA**") in its assessment on trading multiples of a group of selected comparable companies to Real Jade. The RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial value. Under RVA, reference was made to the valuation statistics of comparable companies to get an indication of the current market expectation with regards to the implied value of the equity interest in the company and compared the implied trading multiples to determine the firm's financial value.

The trading multiples considered by AER under the RVA comprise price-to-earnings ("**P/E**"), enterprise value ("**EV**") to earnings before interest, tax, depreciation and amortisation ("**EBITDA**") ("**EV/EBITDA**"), and P/B multiples.

We note that AER had adopted the following criteria in selecting the comparable companies:

(i) publicly traded companies operating primarily within cement and building material sector in the PRC; and

(ii) publicly traded companies listed on the recognised stock exchanges, including Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange, which share comparable operational profiles, regulatory environments and macroeconomic risk exposures with Real Jade.

The details of comparable companies selected by AER, as extracted from the Valuation Letter are as follows:

Company	**Principal activities**
China Shanshui Cement Group Limited	The company is principally engaged in the manufacturing and trading of cement, clinker, and concrete. Its principal operations are located entirely within the PRC, with a core concentration in Shandong province. The group operates an annual cement production capacity of approximately 100 million tonnes and a clinker production capacity of approximately 50 million tonnes. This company is a direct geographic comparable for Real Jade, providing a baseline for localised pricing and supply-demand market dynamics in Shandong.
Ningxia Building Materials Group Co., Ltd	The company's primary business is the manufacture and distribution of cement, cement clinker, and commercial concrete. Its production facilities operate exclusively within the PRC, serving regional markets in Northwest China. The group maintains an annual cement production capacity of approximately 20 to 30 million tonnes. This operational profile provides an appropriate comparable benchmark for a mid-cap, regionally concentrated cement manufacturer operating under PRC regulatory conditions.
BBMG Jidong Cement Group	The company manufactures and distributes building materials. The company produces portland cements, compound cements, and cement clinker products. BBMG Jidong Cement Group markets its products domestically and internationally.
West China Cement Limited	The company is principally engaged in the production and sale of cement and related building materials. The company operates its core manufacturing facilities in the PRC, with significant concentration in Shaanxi and Xinjiang provinces. The group has a total annual cement production capacity of approximately 39.3 million tonnes and a clinker production capacity of approximately 20.0 million tonnes. This company serves as a proxy to assess risk premiums associated with localised, regional market dependencies within the broader PRC cement sector.

Company	Principal activities
China Resources Building Materials Technology Holdings Limited	The company is a leading manufacturer and distributor of cement, clinker, aggregates, and concrete. Its principal operations span across multiple regions, with a strong presence in Southern China. The group operates a highly capitalised production base with an annual cement production capacity exceeding 100 million tonnes. The inclusion of this entity establishes an industry-wide valuation benchmark, representing the scale and cost-efficiency of a tier-one national operator.
Anhui Conch Cement Co Ltd	The annual report states that the company is principally engaged in the production and sale of cement, commodity clinker, aggregate, and commercial concrete. The group operates extensive manufacturing facilities across multiple PRC regions and international markets. It is the tier-one market leader in the PRC cement industry, operating a massive scale with an annual cement production capacity of approximately 380 to 400 million tonnes and a clinker production capacity exceeding 270 million tonnes. Its inclusion is essential to establish the maximum practical valuation ceiling achievable within this operating environment.

(Source: Valuation Letter)

The financial metrics and trailing trading multiples of the comparable companies as at the date of valuation of 14 April 2026, extracted from the Valuation Letter are as follows:

Company	Market Capitalisation (HKD million)	P/E (x)	P/B (x)	EV/EBITDA (x)
China Shanshui Cement Group Limited	1,807	Loss, not applicable	0.10	5.94
Ningxia Building Materials Group Co., Ltd	7,018	35.59	0.82	6.48
BBMG Jidong Cement Group	14,511	61.34	0.44	7.34
West China Cement Limited	13,766	14.42	0.89	8.37
Anhui Conch Cement Co Ltd	131,275	12.51	0.58	4.59
China Resources Building Materials Technology Holdings Limited	10,754	22.32	0.21	5.56
	Median	22.32	0.51	6.21
	Average	29.23	0.51	6.38
	Minimum	12.51	0.10	4.59
	Maximum	61.34	0.89	8.37

(Source: Valuation Letter)

We note that AER adopted the P/B multiple as the primary valuation multiple in its RVA assessment.

Accordingly, we have assessed the fair value of the 45% equity interest in Real Jade derived based on the P/B multiples of the comparable companies and Real Jade's consolidated audited NA after deduction of non-controlling interests of HKD334.42 million as at 31 December 2025 as follows:

	P/B multiple	Real Jade's consolidated audited NA as at 31 December 2025	Fair value of the 45% equity interest in Real Jade	Premium represented by the Disposal Consideration	
	times	HKD million	HKD million	HKD million	%
	(a)	(b)	(a) x (b) x 45%		
Median	0.51	334.42	76.75	157.25	204.89
Average	0.51		76.75	157.25	204.89
Minimum	0.10		15.05	218.95	1,454.82
Maximum	0.89		133.94	100.06	74.71

As such, based on the Disposal Consideration and the fair value of the 45% equity interest in Real Jade derived above, the Disposal Consideration represents:

(i) a premium between HKD100.06 million to HKD218.95 million or approximately 74.71% to 1,454.82% against the range of the fair value of the 45% equity interest in Real Jade derived above; and

(ii) a premium of HKD157.25 million or approximately 204.89% against the average and median of the fair value of the 45% equity interest in Real Jade derived above.

Further, we note that AER had considered earnings-based valuation multiples under its RVA assessment, including P/E and EV/EBITDA multiples, and AER is of the view that P/E and EV/EBITDA multiples are less reliable inputs as primary valuation multiples for the valuation of Real Jade.

Given that Real Jade recorded a LAT of HKD40.44 million for the FYE 31 December 2025, it is unable to establish an opinion on the fair value of the entire equity interest in Real Jade based on the P/E multiples of comparable companies. In addition, based on the adjusted EBITDA of HKD13.26 million for the FYE 31 December 2025 as calculated by AER and the EV/EBITDA multiples of comparable companies as set out in the Valuation Letter, the fair value of the 45% equity interest in Real Jade derived therefrom is between HKD27.39 million to HKD49.94 million, which is lower than the fair value of the 45% equity interest in Real Jade derived based on the net asset basis.

Premised on the above, we are of the view that the Disposal Consideration is fair and reasonable as it is higher than the fair value of the 45% equity interest in Real Jade of HKD150.49 million based on net asset basis, as appraised by AER.

6.1.2 Secondary approach: FCFF approach

We note that the net asset basis and RVA do not fully reflect the forward-looking earnings and cash generating potential of the Real Jade's businesses following the completion of the upgraded manufacturing plant in September 2026. In view of the above, we note that AER has adopted FCFF approach as secondary valuation method for the valuation of Real Jade to address the limitations of net asset basis and RVA which are based on historical financial performance, and to capture the future economic benefits of Real Jade's businesses.

We are of the view that the AER's adoption of FCFF approach as secondary valuation method to cross check the fair value of the 45% equity interest in Real Jade derived based on net asset basis is reasonable.

Under the FCFF approach carried out by AER, the projected Real Jade's FCFF are discounted at the WACC to reflect the rate of return required by both equity and debt investors to derive the present value of all future cash flows from the Real Jade's businesses ("**Enterprise Value**" or "**EV**").

The key assumptions adopted by AER in deriving the indicative value of the entire equity interest in Real Jade and our comments are as follows:

No.	Key assumptions adopted by AER	Our comments
1.	FCFF	We have evaluated the financial projections prepared by the management of Real Jade and the specific assumptions adopted by AER in deriving the projected FCFF of Real Jade for the period from FYE 31 December 2026 to FYE 31 December 2030. Pursuant to the Valuation Letter, we note that following the completion of the upgraded manufacturing plant in September 2026, the available production capacity of the manufacturing plant increased from 2,500 tonnes per day to 4,000 tonnes per day. We note that, in preparing the financial projections, the management of Real Jade has assumed a maximum practical annual production capacity of approximately 900,000 tonnes throughout the projection period, based on 225 effective operating days per annum after taking into consideration the achievable operating profile of the upgraded manufacturing plant under normal commercial and regulatory conditions. The 225 effective operating days were derived after taking into the consideration approximately 140 non-operating days per annum, comprising the following: (i) approximately 80 days of compulsory production suspension, including local authority-mandated non-operating days, which are primarily aimed at addressing overcapacity and high inventory levels while reducing energy consumption and air pollutant emissions in the cement industry, as well as public holidays; and (ii) approximately 60 days allocated for planned plant overhaul and scheduled maintenance. Accordingly, based on a daily production capacity of 4,000 tonnes and 225 effective operating days per annum, the maximum practical annual production capacity of the upgraded manufacturing plant is approximately 900,000 tonnes. In view of the above, and subject to the uncertainties surrounding the prevailing demand for and selling prices of cement products, we note that the financial projections prepared by the management of Real Jade were based on assumptions which took into consideration the maximum practical annual production capacity of approximately 900,000 tonnes, as well as the prevailing conditions and outlook of the cement industry in China, including the existing overcapacity situation.

No.	Key assumptions adopted by AER	Our comments

Pursuant to the Valuation Letter, we note that AER had adopted higher revenue throughout the projection period, resulted in higher revenue and higher profit margins as compared to the financial projections prepared by the management of Real Jade, which include the following:

(i) Real Jade's projected revenue throughout the projection period is mainly premised on the increased production capacity arising from the upgraded manufacturing plant, which was completed in September 2026. The available production capacity of the upgraded manufacturing plant increased from 2,500 tonnes per day to 4,000 tonnes per day. The projected revenue growth of Real Jade throughout the projection period is as follows:

FYE 31 December	Revenue HKD million	Growth %
2026	439.94	116.39
2027	483.14	9.82
2028	486.72	0.74
2029	493.22	1.34
2030	496.42	0.65

(ii) Real Jade's projected GP margin throughout the projection period ranges between 27.60% and 28.52%, which is within the range of its historical GP margin as follows:

FYE 31 December	GP margin %
2022	25.44
2023	25.91
2024	39.67
2025	22.78

(iii) Real Jade's projected distribution and selling expenses throughout the projection period range between 0.87% and 0.97% of revenue, which is within the historical range of 0.58% to 1.33% of revenue for the past 4 financial years;

(iv) Real Jade's projected administrative expenses throughout the projection period range between 9.06% and 9.98% of revenue, which is lower than the historical range of 11.04% to 24.65% of revenue for the past 4 financial years.

Based on our discussion and enquiries with the management of the Group, we note that the lower projected administrative expenses as a percentage of revenue throughout the projection period are mainly attributable to the higher revenue assumed following the completion of the upgraded manufacturing plant in September 2026;

No.	Key assumptions adopted by AER	Our comments
		(v) Real Jade's projected PAT margin throughout the projection period ranges between 10.62% and 11.20%, which is higher than its historical PAT/(LAT) margin as follows:

FYE 31 December	PAT/(LAT) margin %
2022	10.08
2023	7.43
2024	8.37
2025	(19.89)

Based on our discussion and enquiries with the management of the Group, we note that the higher projected PAT margin throughout the projection period is consistent with the higher revenue assumed following the completion of the upgraded manufacturing plant in September 2026.

In arriving at the FCFF, we also note that AER had assumed annual fixed investment and changes in working capital at 1.25% of projected revenue over the projection period. We take note that AER's assumption is supported by the Real Jade Group's audited financial position, which indicates a largely self-funding working capital cycle, with trade receivables broadly offset by trade payables and low inventory levels. We also note that the future capital expenditure is expected to be primarily maintenance purposes following the completion of the upgraded manufacturing plant in 2026.

We are of the view that the assumptions adopted above are reasonable.

2.	WACC	We have reviewed the key valuation assumptions used by AER in deriving the WACC for the Real Jade's valuation. Based on the Valuation Letter, AER adopted a cost of equity of 11.37% and an after-tax cost of debt of 4.81%, which resulted a WACC of 8.11%. We note that AER's approach in deriving the WACC is consistent with standard valuation methodology and the incorporation of both equity and debt components using the standard WACC formula is considered reasonable and in line with commonly accepted valuation practice. Therefore, we are of the view that the WACC of 8.11% adopted by AER is reasonable in arriving at the fair value of the entire equity interest in Real Jade.
3.	Risk-free rate of return	Regarding the risk-free rate, we note that AER adopted the yield on 10-year Chinese Government Securities of 1.788% per annum, extracted from Bloomberg Finance's data. We consider this to be an appropriate proxy for the long-term risk-free rate in PRC and a standard input when estimating the cost of equity using the Capital Asset Pricing Model (CAPM).

No.	Key assumptions adopted by AER	Our comments
		For information purposes, CAPM is a common methodology used to estimate the cost of equity and/or required rate of return on an investment based on the risk-free rate, the equity risk premium (difference between the expected equity capital market return and the risk-free rate) and the investment's systematic risk as measured by beta.
4.	Expected market return	We note that AER has adopted an expected market return of 12.151%, representing the anticipated annual return of the broad diversified market portfolio in the PRC, extracted from Bloomberg Finance's data. We are of the view that the expected market return adopted by AER is appropriate and standard practice in discounted cash flows valuation models.
5.	Beta	AER has adopted a re-levered beta of 0.925 for the purpose of deriving the Real Jade's cost of equity. This beta was calculated based on the 2-year adjusted levered beta of selected comparable companies, extracted from Bloomberg Finance's data. The details of the comparable companies selected by AER are set out in Section 6.1.1 of this IAL. We are of the view that the re-levered beta adopted by AER is appropriate and standard practice in discounted cash flows valuation models.
6.	Terminal growth rate	AER has adopted a terminal growth rate of 0.5% and 1.0%. Based on the Valuation Letter, we note that the inflation in PRC was broadly flat on average in 2025 and is running at around 1.00% year-on-year from January 2026 to June 2026. In our view, the terminal growth rate of 0.5% and 1.0% is reasonable, as it aligns with long-term inflation expectations and reflects sustainable economic growth without overstatement of terminal value.
7.	Statutory corporate income tax rate	AER has applied a statutory corporate tax rate of 25.00%, in accordance with the prevailing PRC corporate income tax rate applicable to Real Jade in calculating the after-tax cost of debt. We are of the view that this assumption is appropriate and compliant with current tax legislation and standard practice in discounted cash flows valuation models.

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Premised on the above, we note that AER had derived the fair value of the entire equity interest in Real Jade based on the FCFF approach as summarised in the table below:

	Minimum	Maximum
	HKD million	**HKD million**
WACC	8.11%	8.11%
Long-term terminal growth rate	0.5%	1.0%
Enterprise Value	991.05	1,043.88
Less:		
Net debt	(79.59)	(79.59)
Non-controlling interests	(412.17)	(412.17)
Fair equity value of the 100% equity interest in Real Jade	**499.29**	**552.12**
Fair equity value of the 45% equity interest in Real Jade	**224.68**	**248.45**

(Source: Valuation Letter)

We take cognisance that Real Jade is a privately held entity with limited liquidity and is not directly comparable to listed companies in terms of trading or exit opportunities. We note that such lack of marketability is generally addressed by applying a discount for lack of marketability ("**DLOM**") in the valuation of privately held companies. We further note that AER has not applied a DLOM to the valuation range of the 45% equity interest in Real Jade derived under the FCFF approach.

Notwithstanding the above, we have considered the potential impact of applying a DLOM to the valuation range derived under the FCFF approach. In this respect, we have considered if any application of a DLOM to the valuation range of the 45% equity interest in Real Jade derived by AER under the FCFF approach would be even lower than the fair value of the 45% equity interest in Real Jade under the FCFF approach, ranging between HKD224.68 million and HKD248.45 million. In view of the above, we are of the view that the AER's non-application of a DLOM under the FCFF approach is not detrimental to the interests of the Company's non-interested shareholders.

A summary of the fair value of the entire equity interest in Real Jade and the implied fair value of the 45% equity interest in Real Jade, as appraised by AER is as follows:

	Net asset basis	FCFF approach
Fair value of the entire equity interest in Real Jade	HKD334.42 million	HKD499.29 million to HKD552.12 million
Fair value of the 45% equity interest in Real Jade	HKD150.49 million	HKD224.68 million to HKD248.45 million

Premised on the above, we note that the Disposal Consideration of HKD234.00 million is higher than the fair value of 45% equity interest in Real Jade as appraised by AER under the net asset basis, and it falls within the fair value range of the 45% equity interest in Real Jade opined by AER under the FCFF approach.

We further note that the Disposal Consideration of HKD234.00 million, which was arrived at on a willing-buyer willing-seller basis between the Group and the Purchaser, is closer to the upper end of the valuation range derived by AER under the secondary valuation method, i.e. FCFF approach.

We are of the view that the Disposal Consideration, which is closer to the upper end of the valuation range derived under the FCFF approach, is favourable to the Mudajaya Group and its shareholders as it enables the Group to realise a higher value for its 45% equity interest in Real Jade. In particular, the Disposal Consideration allows the Group to monetise its investment in Real Jade at a higher value which takes into consideration the forward-looking earnings and cash generating potential of the Real Jade's businesses following the completion of the upgraded manufacturing plant in September 2026, including the anticipated increase in production capacity from 2,500 tonnes per day to 4,000 tonnes per day with a maximum practical annual production capacity of approximately 900,000 tonnes, as compared with the valuation derived by AER under the net asset basis, which is based on historical financial performance.

6.1.3 Evaluation of the set-off of the Disposal Consideration against the Debt Owing to MHL

Based on Section 2, Part A of the Circular, we note that the Disposal Consideration of HKD234.00 million shall be utilised to set off against the Debt Owing to MHL amounting to an aggregate of HKD244.97 million as at 30 April 2026 as part settlement of the Debt Owing to MHL. The remaining debt of HKD10.97 million, together with any interest accrued up to the completion date of the SSA that is not set off by the Disposal Consideration, is expected to be paid by Xelmont to MHL in cash. We further note that the Settlement Sum of HKD244.97 million represents the aggregate principal and accrued interest due and owing by Xelmont to MHL under Loan I, Loan II and Loan III as at 30 April 2026. Loan I, Loan II and Loan III are loans that were advanced and subsequently extended, pursuant to loan agreements entered into by MHL and Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) before the Proposed Disposal. The details of the Proposed Disposal are set out in Section 2, Part A of the Circular.

We further note that a substantial portion of the Debt Owing to MHL comprises Real Jade's historical borrowings and obligations, i.e., Loan I (attributable to the Legacy Debt) and Loan II.

We note that Loan I is attributable to the Legacy Debt for the purpose of MHL financing the Real Jade Group's general working capital requirements in connection with its manufacturing, sales and trading of cement in PRC prior to the Acquisition of Real Jade. Nevertheless, Loan I remained outstanding at the time of the Acquisition of Real Jade. On 30 June 2022, Xelmont entered into a conditional share sale purchase agreement with MHL and Real Jade for the Acquisition of Real Jade, and, on the same day, Real Jade and MHL entered into a loan agreement to formalise the outstanding indebtedness. The Acquisition of Real Jade was completed on 9 November 2022 after Mudajaya's shareholders approved the Acquisition of Real Jade at the extraordinary general meeting held on 20 October 2022.

On the other hand, we note that Loan II was accepted by Xelmont and was utilised to fund the Real Jade Group's working capital for its cement manufacturing and trading business after the Acquisition of Real Jade.

The details of the Acquisition of Real Jade as well as the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) are set out in Sections 2 and 2.2, Part A of the Circular.

Save for Loan II, we note that Real Jade and Mudajaya had novated and transferred all rights, liabilities and obligations under their respective loans to Xelmont as part of an internal debt restructuring exercise in conjunction with the Proposed Disposal. We further note that, as at the LPD, there are no other loans extended by MHL to the Mudajaya Group other than the Debt Owing to MHL. After taking into consideration the history of Acquisition of Real Jade, the details of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) as well as our overall evaluation on the Proposed Disposal, we view that the novation of the respective loans to Xelmont as part of an internal debt restructuring exercise in conjunction with the Proposed Disposal is fair and reasonable and does not give rise to any detriment to the non-interested shareholders of the Company.

Further details of our evaluation on the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) as at 30 April 2026 are set out below:

Loans	Borrower	Repayment term	Secured / Unsecured	Interest rate per annum	Principal		Accrued interest		Outstanding balance	
					HKD'000	RM'000	HKD'000	RM'000	HKD'000	RM'000
Loan I	Real Jade	2 years	Unsecured	(1)6.00%	165,572	83,813	14,670	7,426	180,242	91,239
Loan II	Xelmont	2 years	Unsecured	(2)8.00%	17,441	8,829	2,382	1,206	19,823	10,034
Loan III	Mudajaya	2 years	Unsecured	(3)8.00%	39,510	20,000	5,395	2,731	44,905	22,731
					222,523	**112,642**	**22,447**	**11,363**	**244,970**	**124,004**

Notes:

(1) Loan I was granted by MHL to Real Jade pursuant to a loan agreement dated 30 June 2022 with an interest rate of 5.00% per annum. We note that the interest rate of 5.00% per annum is at the lowest end of the range of interest rates of the Mudajaya Group's unsecured term loans as at 31 December 2022, which are set out as follows:

Loans	Repayment term	Secured / Unsecured	Interest rate per annum	Principal (RM'000)
Loan I	2 years	Unsecured	5.00%	84,830
Term loan	1 year	Unsecured	7.50%	88,312
Term loan	1 year	Unsecured	5.00%	30,000

On 8 November 2024, MHL and Real Jade had mutually agreed to extend Loan I for a further 2 years with a revised interest rate of 6.00% per annum. We note that the interest rate of 6.00% per annum is within the range of interest rates of the other Mudajaya Group's unsecured term loans as at 31 December 2024, which are set out as follows:

Loans	Repayment term	Secured / Unsecured	Interest rate per annum	Principal (RM'000)
Loan I	2 years	Unsecured	6.00%	95,345
Term loan	2 years	Unsecured	8.50%	93,909
Term loan	1 year	Unsecured	5.00%	28,500

In our evaluation above, we have not compared the interest rate of Loan I with the Mudajaya Group's loans and borrowings in the form of bankers' acceptances, revolving credit, and invoice financing facilities, as these facilities are primarily short-term and repayable within 12 months.

(2) Loan II was granted by MHL to Xelmont pursuant to a loan agreement dated 20 October 2022 with an interest rate of 5.00% per annum. We note that the interest rate of 5.00% per annum is at the lowest end of the range of interest rates of the Mudajaya Group's unsecured term loans as at 31 December 2022, which are set out as follows:

Loans	Repayment term	Secured / Unsecured	Interest rate per annum	Principal (RM'000)
Loan II	2 years	Unsecured	5.00%	9,037
Term loan	1 year	Unsecured	7.50%	88,312
Term loan	1 year	Unsecured	5.00%	30,000

On 16 August 2024, MHL and Xelmont had mutually agreed to extend Loan II for a further 2 years with a revised interest rate of 8.00% per annum. We note that the interest rate of 8.00% per annum is within the range of interest rates of the other Mudajaya Group's unsecured term loans as at 31 December 2024, which are set out as follows:

Loans	Repayment term	Secured / Unsecured	Interest rate per annum	Principal (RM'000)
Loan II	2 years	Unsecured	8.00%	10,044
Term loan	2 years	Unsecured	8.50%	93,909
Term loan	1 year	Unsecured	5.00%	28,500

In our evaluation above, we have not compared the interest rate of Loan II with the Mudajaya Group's loans and borrowings in the form of bankers' acceptances, revolving credit, and invoice financing facilities, as these facilities are primarily short-term and repayable within 12 months.

(3) Loan III was granted by MHL to Mudajaya pursuant to a loan agreement dated 16 August 2024 with an interest rate of 8.00% per annum. We note that the interest rate of 8.00% per annum is within the range of interest rates of the other Mudajaya Group's unsecured term loans as at 31 December 2024, which are set out as follows:

Loans	Repayment term	Secured / Unsecured	Interest rate per annum	Principal (RM'000)
Loan III	2 years	Unsecured	8.00%	20,000
Term loan	2 years	Unsecured	8.50%	93,909
Term loan	1 year	Unsecured	5.00%	28,500

On 16 August 2026, MHL and Mudajaya had mutually agreed to extend the repayment date of Loan III to 16 February 2027.

In our evaluation above, we have not compared the interest rate of Loan III with the Mudajaya Group's loans and borrowings in the form of bankers' acceptances, revolving credit, and invoice financing facilities, as these facilities are primarily short-term and repayable within 12 months.

Premised on the above, we view the interest amounts accrued to the Debt Owing to MHL as fair and reasonable and do not give rise to any detriment to the non-interested shareholders of the Company.

Further, we note that no discount/premium, waiver or additional consideration is applied to the Debt Owing to MHL as part of the set-off arrangement. The set-off arrangement is limited to contractual principal and interest amounts accrued to the Debt Owing to MHL and it does not allow MHL to receive more than the amount owed by Xelmont. Accordingly, the quantum of the set-off does not confer any value on MHL beyond what it is already contractually entitled to recover as a creditor of the Mudajaya Group.

We view the set-off arrangement as fair and reasonable and does not give rise to any detriment to the non-interested shareholders of the Company, premised on our evaluation of the Disposal Consideration, the history of the Acquisition of Real Jade as well as the details of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) above. Accordingly, we are of the opinion that the Disposal Consideration as well as the set-off of the Disposal Consideration against the Debt Owing to MHL are fair and reasonable and not detrimental to the interests of the non-interested shareholders of the Company.

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6.2 Salient terms of the SSA

The salient terms of the SSA as set out in Appendix I of the Circular, as well as our comments are as follows:

Salient Terms of the SSA	Our Comments
1. Sale and purchase of the Sale Shares In consideration of the Sale Consideration which shall be satisfied in accordance with the terms and conditions of the SSA, the Vendor as legal and beneficial owner of the Sale Shares shall sell and the Purchaser relying on the warranties and representations by the Vendor contained in the SSA shall purchase the Sale Shares free from any and all encumbrances and with all rights, benefits and advantages attaching thereto, including all bonuses, rights, dividends and distributions declared made and paid as from the date of the SSA, upon the terms and subject to the conditions of the SSA. Where the Parties are unable to agree on the Completion Date, the Completion Date shall fall on the 10th business day after the Unconditional Date.	We note that this clause provides that the Sale Shares in Real Jade shall be disposed of free from all encumbrances and together with all rights, benefits and advantages attached thereto, including all bonuses, rights, dividends and distributions declared made and paid thereon from the date of SSA, subject to the terms and conditions of the SSA. In our view, this clause is consistent with standard commercial practice and legally protective terms. There are no unusual or adverse conditions imposed on the Vendor under this clause. Accordingly, we are of the view that this clause is fair and reasonable and does not give rise to any detriment to the non-interested shareholders of the Company.
2. Payment of Sale Consideration The Sale Consideration shall be fully paid and satisfied on the business day falling within 10 business days after the Unconditional Date (as hereinafter defined) or such other date as the Parties may agree in writing ("**Completion Date**") in the manner set out in **clause 4.3.2 of this Appendix I below.**	We note that if the Vendor and Purchaser are unable to agree on the Completion Date, the Sale Consideration shall be fully satisfied within 10 business days after the Unconditional Date. We further note that the Sale Consideration shall be utilised to set off the Debt Owing to MHL in accordance with clause 4.3.2, Appendix I of the Circular.
3. Conditions precedent 3.1 The SSA and completion of the SSA is conditional on ("**Conditions Precedent**"): 3.1.1 Mudajaya to obtain the approval of the non-interested shareholders of Mudajaya at a general meeting to be convened for the entry into the SSA and the disposal of the Sale Shares to the Purchaser upon the terms and conditions of the SSA in accordance with the requirements of the Listing Requirements; and	We note that this clause sets out several Conditions Precedent that must be fulfilled or waived before the SSA becomes unconditional. In our view, these Conditions Precedent ensure that the Proposed Disposal is undertaken in compliance with applicable laws and regulations. In particular, the requirement to procure the approval from the Company's non-interested shareholders at a general meeting ensures transparency and provides an additional layer of protection for the non-interested shareholders. The Conditions Precedent also outlined that any necessary waivers, consents or approvals from any third party or relevant authorities shall be obtained on terms and conditions acceptable to the Vendor.

