



SANERGY

# SANERGY GROUP LIMITED

## 昇能集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2459



Annual Report  
**2025**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Peter Brendon Wyllie (*Chairman*)  
Mr. Hou Haolong  
Mr. Adriaan Johannes Basson

### Non-executive Director

Mr. Wang Ping

### Independent Non-executive Directors

Ms. Chan Chore Man Germaine  
Mr. Cheng Tai Kwan Sunny  
Professor the Honourable Ngai Ming Tak Michael

## COMPANY SECRETARY

Mr. Lam Lok Fung (*HKICPA*)

## AUTHORIZED REPRESENTATIVES

Mr. Lam Lok Fung  
Mr. Wang Ping

## AUDIT COMMITTEE

Mr. Cheng Tai Kwan Sunny (*Chairman*)  
Professor the Honourable Ngai Ming Tak Michael  
Ms. Chan Chore Man Germaine

## NOMINATION COMMITTEE

Mr. Peter Brendon Wyllie (*Chairman*)  
Mr. Cheng Tai Kwan Sunny  
Ms. Chan Chore Man Germaine

## REMUNERATION COMMITTEE

Mr. Cheng Tai Kwan Sunny (*Chairman*)  
Professor the Honourable Ngai Ming Tak Michael  
Mr. Peter Brendon Wyllie

## ESG COMMITTEE

Professor the Honourable Ngai Ming Tak Michael (*Chairman*)  
Ms. Chan Chore Man Germaine  
Mr. Adriaan Johannes Basson

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

3 East Industrial Road  
Hongzhou Industrial Park  
Huixian Industries Concentration Zone  
Xinxiang, Henan  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2602, 26th Floor  
China Resources Building  
26 Harbour Road, Wan Chai

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

Wells Fargo Bank, N.A.  
UBS Switzerland AG

## STOCK CODE

2459

## WEBSITE

[www.sanergygroup.com](http://www.sanergygroup.com)

We are a global manufacturer of UHP graphite electrodes with a worldwide customer base in over 25 countries comprising major global EAF steel manufacturers in Americas, EMEA, APAC and the PRC that sell their products to the automotive, infrastructure, construction, appliance, machinery, equipment and transportation industries.

The dual carbon goals, namely carbon peaking before 2030 and carbon neutrality before 2050 have brought global momentum towards the transformation of our downstream industry of steel manufacturing by shifting from blast furnace steelmaking to EAF steel manufacturing. In recent years, blast furnace steelmaking predominates the steel production with around 70% in worldwide and even around 90% in the PRC. Using EAF is more environmental friendly in terms of pollutants emissions and energy consumptions and regarded as a core pillar of decarbonisation to complete “super-low-emission” renovations within the steel industry. With our commitments to offer high quality UHP graphite electrode which serves as a key industrial material to EAF steel manufacturers and our continuous efforts to strive for a cleaner production process to reduce emissions and wastes as well as energy consumption, we believe, together with our downstream customers, we would be able to contribute to a green and sustainable economy in the long run.

We have our production facilities in Italy and the PRC with annual effective production capacities of 46,000MT in aggregate, which enables us to flexibly meet the demand for graphite electrodes from our customers located in different parts of the world and provide them with support and technical services.

We have regional sales teams focusing on the markets of Americas, EMEA, APAC and the PRC to serve and support our customers in all different geographies. Our global reach through our strong sales and distribution network ensures that our products are readily available to our customers.

## Definitions

In this annual report, the following terms shall have the following meanings, except otherwise stated:

"2026 AGM"	the annual general meeting of the Company to be held at 10:00 a.m. on 27 April 2026 at 3 East Industrial Road, Hongzhou Industrial Park, Huixian Industries Concentration Zone, Xinxiang, Henan, China
"APAC"	Asia-Pacific
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
"Company"	Sanergy Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 2459)
"Director(s)"	the director(s) of the Company
"EAF"	electric arc furnace
"EMEA"	Europe, Middle East and Africa
"ESG Committee"	the environmental, social and governance committee of the Company
"EUR" or "Euro"	Euro, the lawful currency of the member states of the European Union
"FY2024"	the year ended 31 December 2024
"FY2025"	the year ended 31 December 2025
"GAM"	graphite anode materials
"Group" or "we"	the Company and its subsidiaries

"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Latest Practicable Date"	31 March 2026, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Listing Date"	17 January 2023, being the date of listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MT"	metric ton
"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus of the Company dated 30 December 2022
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"treasury shares"	has the meaning ascribed to it in the Listing Rules
"UHP graphite electrodes"	ultra high power graphite electrodes, a term used in the global graphite electrode market, which can generally withstand current densities greater than 25 ampere per square centimeter
"U.S."	the United States
"USD" or "US\$"	United States dollars, the lawful currency of the United States

## Chairman's Statement

Dear Shareholders,

I am pleased to present the annual report of Sanergy Group for the year ended 31 December 2025 – a year defined by purposeful action, strengthened foundations, and a clear sense of direction.