Salient Terms of the SSA	Our Comments
3.1.2 such other waivers, consents or approvals as may be required or deemed necessary by the Vendor and/or Real Jade Group from any third party (including financial institution) or relevant governmental or regulatory body necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the SSA having been obtained on terms and conditions acceptable to the Vendor. The date the Conditions Precedent are fully fulfilled or otherwise waived by the Vendor shall be the "**Unconditional Date**".	Accordingly, we are of the view that this clause is fair and reasonable and not detrimental to the interests of the non-interested shareholders of the Company.
3.2 Notwithstanding anything to the contrary, the Vendor and the Purchaser shall work towards facilitating the satisfaction of the Conditions Precedent within 3 months from the date of the SSA, such term having an automatic extension for a further 2 months if the Conditions Precedent have not been fulfilled ("**Cut-Off Date**"). Thereafter, all Parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the Parties to comply with the Conditions Precedent. If the Conditions Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the Parties, then the Purchaser shall be entitled to rescind the SSA by serving a written notice to the Vendor whereupon the Purchaser shall return of all documents delivered by the Vendor to the Purchaser pursuant to the SSA (if any) within 10 business days from the date of the termination after which the SSA shall lapse and cease to have any further force or effect except in respect of:	We note that this clause sets the definitive timeline for the fulfilment of the Conditions Precedent and provides commercial flexibility for the parties to agree on an extension of time in the event of non-fulfilment of the Conditions Precedent by the Cut-Off Date. We note that if the Conditions Precedent are not fulfilled within 3 months from the date of the SSA, such term shall be automatically extended by a further 2 months and both parties may agree in writing to extend the Cut-Off Date. Should the Conditions Precedent remain unfulfilled upon the expiry of the Cut-Off Date or such further extension of time, the Purchaser shall be entitled to terminate the SSA and the Purchaser shall return all documents delivered by the Vendor, if any, within 10 business days from the date of termination, after which the SSA shall lapse and cease to have further effect, save for any continuing obligations and accrued rights.
(a) any obligation under the SSA which is expressed to apply after the termination of the SSA; and (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either Party prior to such termination.	We are of the view that this clause as standard commercial term as it provides clear timeline for fulfilment of the Conditions Precedent and sets out the consequences of non-fulfilment. Accordingly, we are of the view that this clause is reasonable and not detrimental to the interests of the non-interested shareholders of the Company.

Salient Terms of the SSA	Our Comments
4. Completion on the Completion Date	We note that the completion will take place on the Completion Date at the office of Real Jade or such other place mutually agreed by the parties. This clause merely sets out the venue for the completion formalities and/or exchange of documents as set out in clause 4.3, Appendix I of the Circular. This clause is administrative and procedural in nature and does not have material implications on financial, legal or operational impact on the Company. Accordingly, we are of the view that this clause is reasonable and not detrimental to the interests of the Company's non-interested shareholders.
4.1 Completion shall take place on the Completion Date at the office of Real Jade or such other place as the Parties mutually agree.	
4.2 Completion shall be subject to the following: 4.2.1 all the Sale Shares collectively being sold to and purchased by the Purchaser; 4.2.2 that each Party performs all its respective obligations under the SSA and that no breach of the SSA has occurred which has not been remedied or waived by the aforesaid non-defaulting Party; and 4.2.3 the absence of pending or threatened injunctions, legal proceedings, claims, investigations or other matters prohibiting or adversely affecting the sale and purchase of the Sale Shares in accordance with the terms and conditions contained in the SSA.	We note that this clause sets out the conditions that must be satisfied before completion of the SSA can take place. These include, amongst others, the collective transfer of all the Sale Shares, the absence of any unremedied or unwaived breach of the SSA, and the absence of any legal impediments or adverse proceedings. Accordingly, we are of the view that this clause is reasonable and not detrimental to the interests of the Company's non-interested shareholders.
4.3 On the Completion Date: 4.3.1 the Vendor shall, deliver or cause to be delivered to the Purchaser the following for processing of the transfer: (a) produce evidence of the fulfilment of the Conditions Precedent stated in **clause 3.1.1** and if any, **clause 3.1.2 of Appendix I above**; (b) the original share certificate(s) in respect of the Sale Shares;	We note that this clause sets out the mechanism for the completion to be undertaken on the Completion Date. Pursuant to this clause, the Vendor is required to provide the Purchaser with relevant documents and approvals necessary to effect the transfer of the Sale Sales, including evidence that the Conditions Precedent have been satisfied, the share transfer documents, the relevant board resolutions and the updated register of members of Real Jade.

Salient Terms of the SSA	Our Comments
(c) the transfer form in respect of the Sale Shares ("**Transfer Form**") duly executed by the Vendor as transferor in favour of the Purchaser as transferee and dated the Completion Date; (d) a copy of the resolution of the Board duly executed by the directors of Real Jade dated the Completion Date approving: (1) the registration of transfer of the Sale Shares in favour of the Purchaser (or any person as the Purchaser may direct in writing) and the issue and delivery by Real Jade to the Purchaser (or its nominees) of new share certificate(s) representing the Sale Shares; (2) the appointment of Mr. Cheng Lung Don as a director of Real Jade with effect from the Completion Date, (e) a certified true copy of the resolution of the board duly executed by the directors of the Vendor dated the date of the SSA approving the transfer of the Sale Shares, the execution of the SSA (and all relevant documents as contemplated under the SSA to which the Vendor is a party) and the Transfer Form and such other ancillary documents by the Vendor as transferor of the Sale Shares; (f) a certified true copy of the resolution of the sole shareholder of the Vendor dated the date of the SSA approving the sale and transfer of the Sale Shares and authorises the board of directors of the Vendor to execute all documents and do all actions in connection thereof; and (g) the updated register of members of Real Jade showing the ownership of the Sale Shares in the name of the Purchaser.	We further note that, upon the delivery of completion documents by the Vendor, the Sale Consideration shall be utilised to set off against the Debt Owing to MHL as at the Completion Date. Should the Sale Consideration exceeds the Debt Owing to MHL, the Purchaser shall pay the net balance to the Vendor in cash. Conversely, should the Debt Owing to MHL exceeds the Sale Consideration, the Vendor shall settle the excess debt in a manner to be mutually agreed by both parties. Based on the Debt Owing to MHL as at 30 April 2026 as illustrated in Section 2.2, Part A of the Circular, we note that the Debt Owing to MHL will be set off against the Disposal Consideration, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid by Xelmont to MHL in cash. We are of the view that these provisions on the mechanism of completion are procedural in nature and do not give rise to any detriment to the non-interested shareholders of the Company.

Salient Terms of the SSA	Our Comments
4.3.2 In exchange of and against the delivery by the Vendor of the documents referred to in **clause 4.3.1 of Appendix I above** to the Purchaser, the Purchaser shall pay the Vendor the Sale Consideration in cash. Notwithstanding the above, the Parties hereby agree to set off any sum outstanding on the debt owing to the Purchaser by the Vendor as at the Completion Date against the Sale Consideration and if there is any remaining Sale Consideration thereafter, the remaining Sale Consideration shall be paid by the Purchaser to the Vendor in cash. If for whatever reason the debt amount exceeds the Sale Consideration ("**Excess Debt**"), then the Excess Debt shall be paid by the Vendor to the Purchaser on the Completion Date in such manner as the Parties shall mutually agree upon in writing from time to time. For the purposes of this clause, Parties hereby agree that the any set off or payment of RM denominated debt made in HKD shall be calculated based on the middle rate quoted by Bank Negara Malaysia as at 5.00 pm on the market day immediately preceding the Completion Date or such other exchange rate to be mutually agreed between the Parties.	
5. Breach/ Termination 5.1 If the Purchaser shall fail to complete the sale and purchase of the Sale Shares in accordance with the SSA on the Completion Date in the manner stipulated in **clause 4 of Appendix I above** and/or Purchaser breaches any of the terms of the SSA or any Purchaser's warranties and if capable of remedy does not remedy the same to the satisfaction of the Vendor within 10 business days from the date of receipt of written notice by the Vendor in respect of such breach, or if such breach is not waived by the Vendor at its absolute discretion, then the Vendor shall be entitled to either: 5.1.1 claim for specific performance of the SSA (including but not limited to claim for amounts due to it); or	We note that this clause provides that, if the Purchaser is in breach of its obligations under the SSA and fails to remedy such breach within the 10 business days remedy period or such breach is not waived by the Vendor at its discretion, the Vendor is entitled to elect either to claim for specific performance of the SSA or terminate the SSA prior the Completion Date. Upon such termination, the Purchaser shall, within 10 business days of receiving supporting invoices and documents, reimburse the Vendor for all reasonable costs incurred under the SSA, and shall return all transaction documents and records within 10 business days of receiving the termination notice. These clauses clarify that, after such termination, both parties shall be released from all claims, save for antecedent breaches, and the Vendor may freely dispose of the Sale Shares to any third party.

Salient Terms of the SSA	Our Comments
5.1.2 if before the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser), terminate the SSA and upon such termination the Purchaser shall: (i) within 10 business days of the Vendor's submission of invoices, receipts and other documents for all reasonable amounts incurred in connection with the SSA, pay the Vendor the aforesaid amounts so incurred; and (ii) return all documents, instruments and records (including but not limited to the Transfer Form) of the Real Jade Group and their related corporations (if any) that the Vendor had released to it pursuant to the SSA within 10 business days upon receipt of a copy of the said termination notice from the Vendor; after which this SSA shall lapse and cease to have effect, the Parties shall have no other claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.	Accordingly, we are of the view that this clause is consistent with standard commercial practice and protects the Vendor's position by ensuring that the Vendor is able to seek for compensation if the Purchaser fail to honour its obligations.
5.2 If the Vendor shall fail to complete the sale and purchase of its Sale Shares in accordance with the SSA on the Completion Date in the manner stipulated in **clause 4 of Appendix I above** and/or the Vendor breaches any of the terms of the SSA or any Vendor's warranties resulting in a material adverse change and if capable of remedy does not remedy the same to the satisfaction of the Purchaser within 10 business days from the date of receipt of written notice by the Purchaser in respect of such breach, or if such breach is not waived by the Purchaser at its absolute discretion, then the Purchaser shall be entitled to either:	We note that this clause provides that, if the Vendor is in breach of its obligations under the SSA and fails to remedy such breach within the 10 business days remedy period or such breach is not waived by the Purchaser at its discretion, the Purchaser is entitled to elect either to claim for specific performance of the SSA or terminate the SSA prior the Completion Date. Upon such termination, the Vendor shall, within 10 business days of receiving supporting invoices and documents, reimburse the Purchaser for all reasonable costs incurred under the SSA, and Purchaser shall return all transaction documents and records within 10 business days from the date of its termination notice.
5.2.1 claim for specific performance of the SSA including but not limited to claim for amounts due to it); or	These clauses clarify that, after such termination, both parties shall be released from all claims, save for antecedent breaches, and the Vendor may freely dispose of the Sale Shares to any third party.

Salient Terms of the SSA	Our Comments
5.2.2 if before the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser), terminate the SSA and upon such termination: (a) the Vendor shall within 10 business days of the Purchaser's submission of invoices, receipts and other documents for all reasonable amounts incurred in connection with the SSA, pay the Purchaser the aforesaid amounts so incurred; and (b) the Purchaser shall return all documents, instruments and records (including but not limited to the Transfer Forms) of the Real Jade Group and their related corporations (if any) that the Vendor had released to it pursuant to the SSA within 10 business days from the date of its termination notice; after which the SSA shall lapse and cease to have effect, the Parties shall have no other claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.	Premised on above, we are of the view that this clause is consistent with standard commercial practice and does not detrimental to the interests of the Company's non-interested shareholders.
5.3 If for whatever reason Completion cannot occur (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser) due to any prohibition by any regulatory authority not caused by any Party and/or pursuant to any law and/or court order, then any Vendor or Purchaser shall be entitled to terminate the SSA by giving written notice to the other Parties of the same, whereupon: 5.3.1 the Purchaser shall return all documents, instruments and records (including but not limited to the Transfer Forms) of Real Jade and its related corporations (if any) and of the Vendor which were released to the Purchaser pursuant to the SSA within 10 business days upon receipt of a copy of the said termination notice from any Party; and	We note that this clause provides that, in the event of the completion cannot take place due to any prohibition by any regulatory authority not caused by any party and/or due to any law or court order, either party may terminate the SSA by giving written notice to the other party. Upon such termination, the Purchaser shall return all documents and records relating to Real Jade Group, and both parties shall take the necessary steps to reverse any actions already undertaken pursuant to the SSA. Such termination shall be without prejudice to any claims arising from prior breaches, and the Vendor shall thereafter free to dispose the Sale Shares to any third party.

Salient Terms of the SSA	Our Comments
5.3.2 the Parties shall undertake such necessary actions to reverse the transactions undertaken pursuant to the SSA, after which the SSA shall lapse and cease to have any effect and the Parties shall have no claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.	In our view, this clause provides a clear termination mechanism in circumstances where completion is prevented by matters beyond the control of both parties, including regulatory prohibition, law or court order. Accordingly, we are of the view that this clause is reasonable and not detrimental to the interests of the non-interested shareholders of the Company.
5.4 The SSA may be terminated by mutual agreement in writing between all Parties prior to the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser) whereupon: 5.4.1 the Purchaser shall return to the Vendor all such documents and instruments as may have been provided to the Purchaser within 10 business days from the termination date; and 5.4.2 the SSA shall lapse and cease to have any further force or effect except in respect of: (a) any rights or obligations under the SSA which are expressed to apply after the termination of the SSA; and (b) any rights or obligations which have accrued to any Party prior to such termination.	We note that this clause outlines both parties' respective rights and obligations in the event of termination by mutual consent prior to the Completion Date, following which the transaction documents shall be returned, the SSA will cease to have effect, and any accrued rights and obligations shall remain enforceable. Premised on above, we are of the view that this clause is a standard and reasonable protection that is fair and reasonable and not detrimental to the interests of the non-interested shareholders of the Company.

Our comments:

Premised on the above, we are of the view that the overall salient terms of the SSA is fair and reasonable.

6.3 Rationale for the Proposed Disposal

We note the rationale for the Proposed Disposal as set out in Section 4, Part A of the Circular.

Our comments:

We take cognisance that MHL, being the Purchaser in relation to the Proposed Disposal, had previously granted loans to Real Jade, Xelmont and Mudajaya. The details of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) are set out in Section 2.2, Part A of the Circular.

We note that Real Jade and Xelmont had, respectively, mutually agreed with MHL to extend the original repayment periods for Loan I and Loan II, which were due in November 2024, for a further 2 years to November 2026. In conjunction with such extensions, the interest rate for Loan I was revised from 5% per annum to 6% per annum, while the interest rate for Loan II was revised from 5% per annum to 8% per annum. We also note that Mudajaya and MHL had mutually agreed to extend the original repayment period for Loan III, which was due in August 2026, for a further 6 months to February 2027. As set out above, the respective loans are due for repayment in November 2026 and February 2027, which indicates a near-term repayment obligation for the Group.

We further note from Section 2.2, Part A of the Circular that, notwithstanding that Real Jade and/or the Mudajaya Group has recorded profits during certain financial years prior to and after the Acquisition of Real Jade, no partial repayment was made in respect of the amount owing to MHL. We take cognisance of the outstanding balance of the respective loans granted by MHL to Real Jade, Mudajaya and Xelmont (prior to the novation to Xelmont) as well as the Group's cash and bank balances for the past 3 financial years up to the FYE 31 December 2025 and the 3-month financial period ended 31 March 2026 (i.e., the latest financial period before the SSA entered pursuant to the Proposed Disposal), as follows:

	As at 31 December			As at 31 March
	2023	**2024**	**2025**	**2026**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total loans and borrowings of the Mudajaya Group	884,342	665,844	616,492	599,412
Outstanding principal balance of the amount owing to MHL	(1)225,704	(2)125,389	(2)115,481	(2)114,492
Cash and bank balances	306,956	183,703	218,757	110,005
Less: pledged deposits	(154,506)	(83,218)	(122,625)	(78,253)
Cash and cash equivalents	**152,450**	**100,485**	**96,132**	**31,752**

Notes:

(1) Comprises Loan I, Loan II and the amount owing to MHL in respect of the balance consideration for the Acquisition of Real Jade which was subject to vendor financing at an interest rate of 5.00% per annum. Please refer to Section 2, Part A of the Circular for further details of the Acquisition of Real Jade and the Variation.

(2) Comprises Loan I, Loan II and Loan III. The fluctuations in the outstanding principal balance of the amount owing to MHL between as at 31 December 2024, 31 December 2025 and 31 March 2026 were due to the fluctuations in the exchange rate between HKD and RM over years/period.

(Source: management of the Group)

Pursuant to the above, we note that a substantial portion of the Group's cash and bank balances comprised deposits pledged with financial institutions for banking facilities and sukuk. Consequently, the remaining cash and bank balances represented the cash and cash equivalents available to meet its operational, working capital and other funding requirements.

Based on our discussions and enquiries with the management of the Company, we understand that Real Jade and/or the Mudajaya Group had considered their financial position and liquidity requirements at the relevant times and determined that their cash and cash equivalents were required or reserved for, amongst others, working capital requirements, capital commitments in relation to the expansion of manufacturing plant, as well as other financial commitments, including the repayment of other loans and borrowings obtained from financial institutions and third parties. In this regard, the Group's outstanding amount of other loans and borrowings owing to financial institutions and third parties (excluding amount owing to MHL) decreased from RM658.64 million as at 31 December 2023 to RM484.92 million as at 31 March 2026.

We further understand from the Company's management that, notwithstanding the decline in revenue and the challenging operating environment of the PRC cement industry during the relevant periods, management considered such downturn to be cyclical and expected market conditions to improve over time. Accordingly, the Company's management considered it necessary to preserve cash resources to support and sustain the continuity of the Group's operations and production activities during the relevant periods and until market conditions improve, including throughout the expansion of manufacturing plant.

Furthermore, we note that, in conjunction with the Proposed Disposal, the Group and MHL agreed to undertake an internal debt restructuring whereby all rights, liabilities and obligations in respect of Loan I and Loan III would be novated and transferred to Xelmont, while Loan II is already an obligation of Xelmont. Consequently, the Debt Owing to MHL including the interest accrued thereon will be consolidated under Xelmont, being the Vendor under the Proposed Disposal, thereby facilitating the direct set-off of the Disposal Consideration against the Debt Owing to MHL between Xelmont and MHL.

We further note that a substantial portion of the Debt Owing to MHL relates to Loan I, which arose from the Legacy Debt of Real Jade. For information purposes, MHL had, in its capacity as the then holding company of Real Jade, settled HKD150.00 million of the Legacy Debt on behalf of Real Jade on 4 February 2021, thereby giving rise to a corresponding indebtedness owing by Real Jade to MHL prior to the Acquisition of Real Jade. Such indebtedness remained outstanding following the Acquisition of Real Jade and was subsequently formalised under the loan agreement dated 30 June 2022. We also note that Loan II was utilised to fund the Real Jade Group's working capital requirements for its cement manufacturing and trading business and Loan III was utilised to fund the Group's working capital requirements for payment to subcontractor in relation to LRT3 project. Further details of Loan I, Loan II and Loan III are set out in Section 2.2, Part A of the Circular.

Accordingly, the novation does not result in the Group assuming any new indebtedness to MHL, nor does it increase the aggregate amount owing by the Group to MHL. Rather, it represents a restructuring of existing indebtedness within the Mudajaya Group. Further, as Xelmont and Real Jade are indirect wholly-owned subsidiaries of Mudajaya prior to completion of the Proposed Disposal, we concur with the Company that the novation of Loan I and Loan III to Xelmont simplifies the settlement process and avoids the need for multiple settlement arrangements involving different entities within the Group. More importantly, the novation enables the Disposal Consideration payable by MHL to Xelmont to be directly set off against the Group's existing indebtedness to MHL.

Taking into consideration the above, particularly that the novated amounts, including the interest accrued thereon, represent existing financial obligations of the Group which would otherwise remain payable to MHL in accordance with the loan agreements, we are of the view that the novation of Loan I and Loan III to Xelmont is fair and reasonable and is not detrimental to the interests of the Company's non-interested shareholders.

We further note that the Disposal Consideration of HKD234.00 million payable by MHL will be satisfied by way of set-off against the Debt Owing to MHL of HKD244.97 million as at 30 April 2026, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA at the applicable interest rates of 6% per annum for Loan I and 8% per annum for Loan II and Loan III, to be paid by Xelmont to MHL in cash upon completion. As the Settlement is substantially satisfied by way of non-cash consideration, the Proposed Disposal enables the Group to settle the Debt Owing to MHL without using its existing available cash resources. Accordingly, the Proposed Disposal is expected to minimise immediate cash outflow, preserve the Group's cash reserves for its existing projects and working capital requirements and mitigate potential repayment default risk in respect of the Debt Owing to MHL, which is due for repayment in near term.

In assessing the fairness and reasonableness of the set-off arrangement, we have reviewed the salient terms of the respective loan agreements entered into by Real Jade, Xelmont and Mudajaya with MHL, including the repayment terms and applicable interest rates. Based on our confirmation with the management of the Company, in the absence of the Proposed Disposal, the Debt Owing to MHL would remain payable to MHL in cash in accordance with the respective loan agreements.

We further note that, in conjunction with the Proposed Disposal, MHL has agreed not to enforce its rights to recover the outstanding amount against from Real Jade, Xelmont and Mudajaya which are due for repayment in November 2026 and February 2027, pending the completion of the Proposed Disposal.

Pursuant to the Proposed Disposal, instead of recovering the Debt Owing to MHL in cash, MHL is only receiving 45% equity interest in Real Jade by way of the set-off arrangement. We take note that the Disposal Consideration, as mutually agreed between the parties on a willing-buyer willing-seller basis, is higher than the fair value of the 45% equity interest in Real Jade opined by the Valuer under the primary valuation method and is closer to the upper end of the valuation range derived by the Valuer under the secondary valuation method. Further, MHL will assume the risk associated with holding an equity interest in a privately held company, including the lack of marketability of such investment, as compared with recovering the amount owing to it in cash.

Having regard to the above, we are of the view that the set-off arrangement, including the payment of the remaining balance and accrued interest, does not confer any preferential benefit on MHL.

In addition, the Debt Owing to MHL currently bears interest at rates ranging from 6% to 8% per annum. We take note that the Proposed Disposal is expected to reduce the Group's exposure to such financing costs and result in estimated interest savings of approximately HKD14.49 million per annum.

Based on our discussion and enquiries with the management of the Company, we note that, as at 30 June 2026, the outstanding principal amounts of Loan I, Loan II and Loan III representing 20.21% of the Mudajaya Group's total loans and borrowings. As the Disposal Consideration will be satisfied by way of set-off against the Debt Owing to MHL, with the remaining balance of HKD10.97 million together with any interest calculated up to the completion date of the SSA to be paid in cash by Xelmont to MHL upon completion, the Proposed Disposal is also expected to reduce the Group's borrowings to strengthen its balance sheet through a reduction in total indebtedness and gearing levels. This is expected to improve the Group's financial position and financial performance moving forward.

We note that Real Jade was acquired by the Group in November 2022 and has since enabled the Group to expand its revenue stream and establish a presence in trading and manufacturing of cement and clinker business in the PRC. At the point of the Acquisition of Real Jade, the Real Jade Group had demonstrated an upward trend with an increase of revenue from HKD561.20 million for the FYE 31 December 2019 to HKD615.47 million for the FYE 31 December 2021. In this regard, Real Jade was considered to have the potential to contribute positively to the Group's financial performance after the Acquisition of Real Jade. However, following the Acquisition of Real Jade, the Real Jade Group's revenue has been on a declining trend, decreasing from HKD401.32 million for the FYE 31 December 2023 to HKD203.31 million for the FYE 31 December 2025, and recorded a LAT of HKD40.44 million for the FYE 31 December 2025. We also take note that the Group will continue to undertake ongoing strategic reviews of its investments and operational positioning in the PRC, taking into consideration evolving market conditions, industry developments and long-term sustainability of its operation.

We take note that the Proposed Disposal entails a partial divestment in Real Jade, which will reduce the Group's equity interest in Real Jade from 100% to 55% upon the completion of the Proposed Disposal. Consequently, the Group's entitlement to the future earnings and dividends of Real Jade, if any, will be reduced accordingly. However, given that the Group will retain a controlling stake in Real Jade after completion of the Proposed Disposal, the Group will continue to retain control over the strategic direction, operational management and key business directions of Real Jade, as well as continue to consolidate Real Jade as a subsidiary. Accordingly, the partial disposal of Real Jade enables the Group to continue benefiting from any potential future recovery, growth and operational improvements of Real Jade within the PRC cement industry, while partially realising its investment in Real Jade which is expected to record a gain on disposal of HKD82.11 million.

As set out above, Loan I and Loan II are due for repayment in November 2026, while Loan III is due for repayment in February 2027, thereby representing immediate and near-term repayment obligations of the Group. We further note that, in conjunction with the Proposed Disposal, MHL has agreed not to enforce its rights to recover the amounts owing under the respective loans pending completion of the Proposed Disposal. In this regard, the Proposed Disposal enables the Group to substantially settle the Debt Owing to MHL through the set-off arrangement, thereby reducing the Group's repayment obligations and associated financing costs.

Accordingly, notwithstanding that the Proposed Disposal is being undertaken prior to the full operational and financial benefits of the expanded manufacturing plant being realised, we are of the view that the timing of the Proposed Disposal is reasonable. In particular, the Proposed Disposal enables the Group to partially realise its investment in Real Jade at a Disposal Consideration which falls within the fair value range derived under the FCFF approach, while retaining a controlling 55% equity interest and continuing to participate in the future prospects of Real Jade. At the same time, the Proposed Disposal enables the Group to address its immediate and near-term repayment obligations in respect of the Debt Owing to MHL, thereby reducing its indebtedness, financing costs and mitigate potential repayment default risk.

The Proposed Disposal will also allow the Group to reallocate its management focus, in part, towards supporting its existing core businesses and opportunities in Malaysia, while optimising its investment exposure in the PRC cement market by retaining a 55% equity interest in Real Jade and continue to participate in the business of Real Jade.

In this regard, the Proposed Disposal provides the Group with an opportunity to reallocate management focus in part towards supporting its existing core businesses and opportunities in Malaysia, monetise part of its investment in Real Jade which is expected to result in a pro forma gain of disposal of HKD82.11 million, strengthen its financial position and optimise its capital structure through the reduction of outstanding indebtedness and financing costs, preserve cash resources, and at the same time retain control over Real Jade and continue to participate in its future prospects.

Premised on the above, we are of the view that the overall rationale for the Proposed Disposal is reasonable.

6.4 Risk factors in relation to the Proposed Disposal

We have taken cognisance of the risks associated with the Proposed Disposal as outlined in Section 5, Part A of the Circular.

Our comments:

With respect to the non-completion risk of the Proposed Disposal, we acknowledge that the non-fulfilment or non-waiver of the conditions precedent as stipulated in the SSA would result in a delay or termination of the Proposed Disposal. Should the Proposed Disposal be terminated, the Group may not be able to realise the potential benefits associated with the Proposed Disposal, while the Debt Owing to MHL will remain outstanding and interest thereon will continue to accrue with its pre-existing terms and conditions. Notwithstanding this risk, we take note on the Company's commitment to take reasonable steps to ensure the conditions precedent are fulfilled, thereby facilitating a timely completion of the Proposed Disposal.

Regarding the contractual risks of the Proposed Disposal, we note that the Company is exposed to certain contractual risks under the SSA, including but not limited to the representations, warranties, covenant and indemnities as set out in the SSA. In the event of any misrepresentations or failure, non-fulfilment or breach of the obligations and/or terms and conditions set out in the SSA, the Company may be subject to claims, demand, liability, action, proceedings, suits or specific performance. Nonetheless, we also note on the Company's commitment to comply its obligations pursuant to the SSA to mitigate this risk.

In relation to risk of the loss of contribution from Real Jade, we note that upon completion of the Proposed Disposal, Real Jade will cease to be the Group's indirect wholly-owned subsidiary and will instead become an indirect 55%-owned subsidiary of the Group. We note that the Group is expected to retain control over Real Jade and will continue to consolidate its financial result based on its indirect 55% equity interest in Real Jade. Accordingly, the 45% of the profits attributable to Real Jade, if any, will be allocated to non-controlling interests of the Group, which may reduce the net profits attributable to owners of the Group. Nevertheless, we note that the Proposed Disposal will enable the Group to reduce the Debt Owing to MHL which substantially will be set-off against the Disposal Consideration. This is expected to potentially improve the Group's financial position and reduce its finance costs.

Having considered all the risks above, we are of the view that the risks associated with the Proposed Disposal are not unusual for a transaction of this nature and have been mitigated through a combination of contractual terms and structural safeguards. We are of the view that the Proposed Disposal, while subject to inherent risks, is fair, reasonable, and not detrimental to the interests of the non-interested shareholders of the Company.

In evaluating the Proposed Disposal, we advise you to carefully consider the abovementioned risk factors. Please note that these risk factors are not exhaustive.

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6.5 Effects of the Proposed Disposal

We note the following effects of the Proposed Disposal as set out in Section 6, Part A of the Circular:

Effects	Our Comments
Issued share capital and substantial shareholders' shareholdings	The Proposed Disposal will not have any effect on the Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal does not involve any issuance of new Mudajaya Shares.
NA per Share and gearing level	We acknowledge that: (i) the Group's NA per Share will increase from RM1.06 to RM1.14 following the completion of the Proposed Disposal. This is mainly attributable to the recognition of the expected pro forma gain of RM41.57 million arising from the Proposed Disposal; and (ii) the Group's gearing level will decrease from 0.76 times to 0.59 times following the completion of the Proposed Disposal. This is mainly attributable to the settlement of the Debt Owing to MHL.
Earnings and EPS	We acknowledge that, assuming the Proposed Disposal had been completed on 1 January 2025, being the beginning of the latest audited FYE 31 December 2025, the Group's earnings would have increased by RM51.06 million and the Group's EPS would have increased from 0.02 sen to 0.12 sen following the completion of the Proposed Disposal. This is primarily attributable to the recognition of the estimated pro forma gain arising from the Proposed Disposal amounting to RM41.57 million and the exclusion of the 45% equity interest in Real Jade Group's LAT amounting to RM9.49 million for the FYE 31 December 2025. We wish to highlight that the estimated pro forma gain arising from the Proposed Disposal is non-recurring in nature, and the actual earnings and EPS of the Group subsequent to the completion of the Proposed Disposal will depend on the future financial performance of the Group.
Convertible securities	We note that, as at the LPD, save for the 106,295,270 outstanding warrants 2024/2027 in the Company, the Company does not have any other convertible securities.

Premised on the above, we are of the view that the effects of the Proposed Disposal, taken as a whole, are reasonable and are not detrimental to you and the Company.

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7. CONCLUSION AND RECOMMENDATION

Before arriving at the decision to vote on the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM, it is important that you consider all relevant and pertinent factors in this IAL carefully as well as those highlighted by the Board in its letter to shareholders as set out in Part A of the Circular.

After taking into consideration the pertinent factors above and on an overall basis, we are of the opinion that the Proposed Disposal is **FAIR AND REASONABLE** insofar as you are concerned and is not detrimental to you.

Accordingly, we recommend that you to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Yours faithfully
For and on behalf of
SCS GLOBAL ADVISORY (M) SDN BHD

PHUA YEE BOON, CFA
Managing Director/CEO

VINCENT LEE
Executive Director

The "**Parties**" to the SSA are Xelmont as Vendor and MHL as Purchaser.

The salient terms and conditions of the SSA are as set out below:-

1. Sale and purchase of the Sale Shares

In consideration of the Sale Consideration which shall be satisfied in accordance with the terms and conditions of the SSA, the Vendor as legal and beneficial owner of the Sale Shares shall sell and the Purchaser relying on the warranties and representations by the Vendor contained in the SSA shall purchase the Sale Shares free from any and all encumbrances and with all rights, benefits and advantages attaching thereto, including all bonuses, rights, dividends and distributions declared made and paid as from the date of the SSA, upon the terms and subject to the conditions of the SSA. Where the Parties are unable to agree on the Completion Date, the Completion Date shall fall on the 10th business day after the Unconditional Date.

2. Payment of Sale Consideration

The Sale Consideration shall be fully paid and satisfied on the business day falling within 10 business days after the Unconditional Date (as hereinafter defined) or such other date as the Parties may agree in writing ("**Completion Date**") in the manner set out in **clause 4.3.2 of this Appendix I below**.

3. Conditions precedent

3.1 The SSA and completion of the SSA is conditional on ("**Conditions Precedent**"):

3.1.1 Mudajaya to obtain the approval of the non-interested shareholders of Mudajaya at a general meeting to be convened for the entry into the SSA and the disposal of the Sale Shares to the Purchaser upon the terms and conditions of the SSA in accordance with the requirements of the Listing Requirements; and

3.1.2 such other waivers, consents or approvals as may be required or deemed necessary by the Vendor and/or Real Jade Group from any third party (including financial institution) or relevant governmental or regulatory body necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the SSA having been obtained on terms and conditions acceptable to the Vendor.

The date the Conditions Precedent are fully fulfilled or otherwise waived by the Vendor shall be the "**Unconditional Date**".

3.2 Notwithstanding anything to the contrary, the Vendor and the Purchaser shall work towards facilitating the satisfaction of the Conditions Precedent within 3 months from the date of the SSA, such term having an automatic extension for a further 2 months if the Conditions Precedent have not been fulfilled ("**Cut-Off Date**"). Thereafter, all Parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the Parties to comply with the Conditions Precedent. If the Conditions Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the Parties, then the Purchaser shall be entitled to rescind the SSA by serving a written notice to the Vendor whereupon the Purchaser shall return of all documents delivered by the Vendor to the Purchaser pursuant to the SSA (if any) within 10 business days from the date of the termination after which the SSA shall lapse and cease to have any further force or effect except in respect of:

(a) any obligation under the SSA which is expressed to apply after the termination of the SSA; and

(b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either Party prior to such termination.

4. Completion on the Completion Date

4.1 Completion shall take place on the Completion Date at the office of Real Jade or such other place as the Parties mutually agree.

4.2 Completion shall be subject to the following:

4.2.1 all the Sale Shares collectively being sold to and purchased by the Purchaser;

4.2.2 that each Party performs all its respective obligations under the SSA and that no breach of the SSA has occurred which has not been remedied or waived by the aforesaid non-defaulting Party; and

4.2.3 the absence of pending or threatened injunctions, legal proceedings, claims, investigations or other matters prohibiting or adversely affecting the sale and purchase of the Sale Shares in accordance with the terms and conditions contained in the SSA.

4.3 On the Completion Date:

4.3.1 the Vendor shall, deliver or cause to be delivered to the Purchaser the following for processing of the transfer:

(a) produce evidence of the fulfilment of the Conditions Precedent stated in **clause 3.1.1 and if any, clause 3.1.2 of Appendix I above**;

(b) the original share certificate(s) in respect of the Sale Shares;

(c) the transfer form in respect of the Sale Shares ("**Transfer Form**") duly executed by the Vendor as transferor in favour of the Purchaser as transferee and dated the Completion Date;

(d) a copy of the resolution of the Board duly executed by the directors of Real Jade dated the Completion Date approving:

(1) the registration of transfer of the Sale Shares in favour of the Purchaser (or any person as the Purchaser may direct in writing) and the issue and delivery by Real Jade to the Purchaser (or its nominees) of new share certificate(s) representing the Sale Shares;

(2) the appointment of Mr. Cheng Lung Don as a director of Real Jade with effect from the Completion Date,

(e) a certified true copy of the resolution of the board duly executed by the directors of the Vendor dated the date of the SSA approving the transfer of the Sale Shares, the execution of the SSA (and all relevant documents as contemplated under the SSA to which the Vendor is a party) and the Transfer Form and such other ancillary documents by the Vendor as transferor of the Sale Shares;

(f) a certified true copy of the resolution of the sole shareholder of the Vendor dated the date of the SSA approving the sale and transfer of the Sale Shares and authorises the board of directors of the Vendor to execute all documents and do all actions in connection thereof; and

(g) the updated register of members of Real Jade showing the ownership of the Sale Shares in the name of the Purchaser.

4.3.2 In exchange of and against the delivery by the Vendor of the documents referred to in **clause 4.3.1 of Appendix I above** to the Purchaser, the Purchaser shall pay the Vendor the Sale Consideration in cash.

Notwithstanding the above, the Parties hereby agree to set off any sum outstanding on the debt owing to the Purchaser by the Vendor as at the Completion Date against the Sale Consideration and if there is any remaining Sale Consideration thereafter, the remaining Sale Consideration shall be paid by the Purchaser to the Vendor in cash. If for whatever reason the debt amount exceeds the Sale Consideration ("**Excess Debt**"), then the Excess Debt shall be paid by the Vendor to the Purchaser on the Completion Date in such manner as the Parties shall mutually agree upon in writing from time to time.

For the purposes of this clause, Parties hereby agree that the any set off or payment of RM denominated debt made in HKD shall be calculated based on the middle rate quoted by Bank Negara Malaysia as at 5.00 pm on the market day immediately preceding the Completion Date or such other exchange rate to be mutually agreed between the Parties.

5. Breach/ Termination

5.1 If the Purchaser shall fail to complete the sale and purchase of the Sale Shares in accordance with the SSA on the Completion Date in the manner stipulated in **clause 4 of Appendix I above** and/or Purchaser breaches any of the terms of the SSA or any Purchaser's warranties and if capable of remedy does not remedy the same to the satisfaction of the Vendor within 10 business days from the date of receipt of written notice by the Vendor in respect of such breach, or if such breach is not waived by the Vendor at its absolute discretion, then the Vendor shall be entitled to either:

5.1.1 claim for specific performance of the SSA (including but not limited to claim for amounts due to it); or

5.1.2 if before the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser), terminate the SSA and upon such termination the Purchaser shall:

(i) within 10 business days of the Vendor's submission of invoices, receipts and other documents for all reasonable amounts incurred in connection with the SSA, pay the Vendor the aforesaid amounts so incurred; and

(ii) return all documents, instruments and records (including but not limited to the Transfer Form) of the Real Jade Group and their related corporations (if any) that the Vendor had released to it pursuant to the SSA within 10 business days upon receipt of a copy of the said termination notice from the Vendor;

after which this SSA shall lapse and cease to have effect, the Parties shall have no other claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

5.2 If the Vendor shall fail to complete the sale and purchase of its Sale Shares in accordance with the SSA on the Completion Date in the manner stipulated in **clause 4 of Appendix I above** and/or the Vendor breaches any of the terms of the SSA or any Vendor's warranties resulting in a material adverse change and if capable of remedy does not remedy the same to the satisfaction of the Purchaser within 10 business days from the date of receipt of written notice by the Purchaser in respect of such breach, or if such breach is not waived by the Purchaser at its absolute discretion, then the Purchaser shall be entitled to either:

5.2.1 claim for specific performance of the SSA including but not limited to claim for amounts due to it); or

5.2.2 if before the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser), terminate the SSA and upon such termination:

(a) the Vendor shall within 10 business days of the Purchaser's submission of invoices, receipts and other documents for all reasonable amounts incurred in connection with the SSA, pay the Purchaser the aforesaid amounts so incurred; and

(b) the Purchaser shall return all documents, instruments and records (including but not limited to the Transfer Forms) of the Real Jade Group and their related corporations (if any) that the Vendor had released to it pursuant to the SSA within 10 business days from the date of its termination notice;

after which the SSA shall lapse and cease to have effect, the Parties shall have no other claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

5.3 If for whatever reason Completion cannot occur (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser) due to any prohibition by any regulatory authority not caused by any Party and/or pursuant to any law and/or court order, then any Vendor or Purchaser shall be entitled to terminate the SSA by giving written notice to the other Parties of the same, whereupon:

5.3.1 the Purchaser shall return all documents, instruments and records (including but not limited to the Transfer Forms) of Real Jade and its related corporations (if any) and of the Vendor which were released to the Purchaser pursuant to the SSA within 10 business days upon receipt of a copy of the said termination notice from any Party; and

5.3.2 the Parties shall undertake such necessary actions to reverse the transactions undertaken pursuant to the SSA,

after which the SSA shall lapse and cease to have any effect and the Parties shall have no claims whatsoever against each other save and except for any antecedent breaches and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

5.4 The SSA may be terminated by mutual agreement in writing between all Parties prior to the Completion Date (whereby the Sale Shares have not yet been transferred to and registered in the name of the Purchaser) whereupon:

5.4.1 the Purchaser shall return to the Vendor all such documents and instruments as may have been provided to the Purchaser within 10 business days from the termination date; and

5.4.2 the SSA shall lapse and cease to have any further force or effect except in respect of:

(a) any rights or obligations under the SSA which are expressed to apply after the termination of the SSA; and

(b) any rights or obligations which have accrued to any Party prior to such termination.

VALUATION REPORT FOR THE 100% AND 45% EQUITY INTERESTS IN REAL JADE LIMITED



This Valuation Report ("**Report**") has been prepared by Asia Equity Research Sdn Bhd ("**AER**"), a company licensed by the Securities Commission Malaysia to provide advisory services in Corporate Finance and Investment Advice, for the Board of Directors of Mudajaya Group Berhad ("**Mudajaya**"), for inclusion in a circular to shareholders.

This Report sets out our independent valuation of the relevant equity interest based on the scope of work agreed with Mudajaya. In preparing this Report, AER has exercised reasonable care and professional judgement; however, no representation or warranty, whether express or implied, is given as to the accuracy, completeness or adequacy of the information contained herein.

The directors of Mudajaya are responsible for ensuring that all relevant financial and other information required for the preparation of this Valuation Report has been made available to us, including disclosure of any material information or changes that may have a bearing on the valuation conclusions set out herein.

In performing our valuation, we have relied on information and explanations furnished to us by Mudajaya and its management, as well as external information obtained from sources including Bloomberg Finance, and other publicly available sources, which we consider to be reliable for the purposes of this valuation, together with our own independent analysis. We have not independently verified such information and do not assume responsibility for its accuracy or completeness.

This Valuation Report has been prepared on the basis of economics, market and other conditions prevailing as at the valuation date, which are subject to change. AER reserves the right, should we consider it necessary, to revise or update this Report to reflect any information existing as at the valuation date but which becomes known to us subsequent to the date of this Report.

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24 April 2026

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Report:

"AER"	Asia Equity Research Sdn Bhd (Registration No.: 201401027762 (1103848-M))
"Bursa Securities"	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"BVI"	British Virgin Islands
"CAPM"	Capital Asset Pricing Model
"Comparable Companies"	Selected companies listed on the Shenzhen, Shanghai or Hong Kong Stock Exchange that manufacture and sell cement and clinker, operating in the PRC and serving the markets within the PRC
"E"	Earnings, being profit after tax attributable to ordinary shareholders
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"EV"	Enterprise value
"EV/EBITDA"	EV to EBITDA multiple
"FYE"	Financial year ended 31 December
"HKD"	Hong Kong Dollar
"LPD"	Latest Practicable Date
"LAT"	Loss after tax
"Minyi"	Minyi Holdings Limited
"Mudajaya"	Mudajaya Group Berhad (Registration No.: 200301003119 (605539-H))
"PAT"	Profit after tax
"P/B"	Price-to-book multiple
"P/E"	Price-to-earnings multiple
"PRC"	People's Republic of China
"Proposed Disposal"	The proposed disposal of a 45% equity interest in Real Jade by Xelmont Limited, an indirect wholly-owned subsidiary of Mudajaya, to Minyi for a disposal consideration of HKD234.0 million
"Real Jade"	Real Jade Limited
"Real Jade Group"	Real Jade and its subsidiaries
"RMB"	Renminbi
"RVA"	Relative Valuation Approach
"Scenario 1"	The net assets basis of valuation, under which the fair value of 100% equity interest in Real Jade is assessed with reference to the

	consolidated audited net assets of the Real Jade Group as at 31 December 2025
"Scenario 2"	The discounted cash flow (FCFF) basis of valuation, under which the fair value of 100% equity interest in Real Jade is assessed based on projected free cash flows to the firm, assuming cement production capacity of 4,000 metric tonnes per day as compared to 2,500 metric tonnes per day prior to the plant upgrade completed in FYE 2025
"Valuation Report" or "Report"	This valuation report prepared by AER in relation to the fair value assessment of the 100% equity interest in Real Jade and the 45% equity interest in Real Jade
"WACC"	Weighted Average Cost of Capital

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ASIA EQUITY RESEARCH SDN BHD
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Website: www.aer.finance

24 April 2026

The Board of Directors
Mudajaya Group Berhad
Corporate Office
PH1, Menara Mudajaya, Level 11,
No. 12A, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor, Malaysia.

Dear Sirs,

FAIR VALUE ASSESSMENT OF THE 100% EQUITY INTEREST IN REAL JADE LIMITED IN RELATION TO THE PROPOSED DISPOSAL BY XELMONT LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MUDAJAYA GROUP BERHAD, OF A 45% EQUITY INTEREST IN REAL JADE LIMITED TO MINYI HOLDINGS LIMITED FOR A DISPOSAL CONSIDERATION OF HKD234.0 MILLION, IMPLYING AN EQUITY VALUE OF HKD520.0 MILLION FOR 100% OF REAL JADE LIMITED

Xelmont Limited ("**Xelmont**"), an indirect wholly-owned subsidiary of Mudajaya Group Berhad ("**Mudajaya**"), is proposing to dispose of a 45% equity interest in Real Jade Limited ("**Real Jade**") to Minyi Holdings Limited ("**Minyi**") for a disposal consideration of HKD234.0 million, implying an equity value of HKD520.0 million for 100% of the equity interest in Real Jade.

The Proposed Disposal constitutes a related party transaction and is to be considered in the context of Chapter 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") governing related party transactions.

Real Jade, incorporated in the BVI, is principally involved in the manufacture and sale of cement, clinker and slag; trading of cement; and the provision of related technical and environmental protection services in the People's Republic of China ("**PRC**"). Based on the most recent financial information, Real Jade's business remains principally exposed to the PRC cement and related building materials sector.

We understand that this fair value assessment is being prepared to assist Mudajaya in evaluating the fairness of the Proposed Disposal.

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Real Jade has five active subsidiaries as listed below:-

	Name of company	Description	Net assets based on audited accounts for FYE 31 December 2025, RMB million audited accounts, RMB million	Effective interest held by Real Jade in percentage (%)
1	Shanghai Allied Cement Co., Ltd (PRC) 上海联合水泥有限公司	Distribution and trading of cement and clinker.	761.5	**50%**
2	Shandong Allied Wangchao Cement Limited (PRC) (Note 1 below) 山东联合王晁水泥有限公司	Manufacturer and sale of cement and clinker.	377.2	**100%**
3	Shandong Shanghai Allied Cement Co., Ltd (PRC) 山东上联水泥发展有限公司	Manufacture and sales of cement and clinker. No reported revenue for FYE 2019 and FYE 2020.	17.7	**100%**
4	Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd (PRC) 上海国瑞同顺节能环保技术发展有限公司	Energy conservation business whereby the company is involved in provision of energy performance contracting service.	17.4	**70.83%**
5	Zaozhuang Laisheng New Building Materials Co., Ltd	Manufacture and Sales of Building Stones	41.1	**70.0%**

Note 1 Shandong Allied Wangchao Cement Limited (PRC) owns a 70% subsidiary, Zaozhuang Laisheng New Building Materials Co., Ltd, whose net assets as at 31 December 2025 amounted to RMB41.1 million.

Our scope of work

On 1 April 2026, Mudajaya engaged AER to prepare an independent fair value assessment of 100% equity interest in Real Jade in connection with the Proposed Disposal of a 45% equity interest in Real Jade to Minyi.

AER is licensed by the Securities Commission Malaysia to provide advisory services in corporate finance and investment advice.

Our scope of work is to assess the fair value of the 100% equity interest in Real Jade based on the information made available to us, including the relevant financial information of Real Jade and other supporting documents that we consider relevant for valuation purposes.

Sources of information

This Report has been prepared by AER based on the information set out below:

(i) a copy of audited financial statements of Real Jade for the financial years ended 31 December 2019, 2020, 2021, 2022, 2023, 2024 and 2025;

(ii) Financial information
Unless otherwise stated, the historical financial information on Real Jade Group used in this Report has been extracted or derived from the audited consolidated financial statements of Real Jade Limited for the financial years ended 31 December 2019 to 2025. The compilation, standardisation, adjustments and analyses of such information (including the preparation of the schedules and appendices in this Report) have been performed by AER;

(iii) other documents and information referred to in this Report;

(iv) market and financial data obtained from Bloomberg Finance;

(v) representations from senior management of Mudajaya;

(vi) photographs of the manufacturing plant furnished to us, as presented in Section 2.4 of this Report;

(vii) National Bureau of Statistics of China (via Trading Economics) for cement production trends; and

(viii) China Cement Association and Global Cement for utilisation, overcapacity and policy commentary.

Although the information is obtained from sources considered as reliable by AER, we make no representation as to, and accept no liability for, the accuracy or completeness of the information contained in this Report.

Declaration of independence

AER and, to the best of our knowledge, the directors and staff involved in this assignment do not have any direct or indirect interest in the shares of Mudajaya Group or Real Jade, and are not involved in any other advisory engagements for Mudajaya or Minyi, apart from our mandate to prepare this Report in relation to the Proposed Disposal of a 45% equity interest in Real Jade.

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Primary method of valuation

Scenario 1 – Net assets basis

Under Scenario 1, the fair value of 100% equity interest in Real Jade is assessed with reference to its audited net assets as at 31 December 2025, based on the consolidated statement of financial position of Real Jade Group. The detailed assets and liabilities as at 31 December 2025, together with a description of their nature, are set out in **Appendix 1** of this Report.

The results of Scenario 1 are presented in the table that follows.

Description	HKD million
Consolidated audited net assets of Real Jade Group (Note 1)	746.591
Less non-controlling interest	(412.170)
Net assets attributable to owners of the Company / 100% equity interest in Real Jade	334.421
45% equity interest in Real Jade	**150.489**

Note 1 Total equity (owners and non-controlling interests) as at 31 December 2025, based on the consolidated statement of financial position of Real Jade Group.

Conclusion

Based on Scenario 1, the consolidated audited net assets of Real Jade Group as at 31 December 2025 amount to **HKD746.591 million**, of which **HKD334.421 million** is attributable to the owners of the Company after deducting non-controlling interests. Accordingly, the fair value of a 45% equity interest in Real Jade under Scenario 1, on a net assets basis, is assessed at approximately **HKD150.489 million**.

Selection of Comparable Companies

In addition to the net assets basis adopted as our primary valuation method (Scenario 1), we performed a market-based relative valuation assessment by reference to the trading multiples of a selected peer group of PRC cement and clinker producers listed on the Shenzhen, Shanghai and Hong Kong stock exchanges (the "Comparable Companies"). For benchmarking purposes, we considered enterprise value to EBITDA (EV/EBITDA), price-to-book (P/B) and price-to-earnings (P/E).

To establish a reliable relative valuation benchmark, we have selected a peer group of publicly traded companies operating primarily within the PRC cement and building materials sector. The selection criteria focused on entities listed on recognised stock exchanges (Hong Kong, Shanghai, and Shenzhen) that share comparable operational profiles, regulatory environments, and macroeconomic risk exposures with Real Jade.

The selected Comparable Companies encompass a strategic mix of operational scales. This includes direct regional peers with significant exposure to the northern and eastern PRC markets, specifically Shandong and its surrounding provinces (such as China Shanshui Cement Group and BBMG Jidong Cement Group), to capture localised pricing and supply-demand market dynamics.

Furthermore, the peer group incorporates tier-one national producers (such as Anhui Conch Cement Company Ltd and China Resources Building Materials Technology Holdings Ltd) to establish an industry-wide valuation benchmark and represent the practical valuation ceiling for highly capitalised, high-utilisation operators.

The financial metrics and trailing trading multiples of the Comparable Companies, based on the valuation date of 14 April 2026 and their latest financial year results, are set out in the table below.

Company Name	Bloomberg ticker	Market Capitalisation as at 14 April 2026 (HKD million)	P/E 2025 (x)	P/B 2025 (x)	EV/EBITDA 2025 (x)
China Shanshui Cement Group Ltd (1) 中國山水水泥集團有限公司	691 HK	1,807	Loss, not applicable	0.10	5.94
Ningxia Building Materials Group (2) 宁夏赛马实业股份有限公司	600449 CH	7,018	35.59	0.82	6.48
BBMG Jidong Cement Group (3) 金隅冀东水泥集团股份有限公司	000401 CH	14,511	61.34	0.44	7.34
West China Cement Ltd (4) 中國西部水泥有限公司	2233 HK	13,766	14.42	0.89	8.37
Anhui Conch Cement Co Ltd (5) 安徽海螺水泥股份有限公司	914 HK	131,275	12.51	0.58	4.59
China Resources Building Materials Technology Holdings Limited (6) 華潤建材科技控股有限公司	1313 HK	10,754	22.32	0.21	5.56

Median	**22.32**	**0.51**	**6.21**
Average	29.23	0.51	6.38
Minimum	12.51	0.10	4.59
Maximum	61.34	0.89	8.37

Source: Bloomberg Finance

Notes:

(1) China Shanshui Cement Group Ltd produces cement and clinker. The Company also quarries limestone.

(2) Ningxia Building Materials Group Co., Ltd manufactures and distributes building materials. The company produces cement, cement clinker, commercial concrete and other products.

(3) BBMG Jidong Cement Group Co., Ltd. manufactures and distributes building materials. The Company produces portland cement, compound cement, and cement clinker products. BBMG Jidong Cement Group markets its products domestically and internationally.

(4) West China Cement Limited produces and distributes cement products.

(5) Anhui Conch Cement Company Limited manufactures cement products. The Company produces silicate cements, slag silicate cements, composite silicate cements, cement clinkers, and other products. Anhui Conch Cement markets its products throughout China and worldwide.

(6) China Resources Building Materials Technology Holdings Ltd operates as a holding company. The Company, through its subsidiaries, manufactures cement, clinker, concrete, aggregates, tile adhesive, white cement, and structural building materials. China Resources Building Materials Technology Holdings Ltd also engages in real estate, construction, and recruitment businesses.

(7) For the avoidance of doubt, the comparable companies selected in this 2026 Valuation Report differ from those used in the Company's 2022 Circular due to a refinement in valuation methodology and subsequent corporate actions. Earnings-based multiples (P/E and EV/EBITDA) were not relied upon as primary references in this assessment due to the historical volatility of Real Jade's earnings over the FYE 2019 to 2025 period. Instead, the 2026 peer group was specifically refined to derive beta inputs for the FCFF analysis by focusing on geographic relevance (excluding peers operating outside Real Jade's core supply radius to capture localised systematic risk accurately) and updating previously utilised peers that have since undergone major corporate restructurings (e.g., replacing Tangshan Jidong Cement with its consolidated parent entity, BBMG Jidong Cement Group).

Rationale for the selection of the net assets approach for FYE 31 December 2025 as the primary basis

1) Capital-intensive, asset-backed business

The cement industry is highly capital-intensive, with heavy investment in kilns, grinding plants and supporting infrastructure, and company value is closely linked to the replacement cost and utilisation of these fixed assets.

For Real Jade, the carrying amounts of property, plant and equipment, mining rights and related working capital represent the bulk of total assets and provide a reasonable proxy for the economic value of the productive platform, after accumulated impairment and write-downs.

P/B is adopted as the primary valuation multiple and capped at **1.0×** because it is more stable and conceptually appropriate than earnings-based metrics.

Valuing Real Jade relative to its adjusted net asset base implicitly assesses the capital required to replicate its operations. As evidenced by the market data extracted from Bloomberg Finance (summarised in the table above), the observable trading P/B multiples of listed PRC cement peers demonstrate a pronounced sector-wide discount to book value, which may reflect structural overcapacity currently impacting the industry in China.

The Comparable Companies currently trade at a **median P/B of 0.51× and an average P/B of 0.51×**. Tier-one national market leaders benefiting from superior scale (such as Anhui Conch Cement) trade at 0.58×.

Taking into account Real Jade's smaller operational scale, single-province concentration, and the **historical volatility in PAT and EBITDA**, there is no empirical market justification to ascribe a premium to its book value. Consequently, a P/B multiple of 1.0x is adopted as the practical and absolute valuation ceiling. Applying a multiple greater than 1.0x would fundamentally contradict current market consensus, while capping it at 1.0x appropriately restricts the maximum valuation to the baseline replacement cost of its productive assets under current, constrained industry conditions.