Over the past twelve months, we have remained steadfast in our commitment to building a more resilient and focused organisation. Against a backdrop of global market uncertainty, we chose to look inward, refining our operations and sharpening our strategic priorities. This was not simply a year of adaptation, but one of deliberate transformation.

Our iconic “Double Engine” strategy continued to demonstrate its strength and relevance. In Italy, our Narni facility – imbued with decades of European craftsmanship – evolved into a premium flagship, embracing a “quality over volume” philosophy that has unlocked deeper brand value and reinforced our position in the world’s most discerning markets. In China, our operations once again proved their agility and efficiency, delivering a gross margin (before freight and duty) of over 20% in export sales – a powerful testament to our ability to translate operational excellence into tangible financial results.

These two engines, working in harmony, have given us a unique competitive advantage: the ability to offer world class quality, cost competitiveness, and geographic flexibility in a rapidly changing global landscape.

Our financial performance in 2025 reflects the early fruits of this strategic realignment. We successfully reversed the gross loss trend of the previous year, achieving a gross profit – a milestone that underscores the effectiveness of our disciplined cost management and commercial focus. While we continue to navigate external headwinds, including currency volatility and subdued steel demand, we are encouraged by the steady progress we are making toward sustainable profitability.

We have also taken thoughtful steps to strengthen our balance sheet and ensure long term stability. The rights issue completed during the year, together with our ongoing efforts to optimise working capital and restructure certain borrowings, reflects our commitment to prudent financial stewardship. These actions provide us with greater flexibility as we pursue our strategic objectives.

Looking ahead, we remain confident in the structural demand for ultra high power graphite electrodes, supported by the global transition toward electric arc furnace steelmaking and the pursuit of carbon neutrality. Our strengthened operational base, improved cost structure, and dual production footprint position us well to capture these opportunities as markets recover.

None of this would be possible without the dedication of our people, the trust of our customers, and the continued support of our shareholders. To each of you, I extend my sincere gratitude. Together, we are building a stronger, more resilient Sanergy Group – one that is prepared not only to navigate challenges, but to emerge from them with renewed purpose and promise.

We look forward to the year ahead with confidence and optimism.

**Peter Brendon Wyllie**

*Chairman*

31 March 2026

## Financial Highlights

	For the year ended 31 December	
	2025 US\$'000	2024 US\$'000
Revenue	51,875	56,951
Gross profit/(loss)	4,547	(17,254)
Gross profit/(loss) margin %	8.8%	(30.3%)
Adjusted Net Loss (Note)	(20,995)	(42,523)
Adjusted EBITDA (Note)	(13,021)	(35,897)
Loss for the year attributable to owners of the Company	(25,528)	(40,984)

Note: The Adjusted EBITDA and Adjusted Net Loss are not defined under the HKFRS Accounting Standards. Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortisation, excluding non-cash unrealized foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the year/period, also excluding non-cash unrealized foreign exchange differences.

## GEOGRAPHICAL INFORMATION

### (a) Revenue from external customers

	2025		2024	
	US\$'000	%	US\$'000	%
Americas	14,927	28.7	13,368	23.5
Europe, Middle East and Africa ("EMEA")	12,011	23.2	32,941	57.8
People's Republic of China (the "PRC")	24,937	48.1	10,480	18.4
Asia Pacific excluding the PRC	–	N/A	162	0.3
	51,875	100	56,951	100

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	2025		2024	
	US\$'000	%	US\$'000	%
Americas	52	0.1	165	0.2
EMEA	45,487	46.2	44,596	43.4
PRC	52,506	53.3	57,329	55.8
Asia Pacific excluding the PRC	410	0.4	633	0.6
	98,455	100	102,723	100