2) Limitations of earnings-based multiples for Real Jade

Real Jade's historical profit after tax attributable to owners and EBITDA have been volatile over FYE 2019–2025 due to:

(i) cyclicality in cement demand and pricing in Shandong;
(ii) historical volatility in annual impairment charges on plant and equipment, loans receivable and inventories; and
(iii) non-recurring items such as large interest income from related parties and reversals of over-accruals

A tabulation of Real Jade's PAT attributable to owners and EBITDA over FYE 2019 to FYE 2025 shows multiple loss-making years and significant fluctuations in reported earnings, which materially distort P/E and EV/EBITDA metrics and make them less reliable inputs as primary valuation techniques.

Secondary method of valuation

Scenario 2: Free Cash Flow to Firm (FCFF) approach based on increased cement plant capacity

The valuation of Real Jade under Scenario 2 is based on a discounted cash flow to firm (FCFF) approach. In this analysis, the cash flows of Real Jade are discounted at a weighted average cost of capital (WACC) of 8.11%, which reflects both the expected return required by equity investors and the after-tax cost of the Group's interest-bearing debt. The cost of equity is estimated at 11.37% using the Capital Asset Pricing Model, based on a China risk-free rate of 1.788%, an expected China market return of 12.151% and a beta of 0.925 derived from a group of comparable PRC cement companies. The beta used in this calculation is obtained by first unlevering the median industry beta of 0.5319 and then relevering it using Real Jade's capital structure as at 31 December 2025, which reflects a debt-to-equity ratio of approximately 0.99 and a corporate tax rate of 25%.

The pre-tax cost of debt is assessed at 6.41%, based on the weighted average contractual interest rates on the Group's existing bank and other borrowings. After adjusting for the 25% corporate tax rate, this equates to an after-tax cost of debt of approximately 4.81%. Combining the 11.37% cost of equity and the 4.81% after-tax cost of debt with market-value capital structure weights of 50.37% equity and 49.63% debt results in the overall WACC of 8.11% used in the FCFF valuation under Scenario 2.

As set out in **Appendix 2**, projected revenue for FYE 31 December 2026 to FYE 31 December 2030 is based on management's assumption that the completion of the plant upgrade in FYE 31 December 2025 increased available cement production capacity to **4,000 metric tonnes per day** (from **2,500 metric tonnes per day** prior to the upgrade). For the purposes of the FCFF analysis, the projected free cash flows and the underlying revenue assumptions for FYE 2027 to FYE 2030 have been prepared by reference to the plant's maximum practical annual production capacity, rather than its theoretical continuous production capacity. Although the upgraded plant has a stated daily production capacity of 4,000 metric tonnes, the financial projections cap annual production volume at approximately **0.90 million tonnes per annum**, reflecting management's assessment of the plant's achievable operating profile under normal commercial and regulatory conditions.

This practical capacity adjustment takes into account an estimated 140 non-operating days per annum, based on the Company's historical operating parameters and management representations. The annual non-operating period comprises approximately 80 days of compulsory production suspension days, including local authority-mandated non-operating days and public holidays, and approximately 60 days allocated for planned plant overhaul and scheduled maintenance. Accordingly, the FCFF model assumes effective production over approximately 225 operating days per annum, resulting in a maximum practical annual production volume of approximately 900,000 metric tonnes, or 0.90 million tonnes per annum.

On this basis, the model assumes 100% utilisation of practical capacity, rather than 100% utilisation of theoretical nameplate capacity. We consider this treatment to provide a more supportable and operationally realistic basis for the revenue projections used in the Scenario 2 FCFF valuation.

Derivation of maximum practical annual production capacity

Gross calendar days per annum	:	365 days
Estimated annual non-operating days	:	140 days, comprising: • 80 days of compulsory production suspension days, including local authority-mandated non-operating days and public holidays; and • 60 days for planned plant overhaul and scheduled maintenance
Net effective operating days	:	365 days less 140 days = 225 days
Daily production capacity	:	4,000 metric tonnes per day
Maximum practical annual production capacity	:	225 days × 4,000 metric tonnes per day = 900,000 metric tonnes
Equivalent annual production volume	:	900,000 metric tonnes = 0.90 million tonnes per annum

Annual fixed capital investment and changes in working capital are each assumed at 1.25**%** of projected revenue over the projection period, reflecting Real Jade's limited steady-state reinvestment requirements. This assumption is supported by the Group's audited financial position, which indicates a largely self-funding working capital cycle, with trade receivables broadly offset by trade payables and low inventory levels, as well as the completion of a major plant upgrade in 2025, such that future capital expenditure is expected to be primarily maintenance in nature.

From these enterprise values, we deduct net debt of **HKD79.59 million** and non-controlling interests of **HKD412.17 million**, based on the audited financial position of Real Jade, to arrive at equity values attributable to the shareholders of Real Jade. On this basis, the FCFF valuation under Scenario 2 indicates an implied equity value range for Real Jade of **HKD499.29 million to HKD552.12 million**, corresponding to terminal growth rate assumptions of **0.5%** and **1.0%**, respectively.

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Final Conclusion

Taking both valuation approaches into consideration, we are of the view that a valuation level of approximately **1.0×** book value remains the most appropriate primary reference point for Real Jade, given the capital-intensive nature of the business and the observed trading multiples of comparable listed PRC cement companies. Under Scenario 1 (net assets basis), net assets attributable to the owners as at 31 December 2025 amount to **HKD334.42 million**, implying a fair value of approximately **HKD334.42 million** for the 100% equity interest in Real Jade.

Under Scenario 2, the FCFF analysis indicates a higher equity value range of HKD499.29 million to HKD552.12 million.

For the purposes of this transaction, the valuation under Scenario 1 (net assets basis at 1.0× P/B) is adopted as the primary valuation reference. The Scenario 2 range is presented as a secondary cross-check to reflect the potential value contribution from the upgraded cement plant, based on management's projections.

	Scenario 1	**Scenario 2**
	Net assets basis of valuation, under which the fair value of 100% equity interest in Real Jade is evaluated based on the consolidated audited net assets of the Real Jade Group as at 31 December 2025	FCFF basis of valuation, under which the fair value of the 100% equity interest in Real Jade is assessed based on projected free cash flows to the firm, assuming cement production capacity of 4,000 metric tonnes per day as compared to 2,500 metric tonnes per day
Fair equity value of the **100%** equity interest in Real Jade	**HKD334.42 million**	**HKD499.29 million** to **HKD552.12 million**

Fair equity value of the **45%** equity interest in Real Jade	**HKD150.49 million**	**HKD224.68 million** to **HKD248.45 million**

Readers are advised to read the entire Valuation Report and, in particular, **Section 4** on the risk considerations that could affect the fair value of the entire equity interest in Real Jade. Please do not hesitate to contact the undersigned if you have any queries on the above matter.

Yours faithfully
ASIA EQUITY RESEARCH SDN BHD



ONG TEE CHIN, CFA, FRM, CAIA
DIRECTOR

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1. EXECUTIVE SUMMARY

Item number	Explanation on key message
1.1	**Purpose and scope of work** AER has been appointed by Mudajaya to act as the independent valuer and to prepare this Valuation Report for the Board of Directors in connection with its assessment of the fair value of the 45% equity interest in Real Jade.
1.2	**Results of valuation – Real Jade** AER has adopted a dual-scenario approach to assess the fair value of the 100% equity interest in Real Jade, using (i) an asset-based approach (Scenario 1) and (ii) an income approach (Scenario 2). Based on our assessment, and taking into account both the net assets basis and the FCFF analysis, the fair value of the 100% equity interest in Real Jade is estimated at approximately **HKD334.42 million**, with the FCFF valuation range of **HKD499.29 million to HKD552.12 million** presented as an upper-bound reference. **Scenario 1:** Primary method (net assets basis / P/B approach) Applying the P/B approach as our primary methodology, we adopted a valuation multiple capped at **1.0×** of the consolidated audited net assets of Real Jade (after deduction of non-controlling interests) as at 31 December 2025. This approach translates to a base-case fair value of approximately **HKD334.421 million** for the 100% equity interest in Real Jade. Accordingly, the implied fair value for the 45% equity interest being transacted is approximately **HKD150.489 million**. **Scenario 2:** Secondary method (FCFF approach) Applying the FCFF approach as a secondary methodology, Mudajaya's management provided projected cash flows to capture the expected economic benefits of the upgraded, higher-capacity manufacturing plant. Based on this analysis, the implied equity value for the 100% equity interest in Real Jade is approximately **HKD499.29 million to HKD552.12 million**. Accordingly, the implied fair value for the 45% equity interest being transacted is approximately **HKD224.68 million to HKD248.45 million**.
1.3	**Explanation of the valuation approach and rationale for selection** **Suitability of the Relative Valuation Approach (RVA) – P/B** RVA is an appropriate primary methodology for this assessment, supported by the availability of an adequate number of Comparable Companies publicly listed on the Shenzhen, Shanghai, and Hong Kong stock exchanges. These selected peers share comparable risk profiles, operating principally within the PRC cement and clinker sectors to serve localised domestic markets. Given that cement manufacturing is a highly capital-intensive, asset-backed business requiring heavy investment in physical infrastructure (kilns, grinding plants, etc.), the P/B multiple is the most conceptually sound and stable relative valuation metric. It effectively measures the underlying net asset base and implicitly assesses the capital required to replicate Real Jade's productive operations.

Item number	Explanation on key message
	Exclusion of Earnings-Based Multiples (P/E and EV/EBITDA) While P/E and EV/EBITDA are commonly used relative valuation metrics, they are not considered reliable for Real Jade given the volatility of historical earnings and the presence of multiple loss-making years over the period reviewed. Accordingly, P/E and EV/EBITDA were not relied upon as primary valuation references in this Report. **Suitability of the Income Approach – FCFF** To account for the limitations of historical data and to capture the future economic benefits of Real Jade's recently expanded production capacity, AER has adopted the FCFF methodology as a complementary secondary approach. We were furnished with operational and financial projections by Real Jade's management—inclusive of assumptions regarding stabilised production volumes, pricing, and operating costs for the enlarged plant. Utilising these projections, the FCFF approach explicitly recognises the forward-looking, cash-generating potential of the business once the upgraded facility achieves a normalised utilisation level, providing a rigorous cross-check to the asset-based RVA benchmark.

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2. BACKGROUND

2.1 INTRODUCTION AND TERMS OF REFERENCE

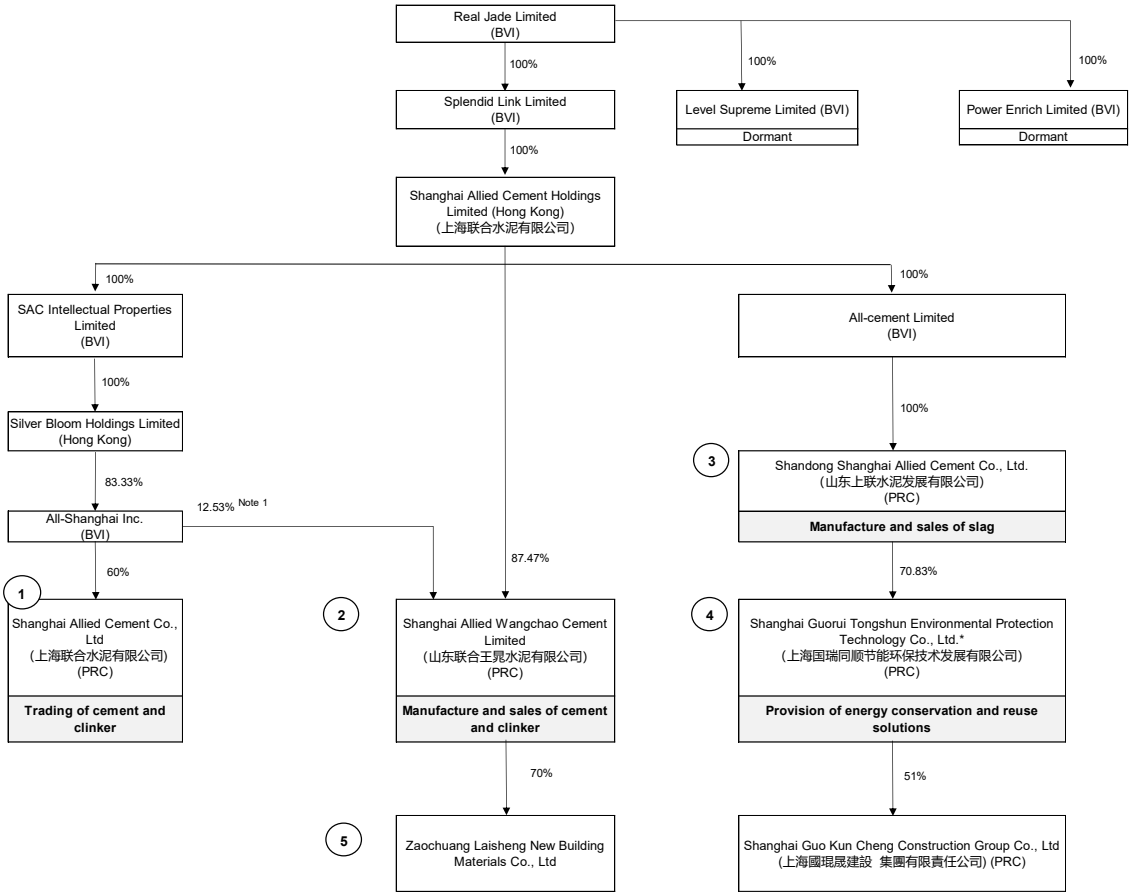
On 1 April 2026, Mudajaya engaged **AER** to prepare an independent fair value assessment of 100% equity interest in Real Jade in connection with the Proposed Disposal of a 45% equity interest in Real Jade to Minyi.

2.2 BACKGROUND INFORMATION ON REAL JADE AS AT THE DATE OF THIS REPORT

Item number	Description	Details
1	**Company**	Real Jade Limited
2	**Principal activity**	Real Jade is principally engaged in the manufacture and sale of cement, clinker and slag, the trading of cement, and the provision of technical services, with operations in Shandong Province and Shanghai in the PRC.
3	**Cement and clinker manufacturing facility**	As at the LPD, the Real Jade Group owns and operates a production plant located in Dunzhuangcun, Jiantouji Town, Taierzhuang District, Zaozhuang 277405, Shandong, PRC, with a total land area of approximately 1.4 million square feet for the manufacture of cement and clinker. The plant has a daily cement production capacity of 4,000 metric tonnes.
4	**Shareholders**	Xelmont Limited (prior to the Proposed Disposal)
5	**Subsidiaries and associates**	See Section 2.3 below
6	**Latest audited financial year ended**	FYE 31 December 2025
7	**Basis of accounting standard applied in the preparation of the consolidated financial statements of Real Jade**	International Financial Reporting Standards
8	**Name of auditor**	Deloitte Touche Tohmatsu Limited, Hong Kong

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2.3 CORPORATE CHART OF REAL JADE AS AT THE DATE OF THIS REPORT



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Summary financial information of selected main operating companies for FYE 2025

Metric	1 Shanghai Allied Cement Co., Ltd	2 Shanghai Allied Wangchao Cement Limited	3 Shandong Shanghai Allied Cement Co., Ltd.	4 Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	5 Zaozhuang Laisheng New Building Materials Co., Ltd
Real Jade's effective interest	50%	100%	100%	70.83%	70.00%
Financial year end	FYE 2025	FYE 2025	FYE 2025	FYE 2025	FYE 2025
Currency / unit	RMB, million	RMB, million	RMB, million	RMB, million	RMB, million
Revenue	358.66	37.70	68.36	47.57	73.17
PAT/(LAT)	13.40	(46.34)	1.41	2.42	7.88
Net assets	761.47	377.16	17.66	17.42	41.10
Net margin, %	4%	-123%	2%	5%	11%
ROE, %	1.8%	-12.3%	8.0%	13.9%	19.2%

Source: Information provided by Mudajaya.

Prepared by AER.

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Real Jade has five active subsidiaries, as set out below.

	Name of company	Description	Net assets based on audited accounts for FYE 31 December 2025, RMB million audited accounts, RMB million	Effective interest held by Real Jade in percentage (%)
1	Shanghai Allied Cement Co., Ltd (PRC) 上海联合水泥有限公司	Distribution and trading of cement and clinker	761.5	**50%**
2	Shandong Allied Wangchao Cement Limited (PRC) 山东联合王晁水泥有限公司	Manufacture and sale of cement and clinker	377.2	**100%**
3	Shandong Shanghai Allied Cement Co., Ltd (PRC) (Note 1) 山东上联水泥发展有限公司	Manufacture and sales of cement and clinker. No reported revenue for FYE 2019 and FYE 2020.	17.7	**100%**
4	Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd (PRC) 上海国瑞同顺节能环保技术发展有限公司	Energy conservation business, involving the provision of energy performance contracting services.	17.4	**70.83%**
5	Zaozhuang Laisheng New Building Materials Co., Ltd	Manufacture and Sales of Building Stones	41.1	**70.0%**

Note 1 Shandong Allied Wangchao Cement Limited (PRC) owns a 70% subsidiary, Zaozhuang Laisheng New Building Materials Co., Ltd, whose net assets as at 31 December 2025 amounted to RMB41.1 million.

2.4 PHOTOGRAPHS OF THE CEMENT AND CLINKER MANUFACTURING PLANT





As at the LPD, the Real Jade Group owns and operates a production plant located in Dunzhuangcun, Jiantouji Town, Taierzhuang District, Zaozhuang 277405, Shandong, PRC, with a total land area of approximately 1.4 million square feet for the manufacture of cement and clinker. The plant has a daily production capacity of 4,000 metric tonnes.

2.5 Cement industry overview in China

Industry data sourced from the National Bureau of Statistics of China indicates that the PRC remains the largest global producer of cement. However, national output has exhibited a moderating trend in recent years, largely correlating with a broader deceleration in infrastructure and property development investments. Industry commentary indicates that the sector continues to navigate structural overcapacity and sub-optimal asset utilisation rates. In response, government-mandated supply-side reforms and increasingly stringent environmental policies are actively encouraging industry consolidation and the systematic retirement of inefficient production capacity. Regional market data further suggests that Shandong Province operates as a highly competitive, yet oversupplied market, wherein pricing power and profitability remain highly sensitive to prevailing plant utilisation levels and localised demand dynamics.

In assessing the broader operating environment for Real Jade, we have noted the following high-level macro trends and market dynamics:

Positive factors to the industry

Accelerating Supply-Side Optimisation: The PRC government is increasingly enforcing targeted anti-overproduction initiatives. Stricter regulatory oversight, predominantly driven by environmental protection mandates, is expected to catalyse the gradual phasing out of significant excess market capacity through mandated operational suspensions and compliance penalties.

Long-Term Utilisation Improvement: The ongoing, systematic removal of obsolete and excess production capabilities is projected to foster a structural, long-term improvement in baseline industry-wide utilisation rates.

Potential Regulatory Price Support: Market observations indicate that relevant authorities are evaluating the implementation of market stabilisation mechanisms, such as establishing price floors. If enacted, such policies could serve to mitigate downside risks to sector-wide profit margins.

Localised Supply-Demand Rebalancing: Regions historically characterised by severe supply gluts are positioned to benefit from tighter supply-demand balances as reforms take effect, potentially leading to improved peak-season profitability for strategically located operators.

Seasonal Demand Stabilisation: Following periods of cyclical weakness, broad industry expectations point toward a gradual narrowing of year-on-year demand declines, supported by anticipated seasonal recoveries in construction and development activities.

Negative factors affecting industry and risk factors

Macroeconomic and Sector-Specific Demand Drags: The cement industry continues to face persistent demand constraints stemming from ongoing liquidity and operational challenges within the PRC property sector, compounded by funding and commencement delays for certain broader infrastructure projects.

Margin Volatility and Pricing Pressure: Intermittent lapses in collective supply-side discipline have historically triggered periods of localised price softening. These fluctuations place observable near-term downward pressure on gross profit margins across the sector.

Subdued Cyclical Rebounds: While seasonal demand upticks are anticipated in the latter half of the year, the magnitude of subsequent price and margin recoveries is generally projected to be more subdued relative to historical peak cycles.

Lag in Policy Transmission: Structural reforms and capacity-curbing initiatives are currently in transitional and pilot phases. Consequently, there is an inherent implementation lag before these regulatory measures translate into tangible, sector-wide financial improvements.

Sources:
1. Macroeconomic and production data: National Bureau of Statistics of China, Trading Economics.
2. Provincial and industry commentary: China Cement Association, Global Cement, Digital Cement.
3. Market dynamics and policy outlook: AER analysis based on industry channel checks and proprietary global investment bank equity research (Sector Update: China Cement, July 2025).

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3. Key basis and assumptions used in Scenario 2 valuation using FCFF

The discount rate applied in our valuation is the WACC, which is the weighted average of the cost of equity and the cost of debt. We have derived a WACC of **8.11%** based on the following computation.

- **Determination of Unlevered Beta**

We first derived the Unlevered Beta (β_u) by observing the adjusted betas of comparable listed companies in the cement manufacturing sector in the PRC.

Step 1: Bloomberg adjusted beta (β_L): We extracted the "Adjusted Beta" for each comparable company from Bloomberg Finance based on a standard 2-year historical measurement period using weekly observations (from 14 April 2024 to 14 April 2026). To accurately capture the specific systemic market risk associated with each entity, the relative benchmark utilized for the extraction was based on the company's primary listing exchange: the HSI Index was used for companies listed on the Hong Kong Stock Exchange, the SHASHR Index for the Shanghai Stock Exchange, and the SZASHR Index for the Shenzhen Stock Exchange. This adjusted beta reflects the historical market risk of each company's equity, smoothed for statistical reversion to the market mean.

Step 2: Unlevering (Removing Financial Risk): Since each comparable company has a different capital structure (debt vs. equity), the adjusted betas include "financial risk" specific to their leverage. To isolate the pure "business risk" of the sector, we removed this financial risk component by "unlevering" the betas using the Hamada equation:

$$\beta_U = \frac{\beta_L}{1 + \left((1 - t) \times \frac{D}{E}\right)}$$

β_L	Adjusted Levered Beta from Bloomberg Finance
t	Corporate Tax Rate (assumed at 25%).
D/E	Debt-to-Equity Ratio of the comparable company based on its market capitalization and book value of debt.

The resulting Unlevered Betas, which represent the intrinsic business risk of the companies independent of their capital structure, are summarized below:

Comparable Company	**Bloomberg adjusted beta (β_L)**	**Market Value of Equity (HKD' million)**	**Debt (HKD' million)**	**D/E ratio**	**Unlevered Beta (β_U)**
China Shanshui Cement Group Ltd	0.612090	1,806.90	6,105.04	3.3787	0.17320
Ningxia Building Materials Group	1.131487	7017.67	338.91	0.0483	1.09194
BBMG Jidong Cement Group	0.814863	14,510.88	22,533.12	1.5528	0.37644
West China Cement Ltd	0.963342	13,765.58	12,836.87	0.9325	0.56687
Anhui Conch Cement Co Ltd	0.884706	131,274.78	29,654.67	0.2259	0.75653
China Resources Building Materials Technology Holdings Limited	1.075056	10,753.72	14,978.71	1.3929	0.49701
Median Unlevered Beta					**0.5319**
Average Unlevered Beta					0.5770

Note on Statutory Tax Rates: In applying the Hamada equation to derive the individual unlevered betas, entity-specific statutory tax rates extracted from Bloomberg were utilized. Specifically, a 16.50% statutory tax rate was applied to unlever China Resources Building Materials Technology Holdings Limited based on its specific tax profile, while a 25.0% statutory tax rate was applied to the remaining peers. The baseline 25.0% corporate tax rate is subsequently utilized in Step 2 when re-levering the finalized median industry unlevered beta to align with Real Jade's assumed PRC corporate tax profile.

Selection of Median: We adopted the median unlevered beta of 0.5319 as the proxy for the industry's business risk. The median was selected over the simple average to minimize the skewing impact of outliers (such as Ningxia Building Materials Group).

(1) Re-levering Beta for Real Jade

We re-levered the median unlevered beta of the industry (βU) based on Real Jade's specific capital structure as at 31 December 2025 (audited).

$$\beta_L = \beta_U \left[1 + (1 - T)\frac{D}{E}\right]$$

Company	Median unlevered (β_U)	Carrying value of equity as at 31 December 2025 (1) (HKD'000)	Total Debts as at 31 December 2025 (2) (HKD'000)	D/E ratio	Levered Beta (β_L)
Real Jade	0.5319	334,421	329,531	0.9854	0.9251

Note:

(1) As Real Jade is an unlisted entity, the book value of equity has been used as the initial estimate of market value of equity for WACC weighting purposes. An iterative approach was not adopted given the immateriality of the resulting adjustment and the primary reliance on the net assets basis (Scenario 1).

(2) Total Debt comprises the Book Value of audited total borrowings and lease liabilities as at 31 December 2025. Corporate Tax rate (T) is assumed at 25%.

(2) Cost of Equity

The cost of equity is determined using the CAPM.

$$K_e = r_f + (\beta_L \times (r_m - r_f))$$

	Financial metrics	Parameter	CAPM formula
1	Annual expected market return (1)	12.151%	r_m
2	Annual risk-free rate (2)	1.788%	r_f
3	Equity risk premium (3)	10.363%	$r_m - r_f$
4	Levered beta (4)	0.925	beta (β)
5	Equity risk premium x beta	9.586%	beta x ($r_m - rf$)
6	Required rate of return	11.374%	r_f + beta x ($r_m - rf$)
7	Cost of equity, K_e	**11.37%**	r_f + beta x ($r_m - rf$)

Source: Bloomberg Finance

Notes:

(1) Expected Market Return, representing the anticipated annual return of the broad diversified market portfolio.

(2) 10-year Chinese Government Securities being the risk-free rate.

(3) Equity risk premium representing the additional return required for holding equity over a risk-free asset.

(4) Levered beta of Real Jade represents the Company's sensitivity to broad market movements.

(3) WACC of Real Jade

Real Jade's WACC is calculated by weighting the cost of equity and after-tax cost of debt according to their proportions in the capital structure.

$$WACC = (K_e \times W_e) + (K_d \times W_d \times (1 - t))$$

K_e	Cost of Equity, derived using the CAPM
W_e	Weight of equity in the capital structure based on the market value of equity as at 31 December 2025
K_d	Pre-Tax Cost of Debt
W_d	Weight of debt in the capital structure based on the book value of total borrowings and lease liabilities as at 31 December 2025
t	The statutory corporate tax rate is 25%

	Value (HKD'000)	**Weight (%)**	**Cost of equity (K_e) / Post-tax cost of debt (%)**	**WACC Contribution (%)**
Equity (book value used as proxy for market value), as at 31 December 2025[4]	334,421	50.37 (W_e)	11.37[1]	5.73
Debt (book value), as at 31 December 2025	329,531	49.63 (W_d)	4.81[2]	2.39[3]
Total	663,952	100.00	**WACC**	**8.11**[3]

Notes:

(1) The cost of equity, or K_e, is derived using the CAPM, based on the risk-free rate, an equity risk premium and a levered beta estimated from a peer set of cement manufacturers operating in the PRC.

(2) For the cost of debt, we have used a pre-tax borrowing cost of 6.41% (Kd), was derived from a weighted average contractual financing cost of 5.41% based on Real Jade Group's audited position as at 31 December 2025, plus a 1.0 percentage-point prudential buffer to account for refinancing and interest rate risks over the projection period. Applying the statutory corporate tax rate of 25% results in an after-tax cost of debt of 4.81% (i.e., 6.41% × 0.75).

(3) Minor rounding differences may arise between displayed WACC components and the overall WACC computed from full-precision inputs.

(4) As Real Jade is a private company with no publicly observable market capitalisation, the audited book equity has been adopted as a proxy for market value of equity in computing capital structure weights. This is consistent with standard practice for private company WACC derivation.

(4) Terminal Value

China's recent inflation experience and policy stance support a conservative terminal growth range of **0.5%–1.0%** for Real Jade's FCFF. Headline CPI was broadly flat on average in 2025 and is running at around 1% year-on-year in early 2026, while policymakers have set a medium-term CPI target of "around 2%," signalling that low but positive inflation is expected rather than high nominal growth.