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

# Management Discussion and Analysis

## PERFORMANCE INDICATOR

	For the year ended 31 December	
	2025	2024
Sales volume ("MT")	<b>17,607</b>	18,141
Adjusted EBITDA (US\$'000)	<b>(13,021)</b>	(35,897)
Debtor days (Note a)	<b>78</b>	66
Creditor days (Note b)	<b>119</b>	37
Inventory days (Note c)	<b>284</b>	163
Work-related fatality (cases)	<b>0</b>	0

Notes:

- (a) Debtor days are derived by dividing the closing balances of trade receivables for the relevant year/period by revenue for the relevant year/period and multiplying by 365 days.
- (b) Creditor days are derived by dividing the closing balances of trade and notes payables for the relevant year/period by cost of sales for the relevant year/period and multiplying the resulting value by 365 days.
- (c) Inventory days are derived by dividing the closing balances of inventories for the relevant year/period by cost of sales for the relevant year/period and multiplying by 365 days.

## BUSINESS REVIEW

In 2025, the Group successfully reversed the gross loss trend of 2024 and recorded a gross profit by year-end. This was achieved through the continued and further enhanced fiscal prudence policy and measures put in place by the senior management team. Notably, the improvement in profitability was supported by the following key measures:

- (a) a deliberate focus on leveraging the iconic "Double-Engine" strategy to optimise the production mix between the lower-cost factory in the PRC and the higher-cost Italy facility;
- (b) a strategic redirection of sales towards higher-priced regions, including North America and markets with stronger pricing potential; and
- (c) the proactive avoidance of loss-making regions and orders.

Compared with the prior year, these measures contributed to a 34.3% reduction in average cost of sales per MT. Additional benefits included ongoing cost-saving initiatives and the reversal of inventory provisions. As a result, gross margin improved significantly, from a gross loss of US\$17.3 million in 2024 to a gross profit of US\$4.5 million in 2025.

# Management Discussion and Analysis

The positive impact was partially offset by an unrealised exchange loss of approximately US\$4.5 million arising from the depreciation of the United States dollar against the euro, an external factor which is outside the control of management. Excluding this non-cash unrealised exchange loss, the Group's adjusted net loss under non-HKFRS measures narrowed to approximately US\$21.0 million in 2025 from approximately US\$42.5 million in 2024.

Despite these industry headwinds, the Group delivered a resilient financial and operational performance, underpinned by effective cost management and a strategic realignment of its operations.

## STRATEGIES AND FUTURE PROSPECTS

### Market Environment and Outlook

The Group anticipates that the current market conditions – characterised by subdued downstream demand in the steelmaking sector, ongoing global geopolitical tensions, and persistent trade-related uncertainties – will continue to prevail in 2026. In particular, the global implications of U.S. tariff measures remain difficult to predict and quantify with precision.

According to data from the World Steel Association, crude steel production among the 70 reporting countries declined by 2.0% in 2025 compared to 2024, reflecting an overall slowdown in global steel output. While North America recorded a modest increase of 0.7% (with the United States up by 4.0%), production in the European Union region decreased by 2.6%. This overall contraction in steel production has exerted downstream pressure on demand for graphite electrode products.

### Strengths, Resources and Strategic Positioning

Notwithstanding these external pressures, the Group has demonstrated resilience through proactive management actions. During FY2025, while tariffs have exerted pressure on global steel demand, the impact of tariffs on the Group's cost of sales was contained to approximately 2.1%, attributable to the rationalisation and fiscal prudence measures implemented by senior management.

The Group's unique operational footprint – comprising two international production plants located in Italy and the PRC – provides a distinct competitive advantage. Our iconic "Double-Engine" strategy enables the Group to strategically optimise sales to selected geographical regions, thereby mitigating the adverse effects of U.S. tariffs. This approach underpins the Group's operational and financial performance in 2026, providing a solid foundation for resilience and growth.

# Management Discussion and Analysis

## Strategic Priorities and Implementation Roadmap

The Group's strategic priorities for 2026 are clear and centred on the following pillars:

- **Selective commercial growth:** Expand sales volumes while pursuing profitable orders and maintaining a disciplined approach in the face of market volatility. Where suitable sectors present opportunities to diversify and enhance revenue streams, the Group will not rule out such opportunities.
- **Operational discipline:** Sustain focus on operational efficiency and strengthen customer relationships as core elements of the Group's strategy.
- **Financial sustainability:** Achieve a gross profit level sufficient to cover operating and financing costs, progressing toward a sustainable profitability model.

Progress against the strategic priorities outlined above will be reviewed by the management from time to time and disclosed in subsequent annual reports or announcements for any adjustments to strategy as market conditions evolve.