A terminal growth assumption in the **0.5%–1.0%** band is therefore consistent with standard discounted cash flow practice, under which the long-term growth of a single business is normally constrained to be at or below the underlying nominal growth potential of its operating economy. At the lower end of the range (0.5%), Real Jade's cash flows are assumed to grow only in line with long-run real capacity utilisation, with no explicit inflation uplift. At the upper end (1.0%), they incorporate a modest allowance for trend inflation but still sit comfortably below China's stated inflation objective and long-run nominal GDP growth expectations.

Accordingly, the terminal value as at 31 December 2030 is derived using the Gordon Growth Model, which capitalises the terminal-year FCFF into perpetuity. For each scenario, the terminal value is calculated as:

Terminal Value$_{2030}$ = $FCFF_{2030}$ × (1 + g) ÷ (WACC − g), where g is the assumed long-term terminal growth rate (0.5% for the minimum scenario and 1.0% for the maximum scenario) and WACC is 8.11%. The $FCFF_{2030}$ amounts used in this computation, together with the resulting terminal values under both scenarios, are shown in **Appendix 2**.

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4. RISK CONSIDERATIONS AFFECTING THE FAIR VALUE ASCRIBED

The fair value ascribed to the 100% equity interest in Real Jade is based on a set of macroeconomic and operational assumptions. The appraised value could be materially affected by several key risk factors, which are broadly categorised as follows:

(i) Discount for lack of marketability

Shares of privately held companies, such as Real Jade, inherently lack the liquidity and ready market access of publicly traded equities. In corporate valuation practice, this reduced marketability is typically addressed through the application of a Discount for Lack of Marketability (**DLOM**). Based on established valuation literature and empirical benchmark studies (such as restricted stock and pre-IPO studies), the standard DLOM for private companies generally ranges between 20% and 30%.

For the purposes of our valuation methodologies, Scenario 1 (Net Assets Basis) is utilized to establish the minimum baseline or "floor" value of the business based on its audited net asset position. Consequently, a DLOM is not applicable and has been deliberately excluded from Scenario 1.

However, Scenario 2 (Free Cash Flow to Firm) is an income-based methodology assessing the present value of future cash flow, which theoretically attracts a DLOM due to the illiquid nature of unquoted shares. While we have not strictly deducted a DLOM from our valuation range to reflect the fundamental, intrinsic enterprise value, this illiquidity remains an inherent risk. Should an empirical DLOM of 20% to 30% be subjected to the valuation derived under Scenario 2, the fair value ascribed under this specific approach would be correspondingly reduced, representing a structural downside risk to the valuation.

(ii) PRC macroeconomic risks, structural overcapacity, and "involutionary" pricing

The cement operations of Real Jade are localised within the PRC, primarily serving the Shanghai and Shandong provincial markets. Consequently, the economic conditions, infrastructure spending, and property development cycles within these specific regions have a significant impact on Real Jade's operating results.

Crucially, the PRC cement industry is currently experiencing severe structural overcapacity, leading to a state of destructive, margin-eroding price competition locally referred to as "involution" (内卷) (nèi juǎn). In this environment, operators frequently engage in aggressive price wars to maintain market share despite stagnant demand. While PRC regulatory bodies are beginning to introduce "anti-involution" (反内卷) (fǎn nèi juǎn) policies aimed at enforcing supply-side discipline and curbing below-cost pricing, the stabilisation of the market depends heavily on strict regulatory execution. If involutionary pricing pressures persist, or if macroeconomic demand continues to decelerate due to a slowdown in construction activities, it would exert significant downward pressure on Real Jade's average selling prices and utilisation rates, representing a material discount to the fair value appraised by us.

(iii) Foreign exchange risk

For the purpose of this valuation, all projected amounts have been presented in Hong Kong dollars (HKD). Real Jade prepares its projected consolidated financial statements in Renminbi (RMB). The RMB-denominated projected financial information and cash flows used in this Report have therefore been translated into HKD using a closing exchange rate of 1 RMB = 1.1136 HKD, being the Bloomberg closing rate as at 31 December 2025, which is the valuation reference date.

Real Jade reports its results and generates substantially all of its cash flows in RMB, whereas the valuation conclusion in this Report is expressed in HKD. Accordingly, the indicated fair value of the equity interest in Real Jade is inherently sensitive to movements in the RMB/HKD exchange rate. Any future appreciation of the RMB against the HKD would, all else being equal, increase the HKD-equivalent value of Real Jade's RMB cash flows and net assets; conversely, any depreciation of the RMB against the HKD would reduce the HKD-equivalent value. The valuation conclusion in this Report should therefore be interpreted in the context of this exchange rate risk, and readers should note that material changes in the RMB/HKD rate after 31 December 2025 may have a corresponding impact on the fair value expressed in HKD.

(iv) Trade collection risk

Real Jade is exposed to the collection risk of trade receivables arising from both the direct sale of its manufactured cement and its broader trading activities. Any material deterioration in the creditworthiness of its off-takers, leading to significant impairment or write-offs of its trade receivables, would negatively impact cash flows and represent a discount to the fair value as appraised by us.

(v) Compliance costs associated with regulatory and environmental requirements

The PRC regulatory environment is increasingly stringent regarding environmental protection. Any legislative changes requiring cement manufacturers to lower carbon emissions or adopt greener manufacturing processes may result in elevated compliance costs. While such capital expenditure can yield long-term benefits by prolonging plant efficiency and useful life, the immediate requirement for additional short-term capital outlay to meet these environmental mandates would translate to a discount to the fair value as appraised by us.

(vi) Potential impairment of operational assets

Any potential impairment of Real Jade Group's assets—whether resulting from technological obsolescence, a reduction in value-in-use due to sustained decreases in production output, or a diminution in the fair value of its investments—would directly reduce the net asset base, thereby translating to a discount to the fair value as appraised by us.

(vii) Operational cost overruns

Any unforeseen operational complexities or inflationary pressures that result in actual operational and production costs materially exceeding management's projected costs would compress operating margins, representing a discount to the fair value ascribed by us.

(viii) Global and regional macroeconomic shocks

Business volumes are highly sensitive to broader political and macroeconomic factors beyond the control of Real Jade. Significant global events that stifle regional or global economic growth typically translate to reduced industrial activity. During such periods of macroeconomic uncertainty, investors generally become risk-averse, demanding higher required rates of return across most asset classes, which inherently translates to a lower fair value range for the subject company.

(viii) Volatility in equity capital market risk appetite

Changes in broader investor sentiment within the equity capital markets can materially impact relative valuations. In periods of broad market risk aversion, lower weightings are generally allocated to equities, depressing trading multiples and causing implied equity values to fall below their intrinsic baseline. Conversely, periods of elevated risk appetite can drive peer trading multiples upward, resulting in an equity valuation higher than the baseline ascribed.

APPENDIX 1 – Computation of fair value under Scenario 1 (Net assets basis)

For the purpose of Scenario 1, the fair value of 100% equity interest in Real Jade is assessed with reference to the audited consolidated statement of financial position of Real Jade Group as at 31 December 2025. The table below sets out the consolidated assets, liabilities and equity of Real Jade Group extracted from its audited financial statements for the financial year ended 31 December 2025.

	HKD'000
Non-current assets	
Property, plant and equipment	370,724
Right-of-use assets	9,735
Deposits for equipment and machineries	18,246
Intangible assets	148,721
Total non-current assets	**547,426**
Current assets	
Properties held for sale	2,141
Inventories	9,155
Trade and bills receivables	261,243
Other receivables, deposits and prepayments	568,908
Loan receivables	23,741
Contract assets	2,456
Amount due from a minority shareholder	44,287
Pledged bank deposits	137,942
Restricted bank deposits	17,893
Bank balances and cash	94,110
Total current assets	**1,161,876**
Total assets	**1,709,302**
Current liabilities	
Trade and bills payables	250,202
Other payables and deposits received	229,509
Contract liabilities	47,020
Amounts due to related parties	92
Tax liabilities	81,197
Bank and other borrowings due within one year	328,787
Lease liabilities due within one year	663
Total current liabilities	**937,470**
Net current assets	**224,406**
Total assets less current liabilities	**771,832**
Non-current liabilities	
Deferred taxation	25,160
Lease liabilities due after one year	81
Total non-current liabilities	**25,241**
Net assets / Total equity	**746,591**
Represented by:	
Equity attributable to owners of the Company	334,421
Non-controlling interests	412,170
Total equity	**746,591**

Computation of fair value under Scenario 1

Based on the audited consolidated statement of financial position as at 31 December 2025, the consolidated net assets of Real Jade Group amount to HKD746.591 million. After deducting non-controlling interests of HKD412.170 million, the net assets attributable to the owners of the Company, representing the equity value attributable to 100% equity interest in Real Jade for the purpose of Scenario 1, amount to HKD334.421 million.

Description	**HKD million**
Consolidated audited net assets of Real Jade Group Equity Note 1	746.591
Less non-controlling interest	(412.170)
Net assets attributable to owners of the Company / 100% equity interest in Real Jade	334.421
45% equity interest in Real Jade	**150.489**

Note 1 Total equity (owners and non-controlling interests) as at 31 December 2025, based on the consolidated statement of financial position of Real Jade Group.

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APPENDIX 2 – Computation of fair value under Scenario 2 (FCFF approach)

Minimum

WACC = 8.11% and long-term terminal growth rate at 0.5%

Consolidated projected results of Real Jade Limited in HKD millions

		FYE 31 December 2026	FYE 31 December 2027	FYE 31 December 2028	FYE 31 December 2029	FYE 31 December 2030	FYE 31 December 2031 and thereafter
Turnover		439.94	483.14	486.72	493.22	496.42	
Cost of sales		(314.46)	(348.51)	(351.88)	(357.10)	(358.51)	
Gross profit		125.48	134.63	134.84	136.12	137.91	
Other gain and loss		4.29	1.47	1.47	5.45	5.35	
Distribution and selling expenses		(3.88)	(4.18)	(4.38)	(4.65)	(4.83)	
Administrative expenses		(43.89)	(43.77)	(44.64)	(46.11)	(46.87)	
Operating profit		82.00	88.15	87.29	90.81	91.56	
Finance cost		(22.41)	(26.07)	(23.94)	(25.21)	(23.86)	
Other Non-operating Revenue/ (Expenses)		-	2.34	2.34	1.20	1.20	
Profit before Taxation		59.59	64.42	65.69	66.80	68.90	
Taxation		(12.86)	(12.20)	(12.65)	(12.96)	(13.30)	
Profit / (loss) for the year		46.73	52.22	53.04	53.84	55.60	
Add							
Depreciation and amoritsation		26.52	27.05	27.59	28.14	28.70	
Less							
Working capital changes and fixed capital investment	**1.25%**	(5.50)	(6.04)	(6.08)	(6.17)	(6.21)	
FCFF		67.75	73.23	74.55	75.81	78.09	1,031.34
Growth rate	0.5%						
WACC	8.11%						
Discount rate factor		0.9250	0.8556	0.7914	0.7320	0.6771	0.6771
Discounted present value		62.67	62.66	59.00	55.50	52.88	698.35
Total enterprise value	991.05						
Less							
Net Debt	(79.59)						
Non-controlling interest	(412.17)						
Implied equity value	**499.29**						

Source: Future Financials furnished by Mudajaya, with calculations undertaken by AER.

Source file: 6a. Real Jade Group - Consol Budget 2026 (with Depreciation and Amortisation) v2.xlsx

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Maximum

WACC = 8.11% and long-term terminal growth rate at 1.0%

Consolidated projected results of Real Jade Limited in HKD millions

		FYE 31 December 2026	FYE 31 December 2027	FYE 31 December 2028	FYE 31 December 2029	FYE 31 December 2030	FYE 31 December 2031 and thereafter
Turnover		439.94	483.14	486.72	493.22	496.42	
Cost of sales		(314.46)	(348.51)	(351.88)	(357.10)	(358.51)	
Gross profit		125.48	134.63	134.84	136.12	137.91	
Other gain and loss		4.29	1.47	1.47	5.45	5.35	
Distribution and selling expenses		(3.88)	(4.18)	(4.38)	(4.65)	(4.83)	
Administrative expenses		(43.89)	(43.77)	(44.64)	(46.11)	(46.87)	
Operating profit		82.00	88.15	87.29	90.81	91.56	
Finance cost		(22.41)	(26.07)	(23.94)	(25.21)	(23.86)	
Other Non-operating Revenue/ (Expenses)		-	2.34	2.34	1.20	1.20	
Profit before Taxation		59.59	64.42	65.69	66.80	68.90	
Taxation		(12.86)	(12.20)	(12.65)	(12.96)	(13.30)	
Profit / (loss) for the year		46.73	52.22	53.04	53.84	55.60	
Add							
Depreciation and amoritsation		26.52	27.05	27.59	28.14	28.70	
Less							
Working capital changes and fixed capital investment	**1.25%**	(5.50)	(6.04)	(6.08)	(6.17)	(6.21)	
FCFF		67.75	73.23	74.55	75.81	78.09	1,109.36
Growth rate	1.0%						
WACC	8.11%						
Discount rate factor		0.9250	0.8556	0.7914	0.7320	0.6771	0.6771
Discounted present value		62.67	62.66	59.00	55.50	52.88	751.18
Total enterprise value	1,043.88						
Less							
Net Debt	(79.59)						
Non-controlling interest	(412.17)						
Implied equity value	**552.12**						

Source: Future Financials furnished by Mudajaya, with calculations undertaken by AER.

Source file: 6a. Real Jade Group - Consol Budget 2026 (with Depreciation and Amortisation) v2.xlsx

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APPENDIX 3 – Summarised consolidated financial information of Real Jade for FYE 2019 to FYE 2025

HKD'000	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Revenue	561,199	498,130	615,465	500,054	401,319	268,080	203,306
Gross profit	250,456	188,573	220,817	127,189	103,980	106,334	46,312
Profit/(Loss) before taxation	41,567	204,224	20,681	72,289	51,634	42,124	(30,945)
Taxation	41,468	40,041	40,569	21,863	21,812	19,695	9,495
Profit/(Loss) for the year	99	164,183	(19,888)	50,426	29,822	22,429	(40,440)
Profit/(Loss) attributable to owners of the Company	(18,597)	133,995	(48,055)	17,762	994	7,330	(51,326)
Total equity	685,390	898,639	882,279	812,821	800,255	775,171	746,591
Equity attributable to owners of the Company	285,193	459,506	430,498	385,391	376,402	368,816	334,421
Non-controlling interests	400,197	439,133	451,781	427,430	423,853	406,355	412,170

Financial ratios	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Gross margin [(a)]	44.6%	37.9%	35.9%	25.4%	25.9%	39.7%	22.8%
Net margin [(b)]	(3.3%)	26.9%	(7.8%)	3.6%	0.2%	2.7%	(25.2%)

Notes:

(a) Gross margin (%) is computed as gross profit divided by revenue, expressed as a percentage:
Gross Margin (%) = Gross Profit / Revenue × 100

(b) Net margin attributable to owners (%) is computed as profit/(loss) attributable to owners of the Company divided by revenue, expressed as a percentage:
Net Margin (%) = PAT Attributable to Owners / Revenue × 100

Source: Audited financial statements of Real Jade

Commentary on historical financial performance and justification for valuation methodology

Based on the summarised consolidated financial information in **Appendix 3**, Real Jade's historical revenue, gross profit margins and profit after tax fluctuated significantly from FYE 2019 to FYE 2025. This historical volatility makes trailing earnings-based multiples, such as P/E and EV/EBITDA, unsuitable for this valuation.

1. Decline in Revenue

Real Jade's revenue declined in each of the last four financial years. Revenue peaked at HKD615.47 million in FYE 2021 and decreased to HKD203.31 million in FYE 2025, representing a decline of 67.0% over the period. This downward trend is consistent with the structural industry overcapacity and weaker market demand discussed in Section 2.5 of this Valuation Report, as well as the temporary shutdown of the plant in FYE 2025 to facilitate the increase in plant capacity.

2. Decrease in Gross Profit Margin

Real Jade's gross profit margin declined over the historical period. In FYE 2019, the gross profit margin was 44.6% (HKD250.46 million gross profit over HKD561.20 million revenue). By FYE 2025, the gross profit margin had fallen to 22.8% (HKD46.31 million gross profit over HKD203.31 million revenue). This continued margin volatility makes it difficult to determine a normalised EBITDA based on historical figures.

3. Volatility in Profit After Tax and Loss-Making Years

Real Jade recorded net losses attributable to the owners of the Company in three of the last seven financial years (FYE 2019, FYE 2021 and FYE 2025). Historical profit after tax fluctuated significantly from year to year, declining from a profit of HKD133.99 million in FYE 2020 to a net loss of HKD48.06 million in FYE 2021. More recently, the Company moved from a modest profit of HKD7.33 million in FYE 2024 to a net loss of HKD51.33 million in FYE 2025.

P/E and EV/EBITDA valuation multiples require a stable and positive historical earnings base. Applying these multiples to Real Jade's historical financials—which contain wide profit fluctuations and multiple loss-making years—will produce distorted and unreliable valuation outputs. Therefore, we have excluded P/E and EV/EBITDA multiples. We have instead adopted the asset-based P/B multiple as the primary approach, supported by the forward-looking FCFF approach.

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APPENDIX 4 – Gross debt, net debt and non-controlling interests for FYE 2019–2025

HKD'000	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Bank & other borrowings – current	397,490	439,459	80,000	80,000	506,799	170,886	328,787
Bank & other borrowings – non-current	-	47,655	130,000	200,000	-	165,572	-
Lease liabilities – current	1,204	1,232	1,127	1,768	519	1,037	663
Lease liabilities – non-current	1,550	414	1,261	790	71	335	81
Gross debt (1)	400,244	488,760	212,388	282,558	507,389	337,830	329,531
Bank balances & cash (unrestricted)	66,048	86,945	116,900	185,469	174,284	76,969	94,110
Restricted bank deposits	5,426	6,905	8,770	9,735	7,489	10,182	17,893
Pledged bank deposits (total)	64,196	84,638	39,121	41,866	191,230	55,873	137,942
Cash & deposits for net debt (2)	135,670	178,488	164,791	237,070	373,003	143,024	249,945
Net debt / (net cash) (3)	264,574	310,272	47,597	45,488	134,386	194,806	79,586
Non-controlling interests (closing)	400,197	439,133	451,781	427,430	423,853	406,355	412,170
Aggregate of net debt and non-controlling interest	664,771	749,405	499,378	472,918	558,239	601,161	491,756

Notes:

(1) Gross debt for every year = Bank & other borrowings (current + non-current) + Lease liabilities (current + non-current)

(2) Cash & deposits for net debt for every year = Bank balances & cash (unrestricted) + Restricted bank deposits + Pledged bank deposits

(3) Net debt / (net cash) for every year = Gross debt − Cash & deposits for net debt

APPENDIX 5 – Historical EBITDA of Real Jade Group (FYE 2019–2025)

The following table summarises the computation of EBITDA for the Real Jade Group for each financial year ended 31 December 2019 to 2025.

HKD'000	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Profit / (loss) before taxation	41,567	204,224	20,681	72,289	51,634	42,124	(30,945)
Finance costs	106,766	121,255	23,338	10,665	27,374	26,462	20,444
Amortisation and depreciation	20,738	20,548	19,357	21,647	18,243	15,903	14,271
Other non-recurring items							
Net (reversal of) impairment on trade & other receivables	25,862	(8,787)	(163)	(2,163)	(11,939)	2,241	(1,100)
Impairment loss on loan receivables	35,864	-	1,354	86	7,011	1,570	460
Impairment loss on property, plant and equipment	7,741	71,752	-	-	-	-	-
Impairment loss / (reversal) on inventories	-	-	-	4,000	2,128	(4,045)	590
Net loss / (gain) on disposal & write-off of property, plant and equipment	1,241	4,768	2,684	3,591	61	(89)	14,070
Fair value (gain) on financial assets at fair value through profit and loss	(3,753)	(4,252)	(1,017)	(2,147)	(832)	(949)	(2,701)
Interest income from loan receivables	(1,110)	(1,579)	(3,217)	(2,141)	(1,191)	(1,176)	(502)
Interest income from banks	(1,208)	(1,926)	(2,596)	(2,458)	(4,246)	(2,391)	(1,329)
Interest income from related party / former holding company	(4,522)	(248,799)	-	-	-	-	-
Income from waiver of default interest / amounts due	-	-	(202,168)	-	-	-	-
Waiver of amount due from holding company	-	-	347,649				
Gain on lease modification	-	-	-	-	(114)	-	-
Reversal of over-accrued	-	-	-	-	(5,000)	-	-

HKD'000	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
expenses – prior years							
Other non-cash adjustments	-	-	106	-	-	-	-

Financial ratios	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
EBITDA (before considering non-recurring items)	169,071	346,027	63,376	104,601	97,251	84,489	3,770
Adjusted EBITDA (includes consideration of non-recurring items)	229,186	157,204	206,008	103,369	83,129	79,650	13,258

Source: Audited financial statements of Real Jade

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APPENDIX 6A – Understanding Cement Production - The Clinker-to-Cement Process

Cement production is a two-stage manufacturing process that explains why a company's cement production capacity exceeds its clinker production capacity.

Stage 1: Clinker production (the constraint) – raw materials, primarily limestone and clay, are heated in rotary kilns at temperatures exceeding 1,450°C. This energy-intensive pyro-processing transforms the raw materials into **clinker**, which appears as dark, marble-sized nodules. This stage represents the most capital-intensive and costly component of cement manufacturing.

Stage 2: Cement Production (the output) – cooled clinker is ground into fine powder and blended with additives to produce various cement grades. For example, for Ordinary Portland Cement (OPC), approximately 5% gypsum is added, yielding a clinker-to-cement ratio of 1.05:1. For blended cements such as Portland Pozzolana Cement (PPC) or Portland Slag Cement (PSC), manufacturers incorporate supplementary cementitious materials including fly ash (up to 30%) or ground granulated blast furnace slag (up to 60%).

Capacity differential explained – In general terms, cement capacity exceeds clinker capacity because clinker is only one component of blended cement and each tonne of clinker can be extended with additives. This higher cement-to-clinker ratio is both economically efficient and aligned with industry decarbonisation trends, as it reduces energy use and clinker intensity per tonne of cement produced.

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APPENDIX 6B – Comparable companies

Company Name	Bloomberg Ticker	Principal activity
China Shanshui Cement Group Limited 中國山水水泥集團有限公司	691 HK	The company is principally engaged in the manufacturing and trading of cement, clinker, and concrete. Its principal operations are located entirely within the PRC, with a core concentration in Shandong province. The group operates an annual cement production capacity of approximately 100 million tonnes and a clinker production capacity of approximately 50 million tonnes. This company is a direct geographic comparable for Real Jade, providing a baseline for localized pricing and supply-demand market dynamics in Shandong.
Ningxia Building Materials Group Co., Ltd 宁夏赛马实业股份有限公司	600449 CH	The company's primary business is the manufacture and distribution of cement, cement clinker, and commercial concrete. Its production facilities operate exclusively within the PRC, serving regional markets in Northwest China. The group maintains an annual cement production capacity of approximately 20 to 30 million tonnes. This operational profile provides an appropriate comparable benchmark for a mid-cap, regionally concentrated cement manufacturer operating under PRC regulatory conditions.
BBMG Jidong Cement Group 金隅冀东水泥集团股份有限公司	000401 CH	The company manufactures and distributes building materials. The company produces portland cements, compound cements, and cement clinker products. BBMG Jidong Cement Group markets its products domestically and internationally.
West China Cement Limited 中國西部水泥有限公司	2233 HK	The company is principally engaged in the production and sale of cement and related building materials. The company operates its core manufacturing facilities in the PRC, with significant concentration in Shaanxi and Xinjiang provinces. The group has a total annual cement production capacity of approximately 39.3 million tonnes and a clinker production capacity of approximately 20.0 million tonnes. This company

Company Name	Bloomberg Ticker	Principal activity
		serves as a proxy to assess risk premiums associated with localized, regional market dependencies within the broader PRC cement sector.
China Resources Building Materials Technology Holdings Limited 華潤建材科技控股有限公司	1313 HK	The company is a leading manufacturer and distributor of cement, clinker, aggregates, and concrete. Its principal operations span across multiple regions, with a strong presence in Southern China. The group operates a highly capitalized production base with an annual cement production capacity exceeding 100 million tonnes. The inclusion of this entity establishes an industry-wide valuation benchmark, representing the scale and cost-efficiency of a tier-one national operator.
Anhui Conch Cement Co Ltd 安徽海螺水泥股份有限公司	914 HK	The annual report states that the company is principally engaged in the production and sale of cement, commodity clinker, aggregate, and commercial concrete. The group operates extensive manufacturing facilities across multiple PRC regions and international markets. It is the tier-one market leader in the PRC cement industry, operating a massive scale with an annual cement production capacity of approximately 380 to 400 million tonnes and a clinker production capacity exceeding 270 million tonnes. Its inclusion is essential to establish the maximum practical valuation ceiling achievable within this operating environment.

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APPENDIX 6C – Industry overview commentary extracted from the annual reports of the Comparable Companies

Industry Overview: PRC Cement Manufacturing and Trading

Based on the management discussions and analysis within the statutory reporting of the selected comparable companies, the macroeconomic and operational outlook for the PRC cement industry is driven by the following structural dynamics:

1. Subdued Macroeconomic Demand

Aggregate national demand for cement remains constrained. This contraction is predominantly driven by the ongoing structural adjustments and liquidity constraints within the domestic real estate and property development sectors. While sustained government investments in national infrastructure and water conservancy projects provide a partial demand buffer, these initiatives are currently insufficient to fully offset the decline in residential and commercial property construction.

2. Structural Overcapacity and "Involutionary" Pricing

The PRC cement industry continues to operate under conditions of severe structural overcapacity. This supply-demand imbalance has catalyzed intense regional market competition, locally referred to as "involution" (**nèi juǎn**). Consequently, operators frequently engage in aggressive pricing strategies to maintain market share. This dynamic has kept average selling prices for cement and clinker suppressed, exerting persistent downward pressure on industry-wide gross profit margins.

3. Regulatory Supply-Side Interventions

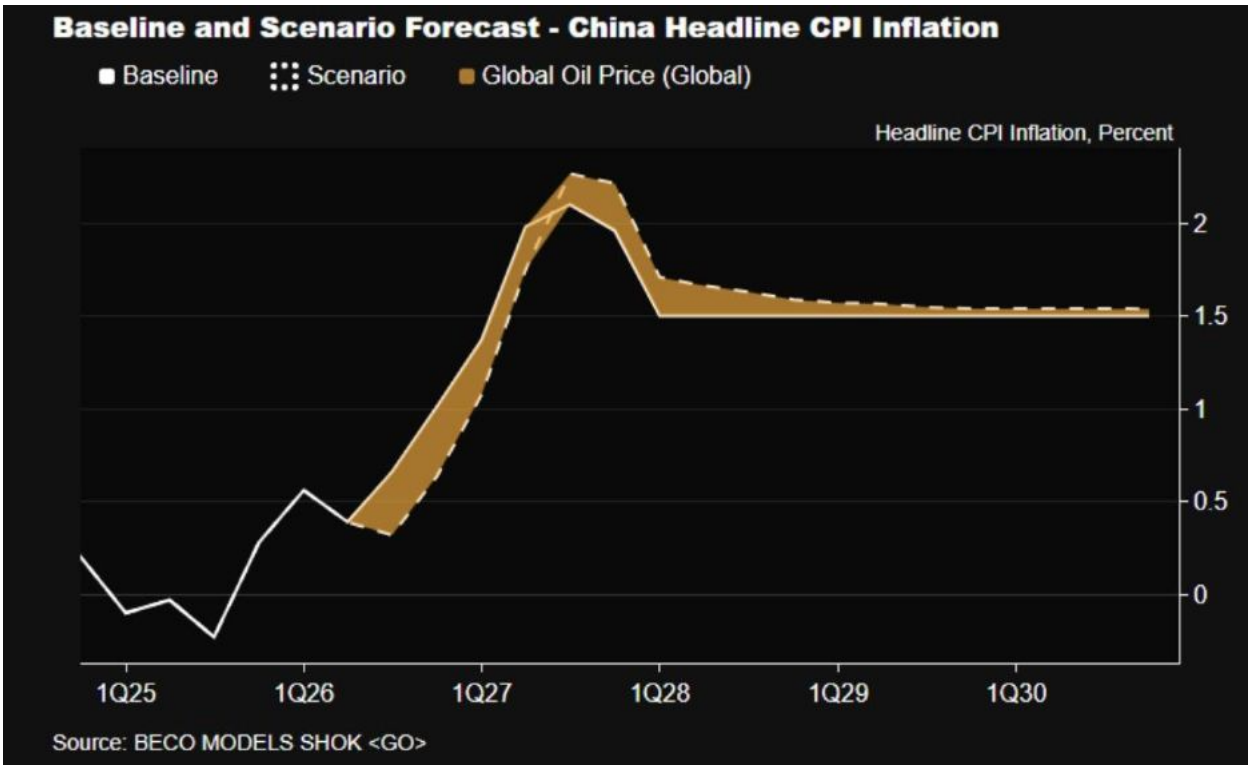
To mitigate the effects of oversupply and destructive pricing, regulatory bodies and industry associations are increasingly enforcing "anti-involution" (fǎn nèi juǎn) measures. A primary mechanism for this is the strict enforcement of mandatory "off-peak production" (错峰生产) policies. The normalisation of these scheduled production halts serves as a critical operational lever to manage excess inventory, enforce supply-side discipline, and establish a more rational pricing floor across regional markets.