## Medium-to Long-Term Prospects

Over the medium to long term, the global transition toward electric arc furnace ("EAF") steelmaking – driven by carbon neutrality goals and decarbonisation efforts – continues to underpin structural demand for ultra-high power graphite electrodes. The Group is well-positioned to benefit from this secular trend, supported by its strengthened operational base, improved cost structure, and strategic geographic footprint. The Group remains confident in its ability to navigate near-term uncertainties while progressing toward sustainable profitability and long-term value creation for the Shareholders.

## FINANCIAL REVIEW

### Revenue

Revenue decreased from approximately US\$57.0 million in FY2024 to US\$51.9 million in FY2025, mainly due to:

- (i) the decrease in the average selling price of graphite electrodes of approximately US\$3,139/MT in FY2024 to approximately US\$2,946/MT in FY2025; and partially offset by
- (ii) the decrease in sales quantities from approximately 18,141MT in FY2024 to approximately 17,607MT in FY2025.

# Management Discussion and Analysis

## Cost of Sales

Cost of sales decreased from approximately US\$74.2 million in FY2024 to US\$47.3 million in FY2025, mainly due to the combined effect of (i) this reduction was primarily driven by lower production costs; (ii) the decrease in the average unit cost of sales from approximately US\$4,090/MT in FY2024 to approximately US\$2,688/MT in FY2025; and (iii) the reversal of inventory provision of approximately US\$0.3 million, reflecting improved cost management and inventory valuation. Cost of sales benefited from continued cost control measures, particularly in procurement and logistics.

## Gross Profit and Gross Margin

The Group achieved a gross profit of approximately US\$4.5 million in FY2025, compared to a gross loss of US\$17.3 million in FY2024. Gross margin of sales improved to approximately 8.8%, up from negative 30.3% in FY2024. This improvement was driven by better product mix, improved operational efficiency, and effective procurement strategies. The Group's operations team played a pivotal role in securing sufficient orders and optimising material sourcing.

## Administrative Expenses

The total administrative expenses decreased from approximately US\$14.8 million in FY2024 to US\$13.2 million in FY2025, representing a reduction of 10.8%. The decrease was mainly due to tighter control over personnel costs and professional fees.

## Finance Costs

Finance costs decreased from approximately US\$2.9 million in FY2024 to US\$2.8 million in FY2025, reflecting ongoing debt management efforts and a more favourable interest rate environment.

## Loss for the Year

The Company recorded a loss attributable to its owners of approximately US\$25.5 million in FY2025, a significant improvement from the loss of US\$41.0 million in FY2024. The reduction in loss was primarily driven by the turnaround in gross profit and lower administrative expenses.

# Management Discussion and Analysis

## Non-HKFRS Financial Measures

The Board wishes to highlight that Adjusted EBITDA and Adjusted Net Loss are not defined under HKFRS Accounting Standards. Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortisation, and excluding non-cash unrealised foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the period, also excluding non-cash unrealised foreign exchange differences. The Board believes that the presentation of such non-HKFRS financial measures when shown in conjunction with the corresponding HKFRS Accounting Standards measures provide useful information to the Shareholders and potential investors in illustrating a comparison of the Group's operating performance from period to period. Such non-HKFRS financial measures provide an additional metric to allow investors to evaluate the Group's operating results. The use of the non-HKFRS financial measures has limitations as analytical tools and such non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. Shareholders and potential investors should not consider such non-HKFRS financial measures in an isolated form, or as a substitute for the financial information prepared and presented in accordance with HKFRS Accounting Standards.

	For the year ended 31 December	
	2025 US\$'000 (audited)	2024 US\$'000 (audited)
<i>Adjusted EBITDA</i>		
Loss before tax	(25,399)	(42,737)
Add:		
Depreciation and amortisation	5,006	5,459
Finance costs	2,839	2,920
EBITDA	(17,554)	(34,358)
Add:		
Non-cash unrealised foreign exchange differences	4,533	(1,539)
<b>Adjusted EBITDA</b>	<b>(13,021)</b>	<b>(35,897)</b>
<i>Adjusted Net Loss</i>		
Loss attributable to owners of the Company for the year	(25,528)	(40,984)
Add:		
Non-cash unrealised foreign exchange differences	4,533	(1,539)
<b>Adjusted Net Loss</b>	<b>(20,995)</b>	<b>(42,523)</b>

# Management Discussion and Analysis

## Debtor Days

Debtor days increased from 66 in 2024 to 78 in 2025, which remains broadly consistent with our expected payment terms and collection timelines. The Group does not consider this trend to indicate rising credit risk, and accordingly, no specific provision was made during FY2025.