4. Environmental Compliance and Sector Consolidation

The regulatory environment has shifted decisively towards green, low-carbon manufacturing. Cement manufacturers are subject to increasingly strict national "dual-control" policies regarding total energy consumption and carbon emissions intensity. While this necessitates elevated near-term capital expenditure for technological upgrades (such as alternative fuel integration and energy-efficiency retrofits), the stringent compliance framework is actively accelerating the elimination of obsolete, inefficient production capacity. Over the long term, this environmental mandate is expected to drive further industry consolidation, favoring well-capitalized operators with highly efficient production platforms.

APPENDIX 7 – Bloomberg Economics Scenario – China headline CPI is projected to settle at about 1.5% in the long term, indicating a low and stable inflation environment.

Based on Bloomberg Economics Scenario projections, China's headline CPI converges to about 1.5% in the long-term. To reflect industry maturity and overcapacity in cement, we adopt a conservative long-term FCFF growth rate of 0.5%–1.0%, which is deliberately set below the projected CPI level.



END OF SECTION

1. INCORPORATION AND BUSINESS ACTIVITIES

Real Jade was incorporated in BVI under the BVI Business Companies Act, 2004 on 22 July 2019 as a limited company.

Real Jade is principally engaged in investment holding. Through its subsidiaries, Real Jade commenced its business in 1993 and is principally involved in the manufacturing, sales and trading of cement in PRC. In addition, Real Jade Group is also involved in the provision of energy conservation and reuse solutions through the installation of energy efficient and environmentally friendly air-conditioning systems and heating systems for commercial, residential and industrial buildings.

Real Jade Group conducts its manufacturing operations of cement and clinker solely in PRC and its customer base is predominantly located in PRC. Limestone and clay are the main raw materials for its manufacturing or cement which is sourced locally in PRC. These raw materials are readily available and obtainable from local suppliers in PRC.

Real Jade Group's manufacturing operations begin with sourcing the raw materials with the appropriate quality and texture (such as limestone and clay) from external suppliers. The raw materials are first crushed, grounded into finer particles and carefully stored in silos. The exact amount of the required materials are weighed out to a careful proportion and then burned in a cement kiln at temperatures up to 1,350°C to 1,550°C. The burned product emerges from the kiln as small nodules of clinker. These pass into coolers, where the heat is transferred to incoming air and the product cooled. The clinker may be immediately ground to cement or stored in stockpiles for later use. The resulting cement and clinker is then packaged and transported to construction players.

As at the LPD, Real Jade Group owns and operates a production plant located in Dunzhuangcun, Jiantouji Town, Taierzhuang District, Zaozhuang, 277405, Shandong, PRC, with a total land area of approximately 1.40 million square feet for their manufacturing of cement and clinker. The production plant has been operational for 21 years since 2005 and has a maximum annual capacity of 1,460,000 tonnes per annum as at the LPD. It had been operating with an annual production output over the financial years under review as follows:-

	FYE 31 December 2023	**FYE 31 December 2024**	**FYE 31 December 2025**
Annual production output (tonnes)	822,000	398,000	196,000

Real Jade Group has expanded its daily production capacity from 2,500 tonnes per day to 4,000 tonnes per day. The upgrading exercise commenced in late-2024 and completed in September 2026, and Real Jade Group is expected to achieve full production capacity utilisation by 2028. The expansion is anticipated to enhance efficiency, reduce costs and reinforce the Group's commitment to sustainable operations, which may contribute positively to the earnings of the Group from the FYE 31 December 2026 onwards.

2. SHARE CAPITAL AND CONVERTIBLE SECURITIES

As at LPD, Real Jade has an authorised share capital of USD50,000 consisting of 50,000 ordinary shares of USD1 each and an issued and paid-up capital of USD100 comprising 100 ordinary shares of USD1 each which are all held by the Vendor.

3. DIRECTORS AND SHAREHOLDERS

Name	Designation	Nationality/ place of incorporation	<-----Direct-----> No. of shares	% [*1]	<----Indirect----> No. of shares	% [*1]
Ng Qing Hai	Director	Chinese	-	-	-	-
James Wong Tet Foh	Director	Malaysian	-	-	-	-
Chew Chee Wai	Director	Malaysian	-	-	-	-
Xelmont	Shareholder	BVI	100	100.00	-	-

Note:-

*[*1] Based on the total issued shares of 100 in Real Jade.*

4. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, the subsidiaries of Real Jade are as follows:-

Company	Date/ place of incorporation	Effective equity interest (%)	Issued and paid-up share capital	Principal activities
Splendid Link Limited	19 November 2010/ BVI	100.00	USD1	Investment holding
Shanghai Allied Cement Holdings Limited	21 May 2001/ Hong Kong	100.00	HKD10,000,000	Investment holding
SAC Intellectual Properties Limited	11 March 2010/ BVI	100.00	USD1	Investment holding
Silver Bloom Holdings Limited	18 February 2019/ Hong Kong	100.00	HKD10,000	Investment holding
All-Shanghai Inc.	1 March 1993/ BVI	83.33[*1]	USD15,376,500	Investment holding and cement business
All-cement Limited	5 January 2001/ BVI	100.00	USD1	Investment holding and cement business
Shandong Allied Wangchao Cement Limited[*2]	29 December 2003/ PRC	100.00[*3]	USD53,980,000	Manufacture and sales of cement and clinker The production plant of Real Jade Group is operated by this subsidiary
Shanghai Allied Cement Co., Limited[*2]	31 December 1993/ PRC	50.00[*1]	USD104,000,000	Trading of cement and clinker
Shandong Shanghai Allied Cement Co., Ltd[*2]	8 June 2001/ PRC	100.00	USD1,000,000	Manufacture and sales of slag
Zaozhuang Laisheng New Building Materials Co., Ltd[*2]	2 November 2020/ PRC	70.00[*1]	USD3,500,000	Manufacture and sales of buildings stones

Company	Date/ place of incorporation	Effective equity interest (%)	Issued and paid-up share capital	Principal activities
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd[*2]	29 July 2016/ PRC	70.83[*1]	RMB12,000,000	Provision of energy conservation and reuse solutions
Shanghai Guokunsheng Construction Group Co., Ltd	7 August 2020/ PRC	36.12[*1]	RMB3,000,000	Provision of energy conservation and reuse solutions

Notes:-

[*1] *For shareholders' information, the remaining shareholders of these non-wholly owned subsidiaries of Real Jade are not related parties of Mudajaya Group.*

[*2] *Main operating subsidiaries under Real Jade Group.*

[*3] *Pursuant to the trust agreement dated 20 May 2020, Shanghai Allied Cement Holdings Limited had entrusted All-Shanghai Inc. to hold 12.53% of the equity interest in Shandong Allied Wangchao Cement Limited on its behalf. The decision was arrived at after commercial negotiation amongst the subsidiaries, which will not have any impact to the group's structure.*

As at the LPD, save for Shanghai Guokunsheng Construction Group Co., Ltd, Real Jade does not have associate companies and joint venture companies.

5. SUMMARY OF FINANCIAL INFORMATION

A summary of Real Jade's financial information based on its audited financial statements for the past 3 financial years up to the FYE 31 December 2025 as follows:-

	<----------FYE 31 December---------->					
	2023 HKD'000	**2023 RM'000***	**2024 HKD'000**	**2024 RM'000***	**2025 HKD'000**	**2025 RM'000***
Revenue	401,319	235,815	268,080	154,521	203,306	106,065
GP	103,980	61,099	106,334	61,291	46,312	24,161
PBT/ (LBT)	51,634	30,340	42,124	24,280	(30,945)	(16,144)
PAT/ (LAT)	29,822	17,523	22,429	12,928	(40,440)	(21,098)
Share capital	-	-	-	-	-	-
NA	376,402	221,174	368,816	212,586	334,421	174,467
Bank balances and cash	174,284	102,409	76,969	44,365	94,110	49,097
Bank and other borrowings	506,799	297,795	336,458	193,934	328,787	171,528
Net operating cash flow	24,777	14,559	152,168	87,710	123,738	64,554
No. of ordinary shares in issues (unit)	1	1	1	1	1	1
GP margin (%)	25.91	25.91	39.67	39.67	22.78	22.78
PBT/ (LBT) margin (%)	12.87	12.87	15.71	15.71	(15.22)	(15.22)
PAT/ (LAT) margin (%)	7.43	7.43	8.37	8.37	(19.89)	(19.89)
EPS/ (LPS)	29,822	17,523	22,429	12,928	(40,440)	(21,098)
NA per share	376,402	221,174	368,816	212,586	334,421	174,467
Current ratio (times)	1.41	1.41	1.77	1.77	1.24	1.24
Gearing ratio (times)	0.63	0.63	0.43	0.43	0.44	0.44

The revenue and results up to the past 3 financial years up to the FYE 31 December 2025 is as follows:-

	<----------FYE 31 December---------->								
	2023 HKD'000	**2023 RM'000***	**%**	**2024 HKD'000**	**2024 RM'000***	**%**	**2025 HKD'000**	**2025 RM'000***	**%**
Revenue	**401,319**	**235,815**	**100.00**	**268,080**	**154,521**	**100.00**	**203,306**	**106,065**	**100.00**
Manufacturing	304,115	178,698	75.78	199,588	115,042	74.45	121,210	63,235	59.62
Trading	59,466	34,942	14.82	36,329	20,940	13.55	29,675	15,481	14.60
Others[*1]	37,738	22,175	9.40	32,163	18,539	12.00	52,421	27,348	25.78
PAT/ (LAT)	**29,822**	**17,523**	**-**[*2]	**22,429**	**12,928**	**-**[*2]	**(40,440)**	**(21,098)**	**-**[*2]
Manufacturing	5,732	3,368	-[*2]	32,665	18,828	-[*2]	(38,517)	(20,094)	-[*2]
Trading	39,920	23,457	-[*2]	11,469	6,611	-[*2]	15,977	8,335	-[*2]
Others[*1]	(15,830)	(9,302)	-[*2]	(21,705)	(12,511)	-[*2]	(17,900)	(9,338)	-[*2]

Notes:-

* *The HKD amount as per the above financial statements have been translated into RM amount based on the following middle rate quoted by BNM as at 5.00 p.m. on the respective end dates for each financial years under review, as follows:-*

FYE 31 December 2023 HKD1.00 : RM0.5876
FYE 31 December 2024 HKD1.00 : RM0.5764
FYE 31 December 2025 HKD1.00 : RM0.5217

[*1] *Others represents the provision of services on environmental protection and energy conservation and investment holding activities.*

[*2] *The PAT/ (LAT) contribution of each of the business segments of Real Jade Group is not applicable due to the loss making segments during the 3 financial years up to the FYE 31 December 2025.*

For the FYE 31 December 2023 to FYE 31 December 2025, there was no:-

i. exceptional or extraordinary item during the financial years under review;

ii. accounting policy adopted by Real Jade which are peculiar to Real Jade because of the nature of its business or the industry it is involved in; and

iii. audit qualification of the financial statements of Real Jade for the financial years under review.

Commentary on Real Jade's financial performance based on its audited consolidated financial statements for the past 3 financial years up to the FYE 31 December 2025 are set out below.

FYE 31 December 2024 vs FYE 31 December 2023

For the FYE 31 December 2024, Real Jade recorded revenue of HKD268.08 million (RM154.52 million), which represents a decline of HKD133.24 million (RM81.29 million) or approximately 33.20% as compared to the preceding financial year of HKD401.32 million (RM235.82 million). The decline in revenue was mainly in conjunction with the following:-

i. decline in manufacturing and sales of cement and clinker by HKD104.02 million (RM62.27 million) due to lower selling prices of cement and lower production output as a result of lower demand in 2024;

ii. decline in trading of cement by HKD23.14 million (RM14.00 million) due to weaker demand for the products locally; and

iii. decline in provision of service on environmental protection and energy conservation by HKD5.58 million (RM3.64 million) following the completion of existing projects, mainly attributable to the Phase II Air Conditioning Renovation Project at Futian Digital Era Plaza, involving the upgrade of outdated air-conditioning systems for commercial buildings with more energy-efficient solutions.

Further, Real Jade recorded a PAT of HKD22.43 million (RM12.93 million) for the FYE 31 December 2024, which represents a decline of HKD7.39 million (RM4.60 million) or approximately 24.79% as compared to the PAT of HKD29.82 million (RM17.52 million) in the preceding financial year. The lower PAT position was mainly in conjunction with the following:-

i. increase in impairment loss on trade and bills receivable and other receivables by HKD14.18 million (RM8.31 million) due to increased credit risk associated with a long-outstanding balance within other receivables, for which a provision was made accordingly; and

ii. decline in other income and other gains or losses by HKD7.31 million (RM4.42 million) due to the absence of a reversal of over accrued expenses amounting to HKD5.00 million (RM2.88 million) recorded in the previous financial year, and lower subsidy income by HKD2.26 million (RM1.30 million) due to reduced production at the manufacturing plant.

The decline in PAT was partially offset by:-

i. decline in impairment loss on loan receivables by HKD5.44 million (RM3.22 million), due to lower expected credit losses recognised on the loan receivables that were subject to impairment assessment in the prior year; and

ii. decline in administrative expenses by HKD3.13 million (RM2.32 million) due to lower staff costs.

Real Jade recorded net cash generated from operating activities of HKD152.17 million (RM87.71 million) for the FYE 31 December 2024, which represents an increase of HKD127.39 million (RM73.15 million) or more than 100.00% as compared to the net cash generated from operating activities of HKD24.78 million (RM14.56 million) in the preceding financial year. The increase was mainly attributable to a reduction in trade and bills receivables following improved collection of outstanding balances from customers, which was driven by enhanced monitoring and follow-up efforts undertaken by a dedicated collections team. This was partially offset by a decrease in trade and bills payables as Real Jade utilised its available cash resources to settle outstanding obligations to creditors in a more timely manner.

FYE 31 December 2025 vs FYE 31 December 2024

For the FYE 31 December 2025, Real Jade recorded revenue of HKD203.31 million (RM106.07 million), which represents a decline of HKD64.77 million (RM48.46 million) or approximately 24.16% as compared to the preceding financial year (FYE 31 December 2024: HKD268.08 million (RM154.52 million)). The decline in revenue was mainly attributable to lower manufacturing and sales of cement, amid the cement plant's expansion programme during the financial year under review and soft market demand. This reduction in production is reflected in the decrease in annual output from 398,000 tonnes in the preceding financial year to 196,000 tonnes in the financial year under review.

The decline in revenue was partially offset by the increase in provision of service on environmental protection and energy conservation by HKD20.26 million (RM8.81 million).

Further, Real Jade recorded a LAT of HKD40.44 million (RM21.10 million) for the FYE 31 December 2025, which represents a decline of HKD62.87 million (RM34.03 million) or approximately 280.30% as compared to the PAT of HKD22.43 million (RM12.93 million) in the preceding financial year. The LAT position was in conjunction with the following:-

i. decline in GP by HKD60.02 million (RM37.13 million) due to the cement manufacturing plant undergoing an expansion programme, during which certain fixed overheads continued to be absorbed;

ii. decline in other income and other gains or losses by HKD18.83 million (RM10.45 million) mainly attributable to a net loss on disposal of a construction in progress amounting to HKD13.83 million (RM7.22 million), which were deemed obsolete with out-dated technology which are not suitable for the new plant and were accordingly disposed of to the contractor at an agreed price. In addition, sundry income declined by HKD2.87 million (RM1.50 million); and

iii. increase in administrative expenses by HKD6.93 million (equivalent to RM1.26 million) due to the provision for legal fees and related expenses in connection to an ongoing litigation as disclosed in **Section 10, Appendix III** of this Circular.

The LAT position was partially offset by the decline in finance costs by HKD6.02 million (RM4.59 million) due the decline in interest expenses from bill discounting by HKD6.87 million (RM3.59 million) partially offset by the increase in interest on other borrowings by HKD0.87 million (RM0.45 million) during the year.

Real Jade recorded net cash generated from operating activities of HKD123.74 million (RM64.55 million) for the FYE 31 December 2025, reflecting a decrease of approximately HKD28.43 million (RM23.16 million) or approximately 18.68% as compared to the net cash generated from operating activities of HKD152.17 million (RM87.71 million) in FYE 31 December 2024. The decline was primarily due to the operating loss recorded during the FYE 31 December 2025 and reduced production output arising from the temporary disruptions associated with the expansion programme undertaken at its cement manufacturing plant. However, the impact was partially mitigated by a decline in trade and bills receivables resulting from improved collections of outstanding balances from customers, driven by the continued monitoring and recovery efforts undertaken by the dedicated collections team.

Notwithstanding the reduction in trade and bills receivables during the financial year, Real Jade's trade receivables balance remained at a relatively high level as at 31 December 2025. This was primarily attributable to certain long-outstanding receivables from a customer engaged in the cement trading business, which had remained outstanding for more than 90 days. The prolonged collection period of these receivables may affect the timing of cash flows available for the repayment of Debt Owing to MHL, as Real Jade is also required to preserve cash for its working capital requirements and the ongoing cement plant expansion programme. To mitigate the associated collection risk, management reviews the recoverable amount of each individual trade debt, bills receivables and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. For shareholders' information, 14 customers which represented approximately 4.73% of Real Jade's total trade receivables were past due for more than 90 days as at 31 December 2025, and the appropriate allowance for credit losses has been recognised.

6. CAPITAL EXPENDITURES

During the FYEs 31 December 2025 and 2024, Real Jade Group had incurred capital expenditures of HKD162.93 million (equivalent to RM82.48 million) and HKD3.25 million (equivalent to RM1.65 million) respectively for the manufacturing plant expansion as disclosed in **Section 2, Part A** of this Circular.

7. MATERIAL COMMITMENTS

As at the LPD and save as disclosed below, the board of directors of Real Jade is not aware of any material commitments incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of Real Jade Group:-

	HKD'000	RM'000[*1]
Contracted for but not provided in the consolidated financial statements		
Capital contribution to a joint venture[*2]	424,624	224,626
	424,624	**224,626**

Notes:-

[*1] *The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.5290, being the middle rate quoted by BNM as at 5.00 p.m. on the LPD.*

[*2] *On 15 February 2012, Shanghai Allied Cement Co, Ltd, ("**SAC**"), a subsidiary of Real Jade, entered into the Bailonggang Project Construction Cooperation Agreement ("**Cooperation Agreement**") and the Principle Agreement for the Establishment of the Joint Venture Company ("**JV Principle Agreement**") with Shanghai Building Material (Group) Company Limited ("**Shanghai Building Material**") for the purpose of setting up a joint venture company pursuant to the terms and conditions therein on 13 February 2012. Pursuant to the Cooperation Agreement, Shanghai Building Material and Shanghai SAC agreed to establish the joint venture company to operate and manage the Bailonggang Project under the terms of the JV Principle Agreement after the relevant government approvals for the Bailonggang Project are obtained. The joint venture is currently pending approval from the local authority before commencement, and the joint venture company will only be formed after obtaining the relevant approvals.*

The commitment on capital contribution to a joint venture represents the 50% share of registered capital of the joint venture company by the Group. Shanghai SAC has committed to contribute RMB400.00 million (equivalent to approximately HKD 442.87 million), representing its 50% share of the registered capital of the joint venture company. In connection with the Bailonggang Project, Shanghai SAC also entered into purchase agreements for certain equipment and machinery intended for use in the Bailonggang Project. As at 31 December 2025, the remaining first payment under the outstanding purchase agreement amounted to RMB16.48 million (equivalent to approximately HKD18.25 million). Subject to the relevant PRC rules and regulations, the equipment and machinery may subsequently be transferred to the JV Company at cost or contributed in kind towards Shanghai SAC's share of the registered capital of the JV Company. Accordingly, the Group's total commitment to the Bailonggang Project as at 31 December 2025 amounted to RMB383.52 million (equivalent to approximately HKD424.62 million).

For shareholders' information, the material commitments of the Real Jade Group have partly contributed to its inability to repay the outstanding Debt Owing to MHL, as such commitments represent a substantial financial obligation exceeding 100% of its bank balances and cash.

8. MATERIAL CONTRACTS

Real Jade Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

9. CONTINGENT LIABILITIES

As at the LPD, the board of directors of Real Jade is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of Real Jade Group.

10. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, Real Jade Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Real Jade is not aware and have no knowledge of any proceedings pending or threatened against Real Jade Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Real Jade Group.

1. Longkou Fanlin Cement Limited ("LFCL" or the "Plaintiff") vs Shandong Allied Wangchao Cement Limited ("SAWCL" or the "Defendant")

LFCL had on 7 May 2024 commenced legal proceedings in Shandong Yantai Longkou City People's Court against SAWCL in relation to the alleged failure of SAWCL to fulfill the payment obligation in accordance with the terms of the contract between the parties.

SAWCL had entered into a series of agreements on 18 October 2021, including the "Capacity Replacement Agreement", with LFCL in order to build a new 4,000-tonnes/day cement clinker production line project. The agreement provided for the purchase of production capacity indicators/production rights for a 2,500-tonnes/day clinker production line from LFCL, along with the related "five reductions and substitutions" quotas, including coal consumption, energy consumption, carbon emissions, and pollutant emissions, at a price of RMB105 million.

During the performance of the contract, a series of major changes occurred due to unforeseen circumstances. However, LFCL refused to negotiate and insisted SAWCL to pay the originally agreed price of RMB105 million.

LFCL had sought for the following reliefs from SAWCL:-

(a) to immediately pay the transfer price of RMB105,000,000 (equivalent to RM63,892,500.00)*[7] and to bear liquidated damages of RMB31,500,000 (equivalent to RM19,167,750.00)[*7] (which constitutes 30% of the total price); and

(b) to bear all litigation fees amounting to RMB300,000 (equivalent to RM182,550.00)[*7].

On 30 April 2025 and 19 January 2026, the first-instance and second-instance trials were held and ruled as follows:-

(a) the Defendant shall pay the Plaintiff the transfer price of RMB105,000,000 (equivalent to RM63,892,500.00)[*7] together with interest (which shall be calculated based on the principal amount of RMB105,000,000 (equivalent to RM63,892,500.00)[*7], commencing from 8 December 2023 until the date of actual payment, at 130% of the one-year loan prime rate (LPR) published by the National Interbank Funding Center under the authorization of the People's Bank of China.

(b) all other claims of the Plaintiff and all counterclaims of the Defendant are dismissed.

SAWCL had on 21 April 2026 submitted an online application for the retrial, which constitutes the final avenue of appeal available to both parties. The relevant proceedings are currently in progress.

The solicitors on record are of the view that SAWCL has a valid foundation for a lower sum of the above decisions and there remains room to protect and realise SAWCL's claims.

[*7] *The RMB amount has been translated into RM amount based on the exchange rate of RMB1.00 : RM0.6085, being the middle rate quoted by BNM as at 5.00 p.m. on the LPD.*

2. Shangdong Allied Wangchao Cement Limited ("SAWCL") vs Yin Lifei, Li Wu and Huang Guibiao (collectively the "Defendants") and Wang Jun ("Third Party")

On 21 December 2020, SAWCL that was involved in a lending dispute against the Third Party & others (who were the guarantors for the loan granted to a borrower for working capital purposes) for their failure to repay a loan amount of RMB30,000,000 (equivalent to RM18,255,000.00)[*7], resolved the same through a mediation agreement under the order issued by Taierzhuang District People's Court of Zaozhuang City, Shandong Province. The Third Party & others were ordered by Taierzhuang District People's Court of Zaozhuang City, Shandong Province to repay SAWCL RMB30,000,000 (equivalent to RM18,255,000.00)[*7] by 22 January 2021.

As the Third Party & others defaulted the repayment obligations, SAWCL applied for compulsory execution to the Taierzhuang District People's Court of Zaozhuang City. On 15 May 2022, the Taierzhuang District People's Court of Zaozhuang City issued an execution ruling freezing and sealing the Third Party's real estate assets, with an appraised value of RMB48,600,000 (equivalent to RM29,573,100.00)[*7] in which RMB30,000,000 (equivalent to RM18,255,000.00)[*7] was used to settle the outstanding debt due to SAWCL, and the balance of RMB18,600,000 (equivalent to RM11,318,100.00)[*7] was to paid by SAWCL on behalf of the Third Party to clear the outstanding debts owed to its other creditors.

On 25 August 2022, on the grounds that the debt-clearing agreement via property transfer (asset-in-lieu-of-debt) had been fully performed, the Taierzhuang District People's Court issued a notice of case closure to SAWCL.

It was subsequently found that the Third Party who was involved in other debt disputes, and that the above real estate asset had been sealed by another court, leading to SAWCL initiating legal proceedings at the Maojian District People's Court of Shiyan City, Hubei Province. SAWCL filed a third party execution objection against the Defendants and the Third Party requesting a court confirmation that Civil Judgment No. (2022) E 0302 Min Chu 5928 and Civil Judgment No. (2023) E 03 Min Zhong 3850 issued by the Maojian District People's Court of Shiyan City, Hubei Province was erroneous, and to stay the execution based on the disputed subject matter of said judgment. The Maojian District People's Court of Shiyan City, Hubei Province issued the Ruling No. (2025) E 0302 Min Chu 6327, dismissing the lawsuit filed by SAWCL.

This legal proceeding is a third party application made by SAWCL to the Shiyan Intermediate People's Court of Hubei Province, for a retrial application to request for a retrial and to revoke the civil judgment issued by the Maojian District People's Court of Shiyan City, Hubei Province on the ground of judicial error.

On 28 April 2026, Shiyan Intermediate People's Court of Hubei Province held that the original Civil Judgment No. (2023) E 03 Min Zhong 3850 obtained on 29 December 2023 contains definite errors and ruled as follows:-

(a) this case shall be retried by Shiyan Intermediate People's Court of Hubei Province; and

(b) during the retrial period, the execution of the original judgment shall be stayed.

The directors are of the view that SAWCL has a reasonably strong chance of winning the claim.

REAL JADE LIMITED

Report and Consolidated Financial Statements
For the year ended 31 December 2025

REAL JADE LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF REAL JADE LIMITED
(incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Real Jade Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 63, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

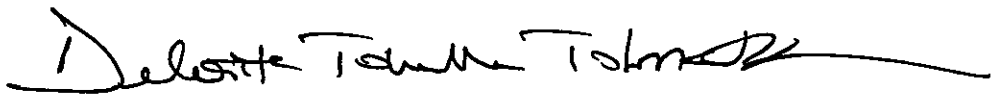
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Li, Man Kei (practising certificate number: P04412).



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 April 2026

REAL JADE LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	5	203,306	268,080
Cost of sales		(156,994)	(161,746)
Gross profit		46,312	106,334
Other income and other gains or loss	6	(7,325)	11,504
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")		2,701	949
Impairment loss on loan receivables		(460)	(1,570)
Net reversal of impairment loss (impairment loss) on trade and bills receivables and other receivables		1,100	(2,241)
Distribution and selling expenses		(2,714)	(3,207)
Administrative expenses		(50,115)	(43,183)
Finance costs	7	(20,444)	(26,462)
(Loss) profit before taxation		(30,945)	42,124
Taxation	8	(9,495)	(19,695)
(Loss) profit for the year	9	(40,440)	22,429
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation to presentation currency		26,422	(23,189)
Total comprehensive expense for the year		(14,018)	(760)
(Loss) profit for the year attributable to:			
Owners of the Company		(51,325)	7,330
Non-controlling interests		10,885	15,099
		(40,440)	22,429
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(34,395)	(7,586)
Non-controlling interests		20,377	6,826
		(14,018)	(760)

REAL JADE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	10	370,724	239,699
Right-of-use assets	11	9,735	10,452
Deposits for equipment and machineries	12	18,246	25,508
Intangible assets	13	148,721	145,332
		547,426	420,991
Current assets			
Properties held for sale	14	2,141	2,088
Inventories	15	9,155	10,934
Trade and bills receivables	16	261,243	325,429
Other receivables, deposits and prepayments	17	568,908	559,976
Loan receivables	18	23,741	133,536
Contract assets	19	2,456	1,122
Financial assets at FVTPL	20	-	85,357
Amount due from a related party	26	44,287	-
Pledged bank deposits	21	137,942	55,873
Restricted bank deposits	22	17,893	10,182
Bank balances and cash	22	94,110	76,969
		1,161,876	1,261,466
Current liabilities			
Trade and bills payables	23	250,202	225,763
Other payables and deposits received	24	229,509	221,997
Contract liabilities	25	47,020	15,987
Amounts due to a related party	26	92	237
Tax liabilities		81,197	78,064
Bank and other borrowings due within one year	27	328,787	170,886
Lease liabilities due within one year	28	663	1,037
		937,470	713,971
Net current assets		224,406	547,495
Total assets less current liabilities		771,832	968,486
Non-current liabilities			
Deferred taxation	29	25,160	27,408
Bank and other borrowings due after one year	27	-	165,572
Lease liabilities due after one year	28	81	335
		25,241	193,315
Net assets		746,591	775,171

	NOTE	2025 HK$'000	2024 HK$'000
Capital and reserves			
Share capital	30	-	-
Reserves		334,421	368,816
Equity attributable to owners of the Company		334,421	368,816
Non-controlling interests		412,170	406,355
Total equity		746,591	775,171

The consolidated financial statements on pages 4 to 63 were approved and authorised for issue by the Board of Directors on 17 April 2026.

Ng Qing Hai
DIRECTOR

James Wong Tet Foh
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company								
	Share capital HK$'000	Translation reserve HK$'000	Special reserve HK$'000 (Note a)	Capital reserve HK$'000	Statutory reserves HK$'000 (Note b)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	-	(45,897)	(40,027)	824	62,269	399,233	376,402	423,853	800,255
Profit for the year	-	-	-	-	-	7,330	7,330	15,099	22,429
Exchange difference arising on translation to presentation currency	-	(14,916)	-	-	-	-	(14,916)	(8,273)	(23,189)
Total comprehensive (expense) income for the year	-	(14,916)	-	-	-	7,330	(7,586)	6,826	(760)
Appropriations to reserve	-	-	-	-	6,812	(6,812)	-	-	-
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	(24,324)	(24,324)
At 31 December 2024	-	(60,813)	(40,027)	824	69,081	399,751	368,816	406,355	775,171
(Loss) profit for the year	-	-	-	-	-	(51,325)	(51,325)	10,885	(40,440)
Exchange difference arising on translation to presentation currency	-	16,930	-	-	-	-	16,930	9,492	26,422
Total comprehensive (expense) income for the year	-	16,930	-	-	-	(51,325)	(34,395)	20,377	(14,018)
Appropriations to reserve	-	-	-	-	6,638	(6,638)	-	-	-
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	(14,562)	(14,562)
At 31 December 2025	-	(43,883)	(40,027)	824	75,719	341,788	334,421	412,170	746,591

Notes:

(a) The special reserve represents the difference between the nominal amount of share capital of Shanghai Allied Cement Holdings Limited and SAC Intellectual Properties Limited at the date on which they were acquired by Splendid Link Limited in 2010 at a consideration of HK$40,027,000 and US$1 respectively under the group reorganisations.

(b) The statutory reserves represent the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either use to set off the accumulated losses or increase capital.

REAL JADE LIMITED

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

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(30,945)	42,124
Adjustments for:		
Amortisation and depreciation	14,271	15,903
Net (reversal of impairment loss) impairment loss on trade and bills receivables and other receivables	(1,100)	2,241
Impairment loss on loan receivables	460	1,570
Impairment loss (reversal of impairment loss) on inventories	590	(4,045)
Finance costs	20,444	26,462
Net loss (gain) on disposal and write-off of property, plant and equipment	14,071	(89)
Fair value gain on financial assets at fair value through profit or loss	(2,701)	(949)
Interest income from loan receivables	(502)	(1,176)
Interest income from banks	(1,329)	(2,391)
Operating cash inflow before movements in working capital	13,259	79,650
Decrease in inventories	2,653	24,800
Decrease in trade and bills receivables	73,499	201,636
Decrease in other receivables, deposits and prepayments	5,220	167,593
(Increase) decrease in contract assets	(1,306)	840
Increase (decrease) in trade and bills payables	18,740	(190,625)
Decrease in other payables and deposits received	(7,743)	(114,867)
Increase in contract liabilities	30,630	427
Cash generated from operations	134,952	169,454
Income tax paid	(11,214)	(17,286)
NET CASH FROM OPERATING ACTIVITIES	123,738	152,168
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	86,701	303,722
Proceeds from redemption of financial assets at fair value through profit or loss	184,361	192,298
Bank interest received	1,329	2,391
Interest received from loan receivables	524	1,145
Refund of deposits for acquisition of property, plant and equipment	7,905	-
Proceeds from disposal of property, plant and equipment	11,122	145
Proceeds from redemption of loan receivables	2,211,319	4,791,316
Advance of loan receivables	(2,100,178)	(4,887,359)
Purchase of financial assets at fair value through profit or loss	(94,110)	(232,912)
Placement of pledged bank deposits	(167,358)	(172,454)
Addition of intangible assets	-	(15,445)
Purchase of leasehold land	-	(4,360)
Purchase of property, plant and equipment	(162,930)	(3,250)
Advance to non-controlling interests	(44,287)	-
Placement of restricted bank deposits	(7,377)	(2,853)
NET CASH USED IN INVESTING ACTIVITIES	(72,979)	(27,616)

	2025 HK$'000	2024 HK$'000
FINANCING ACTIVITIES		
Interest paid	(10,735)	(18,228)
Dividends paid to non-controlling interests	(14,562)	(24,324)
(Repayment to) advance from non-controlling interests	(145)	84
Repayment of bank borrowings	(41,918)	(178,319)
New bank and other borrowings raised	32,920	-
Repayment of lease liabilities	(1,340)	(1,209)
NET CASH USED IN FINANCING ACTIVITIES	(35,780)	(221,996)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,979	(97,444)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	76,969	174,284
Effect of foreign exchange rate changes	2,162	129
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by cash and cash equivalents	94,110	76,969

1. GENERAL INFORMATION

The Company is a private limited company incorporated in the British Virgin Islands. The Company's immediate holding company is Xelmont Limited, a limited liability company incorporated in the British Virgin Islands and the Company's ultimate holding company is Mudajaya Group Berhad, a limited liability company incorporated in Malaysia with its shares listed on the Bursa Malaysia.

The address of the registered office of the Company is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the principal place of business of the Company is 9th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 38.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") to facilitate the review of the consolidated financial positions and performance of the Group by the directors of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS - continued

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements" ("IAS 1"). This new IFRS Accounting Standards, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the income statement and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment, other than construction in progress and owned properties as described below, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning property and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these construction in progress, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Mining right

On initial recognition, mining right acquired separately is recognised at cost. After initial recognition, mining right is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for mining right is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on property, plant and equipment, mining right and right-of-use assets below).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Impairment of property, plant and equipment, intangible assets and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash- generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Impairment of property, plant and equipment, intangible assets and right-of-use assets - continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight- line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Lease liabilities - continued

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Properties held for sale

Properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Provisions - continued

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the costs to restore mines to their original condition, as required by the government policies, are recognised at the date of enactment of the government policies at the directors' best estimate of the expenditure that would be required to restore the assets, Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Taxation - continued

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in consolidated profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowing. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HKD) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Retirement benefit costs

Payments to Mandatory Provident Fund and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at fair value through other comprehensive income ("FVTOCI"). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line of "fair value gain on financial assets designated at fair value through profit or loss".

Impairment of financial assets and other item subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and bills receivables, other receivables, loan receivables, amount due from a related party, pledged bank deposits, restricted bank deposits and bank balances and cash) and other item (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 - continued

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 - continued

(i) Significant increase in credit risk - continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 - continued

(ii) Definition of default - continued

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 - continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Derecognition of financial assets - continued

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and bills payables, other payables, amounts due to a related party and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables, bills receivables, other receivables, loan receivables, contract assets and amount due from a related party

Trade receivables, bills receivables, other receivables, loan receivables, contract assets and amount due from a related party with significant balances and credit-impaired are assessed for ECL individually.

In addition, for trade receivables, bills receivables, other receivables, loan receivables, contract assets and amount due from a related party which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, bills receivables, other receivables, loan receivables and contract assets are disclosed in note 35.

Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets - continued

As at 31 December 2025, the carrying amounts of right-of-use assets, property, plant and equipment and intangible assets are HK$9,735,000, HK$370,724,000 and HK$148,721,000 (2024: HK$10,452,000, HK$239,699,000 and HK$145,332,000) respectively, after taking into account the accumulated impairment loss of approximately RMB70,290,000 (equivalent to HK$77,823,295) (2024: RMB70,290,000 (equivalent to HK$75,907,000)) in respect of property, plant and equipment that has been recognised.

5. REVENUE

Revenue represents the sales amount from the manufacturing and sales of cement and clinker, trading of cement, manufacture and sales of building stones and provision of service on environmental protection and energy conservation, net of discount and sales related tax.

	2025 HK$'000	2024 HK$'000
Manufacture and sales of cement and clinker (Note i)	41,351	102,381
Trading of cement (Note i)	29,675	36,329
Manufacture and sales of building stones (Note i)	79,859	97,207
Provision of service on environmental protection and energy conservation (Note ii)	52,421	32,163
	203,306	268,080

Notes:

(i) Revenue from manufacture and sales of cement, clinker, trading of cement and manufacture and sales of building stones are recognised at a point in time when the control of the goods is transferred to the customers upon delivery of the goods.

(ii) The revenue is recognised over time based on output method. The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue is within one year.

6. OTHER INCOME AND OTHER GAINS OR LOSS

	2025 HK$'000	2024 HK$'000
Interest income from banks	1,329	2,391
Interest income from loan receivables	502	1,176
Subsidy income	1,528	1,979
Sundry income	3,509	6,376
Net foreign exchange loss	(122)	(329)
Net loss on disposal and written-off of property, plant and equipment	(14,071)	(89)
	(7,325)	11,504

7. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interests on bank borrowings	3,372	10,244
Interests on other borrowings	17,013	16,148
Interests on lease liabilities	59	70
	20,444	26,462

8. TAXATION

	2025 HK$'000	2024 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT")	12,271	15,390
Hong Kong Profits Tax	-	9
	12,271	15,399
Underprovision in prior years		
PRC EIT	6	797
Hong Kong Profits Tax	-	-
	6	797
	12,277	16,196
Deferred tax (note 29)	(2,782)	3,499
	9,495	19,695

8. TAXATION - continued

The PRC EIT is calculated at the rates applicable to respective subsidiaries. According to the PRC tax laws and regulations, a subsidiary established in the PRC, which was recognised as the High and New Technology Enterprise in Shandong Province, is entitled to enjoy the preferential tax rate at 15% for the years ended 31 December 2025 and 2024. The applicable tax rate for other subsidiaries established in the PRC is 25% (2024: 25%) for the year ended 31 December 2025.

A subsidiary incorporated in Hong Kong is subject to withholding tax charged on the interest income from lending to a PRC subsidiary at the withholding tax rate prevailing in the PRC under the Enterprise Income Tax Law of the PRC.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25% and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% of the estimated assessable profits above HK$2 million for both years.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK$'000	2024 HK$'000
(Loss) profit before taxation	(30,945)	42,124
Tax expense at the domestic income tax rate of 25%	(7,736)	10,531
Tax effect of expenses not deductible for tax purpose	4,910	5,859
Tax effect of income not taxable for tax purpose	(13)	(23)
Tax effect of tax loss not recognised	12,644	-
Utilisation of tax losses previously not recognised	(403)	(2,143)
Tax effect of temporary differences not recognised	1,931	-
Utilisation of temporary differences previously not recognised	(4,758)	3,732
Effect of different tax rates of subsidiaries operating in other jurisdictions	941	138
Withholding tax on undistributed earnings	1,821	1,813
Underprovision in prior years	712	797
Others	(554)	(1,009)
Taxation for the year	9,495	19,695

9. (LOSS) PROFIT FOR THE YEAR

	2025 HK$'000	2024 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs (included directors' emoluments)		
Salaries and other costs	15,313	18,612
Contributions to retirement benefits schemes	3,645	3,715
	18,958	22,327
Auditor's remuneration	1,156	1,215
Cost of inventories recognised as expenses	100,429	161,000
Amortisation of intangible assets (Note 13)	276	277
Depreciation of property, plant and equipment (Note 10)	12,400	14,165
Depreciation of right-of-use assets (Note 11)	1,595	1,461
Net loss (gain) on disposal and written-off of property, plant and equipment	14,071	(89)
Impairment loss on loan receivables	460	1,570
Net (reversal of impairment loss) impairment loss on trade and bills receivables	(3,274)	143
Net impairment loss on other receivables	2,174	2,098
Net impairment loss (reversal of impairment loss) on inventories (included in cost of sales)	590	(4,045)

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2024	282,094	3,098	272,351	12,414	5,798	3,008	578,763
Additions	603	-	746	731	-	1,170	3,250
Transfer	(74,141)	-	(181,463)	-	-	51,248	(204,356)
Disposals	-	-	-	-	(553)	(77)	(630)
Exchange adjustment	(6,035)	(66)	(5,851)	(265)	(124)	(66)	(12,407)
At 31 December 2024	202,521	3,032	85,783	12,880	5,121	55,283	364,620
Additions	547	-	347	84	436	161,515	162,929
Transfer	(41)	-	1,032	879	-	(1,870)	-
Disposals	(8)	-	(307)	(361)	-	(24,946)	(25,622)
Exchange adjustment	5,112	77	2,200	325	130	1,396	9,240
At 31 December 2025	208,131	3,109	89,055	13,807	5,687	191,378	511,167
AGGREGATE DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	83,971	1,394	225,377	8,387	3,991	-	323,120
Provided for the year (Note 9)	5,615	111	6,765	1,188	486	-	14,165
Transfer	(31,530)	-	(172,826)	-	-	-	(204,356)
Eliminated on disposals/ written-off	-	-	-	-	(498)	-	(498)
Exchange adjustment	(1,876)	(32)	(5,312)	(197)	(93)	-	(7,510)
At 31 December 2024	56,180	1,473	54,004	9,378	3,886	-	124,921
Provided for the year (Note 9)	4,986	110	5,708	1,150	446	-	12,400
Transfer	-	-	-	-	-	-	-
Eliminated on disposals/ written-off	(2)	-	(131)	(296)	-	-	(429)
Exchange adjustment	1,490	39	1,664	253	105	-	3,551
At 31 December 2025	62,654	1,622	61,245	10,485	4,437	-	140,443
Carrying values							
At 31 December 2025	145,477	1,487	27,810	3,322	1,250	191,378	370,724
At 31 December 2024	146,341	1,559	31,779	3,502	1,235	55,283	239,699

The above property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Buildings and structures	2.5% - 9%
Leasehold improvements	4.5% - 18%
Plant and machinery	5% - 9%
Furniture, fixtures and equipment	9% - 20%
Motor vehicles	18% - 33.3%

The buildings of the Group are situated on the leasehold land in the PRC.

As at 31 December 2025, the Group pledged its buildings and structures with aggregate carrying amount of approximately HK$45,745,000 (2024: HK$38,087,000) to secure for a short-term bank facilities in respect of the issuance of bills payable to suppliers amounting to approximately HK$94,737,000 (2024: HK$163,410,000). Details of the pledge of assets referred to note 36.

11. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 December 2025			
Carrying amount	9,011	724	9,735
As at 31 December 2024			
Carrying amount	9,106	1,346	10,452
For the year ended 31 December 2025			
Additions to right-of-use assets	-	635	635
Depreciation charge	320	1,275	1,595
Total cash outflow for leases	-	1,340	1,340
For the year ended 31 December 2024			
Additions to right-of-use assets	4,438	1,914	6,352
Depreciation charge	196	1,265	1,461
Total cash outflow for leases	-	1,209	1,209

Land use rights are granted by the relevant PRC government authorities to use certain land areas located in Shandong, the PRC, and are depreciated over the remaining term of leases.

In addition, for both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of two to three years. Lease terms are on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period of which the contract is enforceable.

As at 31 December 2025, the Group pledged right-of-use assets on land use rights with carrying amount of HK$569,000 (2024: HK$582,000) to secure for short-term bank facilities in respect of the issuance of bills payable to suppliers amounting to approximately HK$28,987,000 (2024: HK$80,994,000). Details of the pledge of assets referred to note 36.

12. DEPOSITS FOR EQUIPMENT AND MACHINERIES

On 28 September 2012, Shanghai Allied Cement Co., Ltd ("Shanghai SAC"), a subsidiary of the Company, entered into three purchase agreements for the purchases of certain equipment and machineries at the aggregate consideration of RMB380,000,000 (equivalent to approximately HK$425,580,000). As at 31 December 2018, Shanghai SAC has settled the respective first payments of the total consideration in an aggregate amount of RMB68,270,000 (equivalent to approximately HK$77,827,000) under the three purchase agreements. On 23 April 2019, Shanghai SAC has agreed to cancel one of the purchase agreements with a consideration of RMB235,000,000 (equivalent to approximately HK$263,187,000) with the seller and the respective first payment of RMB44,650,000 (equivalent to HK$50,006,000) has been refunded. As at 31 December 2024, the respective first payments of the remaining two purchase agreements made by the Group is RMB23,620,000 (equivalent to approximately HK$25,508,000). In April 2025, Shanghai SAC has agreed to cancel one of the purchase agreements with a consideration of RMB42,000,000 (equivalent to approximately HK$45,842,000) with the seller and the respective first payment of RMB7,140,000 (equivalent to HK$7,905,000) has been refunded. The equipment and machineries under the purchase agreement was purchased for future use in the development of new cement production facilities.

13. INTANGIBLE ASSETS

	Mining right HK$'000 (note (a))	Production capacity licenses HK$'000 (note (b))	Total HK$'000
COST			
As at 1 January 2024	11,083	-	11,083
Addition	-	138,768	138,768
Exchange realignment	(237)	-	(237)
As at 31 December 2024	10,846	138,768	149,614
Exchange realignment	274	3,503	3,776
As at 31 December 2025	11,120	142,271	153,390
AMORTISATION			
As at 1 January 2024	4,097	-	4,097
Charge for the year	277	-	277
Exchange realignment	(92)	-	(92)
As at 31 December 2024	4,282	-	4,282
Charge for the year	276	-	276
Exchange realignment	112	-	112
As at 31 December 2025	4,670	-	4,670
CARRYING VALUE			
As at 31 December 2025	6,450	142,271	148,721
As at 31 December 2024	6,564	138,768	145,332

Notes:

(a) The license period for the mining of limestone quarry located in the PRC is 10 years and renewable for another 10 years or more at minimal charges. The mining right is amortised on a straight-line basis over its estimated useful life of 50 years.

(b) The production capacity license is acquired from third parties and considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The license will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

14. PROPERTIES HELD FOR SALE

The balance represents completed properties located in the PRC.

15. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	5,499	5,484
Work in progress	41	122
Finished goods	3,615	5,328
	9,155	10,934

16. TRADE AND BILLS RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	35,034	36,550
Less: Allowance for credit losses	(1,770)	(1,835)
	33,264	34,715
Bills receivables	229,485	293,150
Less: Allowance for credit losses	(1,506)	(2,436)
	227,979	290,714
	261,243	325,429

The Group has a policy of allowing its trade customers credit periods normally ranging from 30 days to 270 days (2024: 30 days to 270 days).

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Management of the Group is of the opinion that the credit quality of the trade and bills receivables balances that are neither past due nor impaired at the end of the reporting period is of good quality and these customers have long term relationship with the Group.

At 31 December 2025 and 2024, there is no trade and bills receivables balances of the Group which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

At 31 December 2025, included in the allowance for credit losses are individually impaired trade receivables with an aggregate balance of HK$977,000 (2024: HK$74,000) which included amounts in dispute with debtors or amounts have been placed under liquidation and in severe financial difficulties. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and bills receivables are set out in note 35.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK$'000	2024 HK$'000
Other receivables (Note)	502,181	536,111
Less: Allowance for credit losses	(6,277)	(6,158)
	495,904	529,953
Advance to suppliers	69,873	27,175
Deposits paid	697	836
Prepayments	2,281	1,874
Bank interest income receivable	153	138
	568,908	559,976

Note:

The balance mainly represented the receivables from the customers on behalf of the suppliers. As according to the Group's practice, the Group acts as an agent and sells the goods to the customers on behalf of suppliers with a mark-up of 6% (2024: 6%). The remaining balance in excess of the mark-up will be repaid to the suppliers.

At 31 December 2025, included in the allowance for credit losses are individually impaired other receivables with an aggregate balance of HK$1,181,000 (2024: HK$1,152,000) which included amounts in dispute with the debtors or amounts in which the debtors have been placed under liquidation and in severe financial difficulties. The Group does not hold any collateral over these balances.

Details of impairment assessment of other receivables are set out in note 35.

18. LOAN RECEIVABLES

	2025 HK$'000	2024 HK$'000
Reverse repurchase agreements (Note a)	-	108,418
Other loan receivables (Note b)	67,322	68,079
	67,322	176,497
Less: Allowance for credit losses	(43,581)	(42,961)
	23,741	133,536

18. LOAN RECEIVABLES - continued

Notes:

(a) During the year ended 31 December 2025, the Group, as the reverse repo party, entered into pledge-style bond repo transactions that were denominated in RMB with the aggregate principal amount of RMB1,896,881,000 (equivalent to HK$2,100,178,000) (2024: RMB4,525,694,000 (equivalent to HK$4,887,359,000)) through the Shanghai Stock Exchange with maturity periods from 1 day to 28 days and carried interest ranging from 1.32% to 5.56% (2024: 1.32% to 5.56%) per annum. Such reverse repurchase agreements are classified as financial assets at amortised cost.

During the year ended 31 December 2025, reverse repurchase agreements with aggregate principal amount of RMB1,997,263,000 (equivalent to HK$2,211,319,000) (2024: RMB4,436,759,000 (equivalent to HK$4,791,316,000)) had matured and been redeemed.

(b) At 31 December 2025, other loan receivable of HK$23,741,000 (2024: HK$25,119,000), net of credit loss allowance for ECL of HK$10,366,000 (2024: HK$10,564,000) were unsecured, carrying interest at a fixed rate of 4.35% per annum. Also, included in the Group's loan receivables balance is a debtor with aggregate principal amount of RMB30,000,000 (equivalent to HK$33,125,000) (2024: RMB30,000,000) equivalent to HK$32,397,000) with credit loss allowance of RMB30,000,000 (equivalent to HK$33,215,000) (2024: RMB30,000,000 (equivalent to HK$32,397,000)), represented an unsecured loan to an independent third party which the directors of the Company consider credit risk had increased significantly for those amounts in dispute with the debtors or amounts which the debtors are in severe financial difficulties and have been placed under liquidation. Accordingly, these amounts are considered as credit-impaired.

Details of impairment assessment of loan receivables are set out in note 35.

19. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Construction contracts (Note)	2,456	1,122

Note:

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of total contract sum as part of its credit risk management policies. The Group typically recognises trade receivables when the rights become unconditional, which is typically at the time the Group completed the milestones as indicated in the contract. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle, which is within 12 months after the end of the reporting period. Details of the impairment assessment are set out in note 35.

20. FINANCIAL ASSETS AT FVTPL

	2025 HK$'000	2024 HK$'000
Structured deposits	-	85,357

Structured deposits represent products issued by the banks and pay interest (i) at a rate which has an inverse relationship to the market interest rate and (ii) which linked to the fluctuation of foreign exchange rate.

During the year ended 31 December 2025, the Group entered into new principal protected structured deposits that were denominated in RMB with the aggregate principal amount of RMB85,000,000 (equivalent to HK$94,110,000) (2024: RMB215,676,000 (equivalent to HK$232,912,000)) with banks with maturity periods ranged from 32 days to 12 months (2024: 9 days to 12 months).

Structured deposits with aggregate principal amount of RMB164,000,000 (equivalent to HK$181,577,000) (2024: RMB176,816,000 (equivalent to HK$190,946,000)) had matured and been redeemed at RMB166,515,000 (equivalent to HK$184,361,000) (2024: RMB178,068,000 (equivalent to HK$192,298,000)) during the year ended 31 December 2025 and resulted in fair value gains on financial assets at fair value through profit or loss of RMB2,475,000 (equivalent to HK$2,740,000) (2024: RMB826,000 (equivalent to HK$892,000)) for the year ended 31 December 2025.

These structured deposits do not meet the solely payments of principal and interest on the principal amount outstanding. Such structured deposits are designated as financial assets at fair value through profit or loss on initial recognition.

At 31 December 2024, the Group has pledged exchange rate linked structured deposits of HK$75,594,000 to secure for short-term bank facilities in respect of the issuance of bills payable. Details of the pledge of assets referred to note 36.

21. PLEDGED BANK DEPOSITS

As at 31 December 2025 and 2024, the bank deposits are pledged as security for the Group's short-term bank facilities in respect of the issuance of bills payable to suppliers.

Details of the pledge of assets referred to Note 36.

22. RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

	2025 HK$'000	2024 HK$'000
Unrestricted bank balances and cash	94,110	76,969
Restricted bank deposits	17,893	10,182
Total	112,003	87,151

Bank balances and cash and restricted bank deposits are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
United States Dollars ("US$")	19	19
RMB	103,965	84,038
HK$	8,019	3,094
	112,003	87,151

Bank balances held by the Group carried interest at market rates which range from 0.001% to 0.25% (2024: 0.001% to 1.85%) per annum.

23. TRADE AND BILLS PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	21,238	25,096
Bills payables (Note)	228,964	200,667
	250,202	225,763

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

24. OTHER PAYABLES AND DEPOSITS RECEIVED

	2025 HK$'000	2024 HK$'000
Other payables (Note a)	194,612	190,720
Other tax payables	17,061	22,597
Other accrued operating expenses	2,863	3,324
Interest payable (Note b)	14,295	4,645
Deposits received	678	711
	229,509	221,997

Notes:

(a) The balance mainly represented the payables to the suppliers on behalf of the customers. As according to the Group's practice, the Group acts as an agent and sells the goods to the customers on behalf of suppliers. The remaining balance will be repaid to the suppliers.

(b) The balance represented the interest payable of secured other borrowings at the effective interest rate of 5.45% (2024: 6.04%) per annum and interest payable of unsecured other borrowings at an interest rate of 6% (2024: 6%) per annum.

25. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Receipt in advance from customers	47,020	15,987

The contract liabilities represent the Group's obligation to transfer performance obligation to customers for which the Group has received consideration from the customers.

Movements in contract liabilities:

	2025 HK$'000	2024 HK$'000
Balance at 1 January	15,987	15,899
Increase in contract liabilities as a result of receiving consideration	34,400	9,077
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the beginning of the year	(3,717)	(8,775)
Exchange realignment	350	(214)
Balance at 31 December	47,020	15,987

26. AMOUNTS DUE FROM (TO) A RELATED PARTY

The amount due from a related party is unsecured, carrying interest at 3.5% per annum and is repayable on demand.

The amount due to a related party is unsecured, interest-free and are repayable on demand.

The related party represents the non-controlling shareholder of the Group's subsidiaries respectively.

27. BANK AND OTHER BORROWINGS

	2025 HK$'000	2024 HK$'000
Secured bank borrowings (Note a)	33,215	40,886
Secured other borrowings (Note b)	130,000	130,000
Unsecured other borrowing (Note c)	165,572	165,572
	328,787	336,458
Less: Amount due for settlement within 12 months shown under current liabilities	(328,787)	(170,886)
Amount due for settlement after 12 months shown under non-current liabilities	-	165,572

Notes:

(a) The Group's bank borrowings are secured, bear interests at fixed rates and are repayable within one year as at the reporting date. The effective interest rate of bank borrowings is ranging from 3.33% (2024: 2.75%) per annum.

(b) The Group's secured other borrowings were granted by independent third parties. They were secured, bear interests at variable rates and were repayable within one year (2024: one year) as at the reporting year end date. Subsequent to the year end, the repayment date are further extended to 3 February 2027. The effective interest rate of secured other borrowings were 5.45% (2024: 6.04%) per annum.

(c) The Group's unsecured other borrowing was granted by the former holding company. It was unsecured, carrying interest at 6% (2024: 6%) per annum and would be repayable on 9 November 2026.

Details of the assets of the Group pledged to secure bank and other borrowings are set out in note 36.

28. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	663	1,037
Within a period of more than one year but not more than two years	81	335
	744	1,372
Less: Amount due for settlement with 12 months shown under current liabilities	(663)	(1,037)
Amount due for settlement after 12 months shown under non-current liabilities	81	335

The weighted average incremental borrowing rates applied to lease liabilities range 3% to 6% per annum (2024: 3% to 6% per annum).

29. DEFERRED TAXATION

At the end of the reporting period and during the current and prior year, deferred tax liabilities were recognised in respect of the temporary differences attributable to the following:

	Accelerated tax depreciation HK$'000	Allowance for doubtful debts HK$'000	Withholding tax on undistributed earnings HK$'000	Others HK$'000	Total HK$'000
At 1 January 2024	35,464	(13,089)	2,888	(779)	24,484
(Credited) charged to profit or loss	(799)	2,782	1,011	505	3,499
Exchange differences	(747)	240	(76)	8	(575)
At 31 December 2024	33,918	(10,067)	3,823	(266)	27,408
(Credited) charged to profit or loss	(796)	778	(3,157)	393	(2,782)
Exchange differences	845	(243)	(67)	(1)	534
At 31 December 2025	33,967	(9,532)	599	126	25,160

The Group had estimated unused tax losses of approximately HK$197,644,000 (2024: HK$118,693,000) at 31 December 2025, which were available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unused tax losses of approximately HK$124,888,000 (2024: HK$45,939,000) at 31 December 2025 will gradually expire in five years and the remaining unused tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	2025 and 2024	
	No. of shares	US$
Authorised:		
50,000 ordinary shares with a par value of US$1	50,000	50,000
Issued and fully paid:		
1 ordinary share with a par value of US$1	1	1

	HK$'000
Shown in the consolidated financial statements	-

31. CAPITAL COMMITMENTS

	2025 HK$'000	2024 HK$'000
Capital commitments contracted for but not provided in the consolidated financial statements in respect of:		
Capital contribution to a joint venture (Note)	424,624	406,458
Acquisition of property, plant and equipment	154,156	3,618
	578,780	410,076

Note:

On 15 February 2012, Shanghai SAC entered into the 《關於建設"白龍港項目"合作協議》 (Bailonggang Project Construction Cooperation Agreement*) ("Cooperation Agreement") and the 《關於設立合資公司(原則)協議》 (Principle Agreement for the Establishment of the Joint Venture Company*) ("JV Principle Agreement") with 上海建材(集團)有限公司 (Shanghai Building Material (Group) Company Limited*) (formerly known as 上海建築材料(集團)總公司 (Shanghai Building Material (Group) General Company*)) ("Shanghai Building Material"), a state-owned enterprise, for the purpose of setting up a joint venture company ("JV Company") pursuant to the terms and conditions therein on 13 February 2012. Pursuant to the Cooperation Agreement, Shanghai Building Material and Shanghai SAC agreed to establish the JV Company to operate and manage the Bailonggang Project under the terms of the JV Principle Agreement after the relevant government approvals for the Bailonggang Project being obtained. The commitment on capital contribution to a joint venture represents the 50% share of registered capital of the JV Company by the Group amounting to RMB400,000,000 (equivalent to approximately HK$442,870,000) (2024: RMB400,000,000 (equivalent to approximately HK$431,965,000).

31. CAPITAL COMMITMENTS - continued

Note: - continued

On 28 September 2012, Shanghai SAC entered into three purchase agreements for the purchases of certain equipment and machineries at the aggregate consideration of RMB380,000,000 (equivalent to approximately HK$425,580,000). As at 31 December 2018, Shanghai SAC has settled the respective first payment of the total consideration in an aggregate amount of RMB68,270,000 (equivalent to approximately HK$77,827,000). On 23 April 2019, Shanghai SAC has agreed to cancel one of the purchase agreements with consideration of RMB235,000,000 (equivalent to approximately HK$263,187,000) with the seller and the respective first payment of RMB44,650,000 (equivalent to approximately HK$50,006,000) has been refunded. As at 31 December 2024, the respective first payment of the remaining two purchase agreements made by Shanghai SAC is RMB23,620,000 (equivalent to approximately HK$25,508,000 and HK$26,065,000, respectively). In April 2025, Shanghai SAC has agreed to cancel one of the purchase agreements with consideration of RMB42,000,000 (equivalent to approximately HK$46,501,000) with the seller and the respective first payment of RMB7,140,000 (equivalent to approximately HK$7,793,000) has been refunded. As at 31 December 2025, the first payment of the remaining purchase agreement made by Shanghai SAC is RMB16,480,000 (equivalent to approximately HK$18,246,000).

The equipment and machineries under the purchase agreement were purchased for future use in the Bailonggang Project and the Group does not intend to retain such equipment and machineries for their own use. After the JV Company is established, Shanghai SAC may transfer, by way of disposal or otherwise, the equipment and machineries purchased at cost or novate the rights and obligations of the purchase agreements at cost to the JV Company in accordance with the relevant PRC rules and regulations, or subject to the relevant PRC rules and regulations, may transfer such equipment and machineries at cost by way of contribution in kind to satisfy its proportion of the registered capital of the JV Company.

Since the equipment and machineries under the purchase agreement were purchased for future use in the Bailonggang Project, the total commitment of the Group to the Bailonggang Project, including the commitment under the purchase agreement, would be limited to RMB383,520,000 (equivalent to approximately HK$424,624,000) (2024: RMB376,380,000 (equivalent to approximately HK$406,458,000)) being the commitment on capital contribution to a joint venture.

* *For identification purposes only*

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which mainly includes bank and other borrowings disclosed in note 27, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through issuance of new shares and share buy-back as well as the issuance of new debts or the redemption of existing debts.

33. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings	Interest payables (included in other payables and deposits received)	Amounts due to related parties	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2024	506,799	4,459	153	590	512,001
Finance cost	-	26,392	-	70	26,462
Exchange adjustments	-	-	-	7	7
New leases entered	-	-	-	1,914	1,914
Dividend declared to non-controlling interests	-	-	24,324	-	24,324
Non-cash transactions	7,978	(7,978)	-	-	-
Financing cash flows	(178,319)	(18,228)	(24,240)	(1,209)	(221,996)
At 31 December 2024	336,458	4,645	237	1,372	342,712
Finance cost	-	20,385	-	59	20,444
Exchange adjustments	1,327	-	-	18	1,345
New leases entered	-	-	-	635	635
Dividend declared to non-controlling interests	-	-	14,562	-	14,562
Financing cash flows	(8,998)	(10,735)	(14,707)	(1,340)	(35,780)
At 31 December 2025	328,787	14,295	92	744	343,918

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, the Group had agreed with the former holding company, Minyi Holdings Limited, to aggregate the outstanding interest accrued of approximately HK$7,978,000 into the outstanding loan principal.

During the year ended 31 December 2024, the Group has acquired intangible assets of approximately HK$138,768,000, of which HK$9,932,000 was settled through deposit paid and HK$113,391,000 was included in other payables.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets at amortised costs		
Trade and bills receivables	261,243	325,429
Other receivables (included in other receivables, deposits and prepayments)	496,057	530,095
Loan receivables	23,741	133,536
Amount due from a related party	44,287	-
Pledged bank deposits	137,942	55,873
Restricted bank deposits	17,893	10,182
Bank balances and cash	94,110	76,969
	1,075,273	1,132,084
Financial assets at fair value through profit or loss	-	85,357

	2025 HK$'000	2024 HK$'000
Financial liabilities at amortised cost		
Trade and bills payables	250,202	225,763
Other payables (included in other payables and deposits received)	208,907	195,365
Amounts due to a related party	92	237
Bank and other borrowings	328,787	336,458
Lease liabilities	744	1,372
	788,732	759,195

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, loan receivables, amounts due from a related party, pledged bank deposits, restricted bank deposits, bank balances and cash, financial assets at fair value through profit or loss, trade and bills payables, other payables, amounts due to a related party and bank and other borrowings.

Details of these financial instruments and lease liabilities are disclosed in the respective notes. The risks associated with these financial instruments and lease liabilities include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

As at 31 December 2025 and 2024, the Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, loan receivables and bank and other borrowings and lease liabilities. The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and other borrowings.

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the interest-bearing financial assets and financial liabilities outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank balances are used and represents management's assessment of the reasonably possible change in interest rates.

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

Interest rate risk - continued

Sensitivity analysis - continued

If interest rates on variable-rate interest-bearing bank balances had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would increase/decrease by HK$353,000 (2024: profit for the year would increase/decrease by HK$288,000).

If interest rates on variable-rate interest-bearing other borrowings had been 200 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would increase/decrease by HK$2,171,000 (2024: profit for the year would increase/decrease by HK$2,171,000).

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's operations are mainly in the PRC other than Hong Kong. As at 31 December 2025 and 2024, the Group has bank balances, amounts due to a related party, bank and other borrowings and lease liabilities denominated in HK$ which is the currency other than the functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of monetary assets and monetary liabilities that are denominated in HK$, which is a currency other than the functional currency of the group entities are as follows:

	2025 HK$'000	2024 HK$'000
Assets	8,019	3,094
Liabilities	310,359	298,984

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

Foreign currency risk - continued

The following table details the Group's sensitivity to a 5% increase or decrease in RMB against HK$. 5% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes the financial assets, financial liabilities and lease liabilities denominated in HK$, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive or negative number below indicates an increase or a decrease in profit for the year where RMB strengthen 5% against HK$. For a 5% weakening of RMB against in HK$, there would be an equal and opposite impact on the result for the year.

	2025 HK$'000	2024 HK$'000
Impact on result for the year	11,338	11,096

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, other receivables, loan receivables, contract assets, amount due from a related party, pledged bank deposits, restricted bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. In this regard, the management considers that the Group's credit risk is significantly reduced.

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Independent companies are engaged to investigate the credibility of customers, and guarantees or pledges of assets provided by them on a needed basis. In addition, management reviews the recoverable amount of each individual trade debt, bills receivables and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts.

The credit risk on structured deposits was limited because they were principal protected and the issuing banks were reputable banks with good credit ratings.

The credit risk on amount due from a related party is limited because the counterparty is a state-owned enterprise with good credit rating.

The credit risk on liquid funds is limited because the Group's pledged bank deposits and bank balances are deposited with banks of high credit ratings in Hong Kong and the PRC.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and on balances mentioned above, the Group does not have significant concentration of credit risk on trade and bills and other receivables as the exposure spread over a number of counterparties and customers.

The Group has considered that credit risk on trade receivables, bills receivables, other receivables, certain loan receivables, contract assets, amount due from a related party, pledged bank deposits, restricted bank deposits and bank balances has not increased significantly since initial recognition and has assessed the expected credit loss rate of trade receivables and bills receivables under lifetime ECL method and the expected credit loss rate of other receivables, certain loan receivables, contract assets, pledged bank deposits, restricted bank deposits and bank balances under 12m ECL method based on the Group's assessment in the risk of default of the respective counterparties. Based on the ECL assessment, the credit exposures for trade and bills receivables, other receivables, certain loan receivables, pledged bank deposits, restricted bank deposits and bank balances, which are subject to ECL assessment, are considered as low risk because the counterparties have a low risk of default and does not have material past-due amounts.

For certain loan receivables, the ECL is assessed on lifetime ECL basis because the credit risk has increased significantly since initial recognition and are considered to be credit-impaired as the amounts have been overdue for over 90 days and there was significant financial difficulties of the borrower.

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2025 HK$'000	Gross carrying amount 2024 HK$'000
Financial assets at amortised cost					
Trade receivables	16	Note i	Lifetime ECL	35,034	36,550
Bills receivables	16	Note ii	12-month ECL	229,485	293,150
Other receivables	17	Note ii	12-month ECL	502,334	536,249
Loan receivables	18	Note ii	12-month ECL	34,107	144,100
		Note iii	Lifetime ECL	33,215	32,397
Amount due from a related party	26	Note ii	12-month ECL	44,287	-
Pledged bank deposits	21	Note ii	12-month ECL	137,942	55,873
Restricted bank deposits	22	Note ii	12-month ECL	17,893	10,182
Bank balances	22	Note ii	12-month ECL	94,110	76,904

Notes:

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses for collectively grouping by internal credit rating.

(ii) For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12m ECL as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for bills receivables, other receivables, certain loan receivables, time deposits, pledged bank deposits, restricted bank deposits and bank balances by assessment of probability of default.

(iii) For certain loan receivables, the ECL is assessed on lifetime ECL basis because the credit risk has increased significantly since initial recognition and are considered to be credit-impaired. The Group performed ECL assessment with respect to probability of default and loss given default by taking into account the financial position, related negative facts and circumstances for the borrowers.

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank and other borrowings as a significant source of liquidity. Management monitors the utilisation of bank and other borrowings.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. A substantial portion of the Group's trade payables is subject to supplier finance arrangement with a few banks, this results in the Group having obligation of settlement concentrated in that party. However, the arrangements do not permit the Group to extend finance from the banks by paying them later than the group would have paid its supplier.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk tables

	Weighted average effective interest rate	On demand or less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2025							
Trade and bills payables	-	69,544	88,890	91,768	-	250,202	250,202
Other payables	-	208,907	-	-	-	208,907	208,907
Amounts due to a related party	-	92	-	-	-	92	92
Bank and other borrowings	5.43	3,045	139,841	209,305	-	352,191	328,787
Lease liabilities	4.38	114	227	331	82	754	744
		281,702	228,958	301,404	82	812,146	788,731

	Weighted average effective interest rate	On demand or less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2024							
Trade and bills payables	-	30,554	39,649	155,560	-	225,763	225,763
Other payables	-	195,365	-	-	-	195,365	195,365
Amounts due to a related party	-	237	-	-	-	237	237
Bank and other borrowings	5.41	-	133,176	40,886	185,468	359,530	336,458
Lease liabilities	4.40	112	225	798	355	1,490	1,372
		226,268	173,050	197,244	185,823	782,385	759,195

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued

The amounts included above in respect of variable interest rate instruments for non-derivative financial liabilities are subject to change, if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair value of various financial assets and liabilities.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value at 2025 HK$'000	Fair value at 2024 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Financial assets at fair value through profit or loss				
Exchange rate linked structured deposits	-	85,357	Level 2	Discounted cash flow. Future cash flows are estimated based on the probabilities of future exchange rate movements (which are modelled using the implied volatility prices at the end of the reporting period from the foreign exchange options market) and contracted interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate.

There were no transfers among Levels 2 during the year ended 31 December 2025.

The directors of the Group consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

36. PLEDGE OF ASSETS

At the end of the reporting period, certain of the Group's buildings and structures, with aggregate carrying amount of HK$45,745,000 (2024: HK$38,087,000), right-of-use assets with carrying amount of HK$569,000 (2024: HK$582,000), exchange rate linked structured deposits with carrying value of HK$Nil (2024: HK$75,594,000) together with bank deposits, carrying fixed interest rate ranging from Nil% (2024: 1.5% to 1.85%) per annum, of HK$137,942,000 (2024: HK$55,873,000) were pledged to secure short-term bank facilities in respect of the issuance of bills payable to suppliers amounting to HK$228,964,000 (2024: HK$200,667,000).

In addition, certain bills receivables with carrying amount of HK$Nil (2024: HK$43,156,000) were pledged to secure bank borrowings to the extent of HK$Nil (2024: HK$43,156,000) granted to the Group.

At 31 December 2025, other borrowings of HK$130,000,000 (2024: HK$130,000,000) borrowed by the Group were secured by share mortgages on two subsidiaries of the Group and several debentures that created first fixed and floating charges over the undertaking, property and assets of several subsidiaries of the Group in favour of the lenders.

37. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2025 and 2024, the Group had transactions and balances with related parties as follows:

(a) Summary of transactions

	Expenses	
	2025	2024
	HK$'000	HK$'000
Non-controlling shareholders of the Group's subsidiaries		
Management fee expense	92	84

37. RELATED PARTY DISCLOSURES - continued

(b) Key management personnel compensation

	2025 HK$'000	2024 HK$'000
Salaries and other short-term benefits	1,745	3,185

(c) Summary of balances

	2025 HK$'000	2024 HK$'000
Current assets		
Amount due from a non-controlling shareholder of the Group's subsidiary (Note)	44,287	-
Current liabilities		
Amount due to a non-controlling shareholder of the Group's subsidiary (Note)	92	236

Note: The balances are unsecured, non-interest bearing and repayable on demand.

38. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries of the Company as at 31 December 2025 and 2024 are as follows:

Name of company	Place of incorporation/ registration	Paid up issued ordinary share capital/ paid up registered capital	Effective equity interest attributable to the Group 2025 %	Effective equity interest attributable to the Group 2024 %	Principal activities
All-cement Limited	British Virgin Islands	US$1	100	100	Investment holding and cement business
All-Shanghai Inc.	British Virgin Islands	US$15,376,500	83.33	83.33	Investment holding and cement business
SAC Intellectual Properties Limited	British Virgin Islands	US$1	100	100	Investment holding
Silver Bloom Holdings Limited 銀成集團有限公司	British Virgin Islands	HK$10,000	100	100	Investment holding
Shandong Allied Wangchao Cement Limited 山東聯合王晁水泥有限公司	PRC	US$53,980,000	100	100	Manufacture and sales of cement and clinker
Shandong Shanghai Allied Cement Co., Ltd. 山東上聯水泥發展有限公司	PRC	US$1,000,000	100	100	Sales of cement and clinker
Shanghai Allied Cement Co., Ltd. 上海聯合水泥有限公司	PRC	US$104,000,000	50#	50#	Trading of cement and clinker
Shanghai Allied Cement Holdings Limited 上聯水泥集團有限公司	Hong Kong	HK$10,000,000	100	100	Investment holding
Splendid Link Limited 鉅聯有限公司	British Virgin Islands	US$1	100	100	Investment holding
上海國瑞同順節能環保技術發展限公司	PRC	RMB12,000,000	70.83	70.83	Provision of service on environmental protection and energy conservation
Power Enrich Ltd	British Virgin Islands	US$1	100	100	Dormant
Level Supreme Ltd	British Virgin Islands	US$1	100	100	Dormant
Zaozhuang Laisheng New Building Materials Co., Ltd 枣庄徕盛新型建材有限公司	PRC	US$3,500,000	70	70	Manufacture and sales of building stones
Shanghai Guokunsheng Construction Group Co., Ltd 上海國琨晟建設集團有限責任公司	PRC	RMB3,000,000	36.12^	36.12^	Provision of service on energy conservation

Remark:

\# This company is held and controlled by a 83.33%-owned subsidiary of the Company.
^ This company is held and controlled by a 70.83%-owned subsidiary of the Company.

39. DETAILS OF NON WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of company	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2025	2024	2025	2024	2025	2024
	%	%	HK$'000	HK$'000	HK$'000	HK$'000
Shanghai Allied Cement Co., Ltd (note) 上海聯合水泥有限公司	50	50	7,912	5,735	377,125	367,334
Individually immaterial subsidiary with non-controlling interests			2,973	9,364	35,045	39,021

Note: Although the Group has only 50% ownership in Shanghai Allied Cement Co., Ltd, the directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Shanghai Allied Cement Co., Ltd on the basis of the Group's absolute size of shareholding.

Summarised financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarised financial information below presented amounts before intra-group eliminations.

上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd

	2025 HK$'000	2024 HK$'000
Current assets	975,527	1,064,312
Non-current assets	71,468	80,349
Current liabilities	(269,755)	(386,243)
Non-current liabilities	(23,021)	(23,780)
Equity attributable to owners of the Company	377,094	367,304
Non-controlling interests	377,125	367,334

39. DETAILS OF NON WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS - continued

上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd

	2025 HK$'000	2024 HK$'000
Revenue	29,675	36,329
Net expenses	(13,852)	(24,860)
Profit for the year	15,823	11,469
Profit attributable to owners of the Company	7,911	5,734
Profit attributable to non-controlling interests	7,912	5,735
Profit for the year	15,823	11,469
Other comprehensive income (expense) attributable to owners of the Company	9,363	(8,080)
Other comprehensive income (expense) attributable to non-controlling interests	9,366	(8,075)
Other comprehensive income (expense) for the year	18,729	(16,155)
Total comprehensive income (expense) income attributable to owners of the Company	17,274	(2,346)
Total comprehensive income (expense) attributable to non-controlling interests	17,278	(2,340)
Total comprehensive income (expense) income for the year	34,552	(4,686)
Dividend distribution to non-controlling interests	5,987	10,695
Net cash inflow from operating activities	57,386	130,556
Net cash inflow from investing activities	48,530	39,445
Net cash outflow from financing activities	(78,354)	(211,532)
Net cash inflow (outflow)	27,562	(41,531)

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Asia Equity Research, being the valuer for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Valuation Letter and all references thereto in the form and context in which they appear in this Circular.

SCS Global, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of the name, the independent advice letter to the non-interested shareholders in relation to the Proposed Disposal set out in Part B of this Circular and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there are no situations of conflict of interest that exist or is likely to exist in relation to its role as the Adviser for the Proposed Disposal.

Asia Equity Research has given its written confirmation that there are no situations of conflict of interest that exist or is likely to exist in relation to its role as the valuer in relation to the valuation of Real Jade.

SCS Global has given its written confirmation that there are no situations of conflict of interest that exist or is likely to exist in relation to its role as the Independent Adviser for the Proposed Disposal.

4. MATERIAL COMMITMENTS

As at the LPD and save as disclosed below, the board of directors of Mudajaya is not aware of any material commitments incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of Mudajaya Group:-

	HKD'000	**RM'000**[*1]
Contracted for but not provided in the consolidated financial statements		
Capital contribution to a joint venture	424,624	224,626
	424,624	**224,626**

Note:-

[*1] *The HKD amount has been translated into RM amount based on the exchange rate of HKD1.00 : RM0.5290, being the middle rate quoted by BNM as at 5.00 p.m. on the LPD.*

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of Mudajaya Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Mudajaya at PH1, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

(i) The SSA;

(ii) Constitution of Mudajaya;

(iii) The Memorandum and Articles of Association of Real Jade;

(iv) The Valuation Letter as referred to in **Appendix II** of the Circular;

(v) Audited consolidated financial statements of Mudajaya Group for the past 3 financial years up to the FYE 31 December 2025 and the latest unaudited results since the last audited financial statements;

(vi) Audited financial statements of Real Jade Group for the past 3 financial years up to the FYE 31 December 2025;

(vii) The relevant cause papers in respect of Real Jade's material litigation set out in **Section 10** of **Appendix III** of this Circular; and

(viii) Letters of consent and declarations of conflict of interests referred to in **Sections 2 and 3** above, respectively;

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MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Mudajaya Group Berhad ("**Mudajaya**" or the "**Company**") will be held physically at Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza, No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 5 November 2026** at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED PARTIAL DISPOSAL BY XELMONT LIMITED ("XELMONT"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MUDAJAYA, OF 45% EQUITY INTEREST IN REAL JADE LIMITED ("REAL JADE") ("SALE SHARES") TO MINYI HOLDINGS LIMITED ("MHL" OR THE "PURCHASER") FOR A DISPOSAL CONSIDERATION OF HKD234.00 MILLION (EQUIVALENT TO RM118.45 MILLION) ("DISPOSAL CONSIDERATION") WITH:-

I. SETTLEMENT OF DEBT OWING BY XELMONT TO MHL AMOUNTING TO AN AGGREGATE OF HKD244.97 MILLION (EQUIVALENT TO RM124.00 MILLION) AS AT 30 APRIL 2026 BY WAY OF SET-OFF AGAINST THE DISPOSAL CONSIDERATION; AND

II. THE REMAINING DEBT OF HKD10.97 MILLION TOGETHER WITH ANY INTEREST CALCULATED UP TO THE COMPLETION DATE OF THE SHARE SALE AGREEMENT TO BE PAID IN CASH TO MHL ("PROPOSED DISPOSAL")

"**THAT** subject to and conditional upon the approvals of all relevant regulatory authorities and/ or third parties being obtained, where required, and the conditions precedent stipulated under the conditional share sale agreement dated 28 May 2026 entered into between Xelmont and MHL for the Proposed Disposal being fulfilled or waived, approval be and is hereby given to Mudajaya, through its wholly-owned subsidiary namely Xelmont, to dispose 45% equity interest in Real Jade at a disposal consideration of HKD234.00 million (equivalent to RM118.45 million) with settlement of debt owing by Xelmont to MHL amounting to an aggregate of HKD244.97 million (equivalent to RM124.00 million) as at 30 April 2026 by way of set-off against the Disposal Consideration and the remaining debt of HKD10.97 million together with any interest calculated up to the completion date of the conditional share sale agreement to be paid in cash.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Disposal with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Disposal."

By order of the Board

AMANDA WONG JIUN EE (MAICSA 7073711) (SSM PC No. 202308000504)
Company Secretary

Petaling Jaya
21 October 2026

Notes:-

1. *A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*

2. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be presented by each proxy must be specified in the instrument appointing the proxies.*

3. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*

5. *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*

7. *The appointment of proxy may be made in a hardcopy form or by electronic means as specified below and must be received by the Company not less than forty-eight (48) hours before the time appointed for the taking of the poll:*

   - ***In hardcopy form***
     *The original proxy form shall be deposited at the Company Share Registrar's office, Boardroom Share Registrars Sdn Bhd **("Boardroom")**, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.*
   - ***Electronically***
     The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.proxy@boardroomlimited.com

8. *If the proxy form is submitted without any instructions as to how the proxy shall vote, the proxy will vote in his/ her discretion. If no name is stated in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*

9. *For the purpose of determining who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **29 October 2026** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this EGM.*

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of EGM shall be put to vote by way of poll.*

Personal Data Privacy:-

*By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, participate and vote at the EGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)
(Incorporated in Malaysia)

PROXY FORM

No. of Shares held	
CDS Account No.	

I/ We _____*NRIC No./ Passport No./ Company No. _____
(NAME OF SHAREHOLDER AS PER NRIC)

Tel No. _____ of _____
(FULL ADDRESS)

_____ being a member of MUDAJAYA GROUP BERHAD,

hereby appoint _____ *NRIC No./ Passport No. _____
(NAME OF PROXY AS PER NRIC)

Email: _____ of _____
(FULL ADDRESS)

and/ or _____ *NRIC No./ Passport No. _____
(FULL NAME AS PER NRIC)

Email: _____ of _____
(FULL ADDRESS)

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy to attend and vote on *my/ our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held physically at Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza, No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 5 November 2026** at 2.30 p.m. or at any adjournment thereof.

Please indicate with an " X " in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/ their discretion.

ORDINARY RESOLUTION	**FOR**	**AGAINST**
PROPOSED DISPOSAL		

** Strike out whichever is not applicable*

Dated this_____day of _____ 2026

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

Common Seal *(for Corporate Members)*

_____
Signature of Member

Notes:-

1. *A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to exercise all or any of his/her rights to attend, participate and vote at the same meeting on his/her behalf. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*

2. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be presented by each proxy must be specified in the instrument appointing the proxies.*

3. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*

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6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*

7. *The appointment of proxy may be made in a hardcopy form or by electronic means as specified below and must be received by the Company not less than forty-eight (48) hours before the time appointed for the taking of the poll:*

   - ***In hardcopy form***
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10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of EGM shall be put to vote by way of poll.*

Personal Data Privacy:-
By submitting an instrument appointing a proxy(ies) and/ or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of EGM dated 21 October 2026.

Fold this flap to seal

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AFFIX
STAMP

MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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