## Creditor Days

Creditor days rose significantly from 37 in 2024 to 119 in 2025, reflecting the Group's successful efforts to extend settlement periods as part of its cash flow preservation strategy.

## Inventory Days

Inventory days increased from 163 in 2024 to 284 in 2025. Despite ongoing challenging market conditions, sales were redirected toward higher-priced regions such as North America and other markets with stronger pricing potential, while loss-making regions and orders were deliberately avoided. This approach is in line with our strategic fiscal prudence policy and the measures implemented.

## Liquidity, Capital Resources and Capital Structure

During FY2025, the Group met its capital requirements principally with the following:

- (i) cash generated from operations;
- (ii) proceeds from bank and other borrowings; and
- (iii) proceeds from the initial public offering and rights issue of Shares.

## Variation of Bank Loan Terms

During FY2025, the Group was in negotiation with a bank to vary the terms of a bank loan with a carrying amount of US\$4,859,000 as at 31 December 2025. The bank had agreed to initiate the loan restructuring process prior to the original repayment date and the process is underway as at the date of this report. The management are confident that the process with the bank will ultimately reach a conclusion.

## Cash Flow

The net cash from operating activities, the net cash used in investing activities and the net cash used in financing activities in FY2025 amounted to US\$1.4 million (2024: net cash used in operating activities: US\$3.1 million), US\$5.1 million (2024: net cash used in investing activities: US\$11.1 million) and US\$2.4 million (2024: net cash used in financing activities: US\$3.9 million), respectively. The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

As at 31 December 2025, the Group's cash and cash equivalents and pledged bank deposits, were approximately US\$11.0 million (31 December 2024: approximately US\$16.4 million) and mainly denominated in US\$, EUR, RMB and HK\$.

The Group's total interest-bearing bank and other borrowings as at 31 December 2025 amounted to approximately US\$26.4 million (31 December 2024: approximately US\$29.7 million), which were mainly denominated in US\$, RMB, EUR and HK\$. The interest-bearing bank borrowings were mainly used for working capital purposes and all of which are at commercial lending interest rates.

## Management Discussion and Analysis

The Group manages its capital structure by maintaining a balance between equity and debts. As at 31 December 2025, the Group's total equity and liabilities amounted to approximately US\$91.1 million and approximately US\$81.7 million, respectively (31 December 2024: approximately US\$105.8 million and approximately US\$68.2 million, respectively).

Looking ahead, the Group will continue to assess its capital structure and funding requirements from time to time. Depending on market conditions, the Group's operational needs and the execution of its strategic or potential merger and acquisition plans, the Group may consider various financing options to strengthen its financial position and support future development. No definitive decision has been made in this regard as at the date of this report.

### Gearing Ratio

The Group's gearing ratio, calculated as total debt divided by total equity, remains stable at approximately 28.1% as at 31 December 2024 and approximately 29.0% as at 31 December 2025.

### Principal Risks and Uncertainties

With reference to the crude steel production trend as stated in section headed "Market Environment and Outlook", the Group anticipates that the current market conditions – characterised by subdued downstream demand in the steelmaking sector, ongoing global geopolitical tensions, and persistent trade-related uncertainties. The global implications of U.S. tariff measures remain difficult to predict, and further escalations could potentially disrupt global steel demand and supply chains. During the year, the Group continues to leverage its "Double-Engine" strategy to optimise sales across selected geographical regions, thereby mitigating the effects of trade barriers and market volatility. The management will continue to monitor the market changes closely through rationalisation and fiscal prudence measures.

### Foreign Exchange Exposure

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In FY2025, the Group recorded unrealised foreign exchange losses, which did not have any impact on cash flows of the Group. Management continues to monitor foreign exchange risk and will consider appropriate hedging measures in the future as necessary.

### Capital Expenditures

The Group's capital expenditures principally consisted of expenditures on additions to property, plant and equipment mainly including purchase of plant and machinery and upgrades and maintenance of our production systems. For FY2025, the Group incurred capital expenditures of approximately US\$4.5 million.

### Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

### Pledge of Assets

As at 31 December 2025, other than pledged bank deposits, certain of property, plant and equipment, trade receivables and industrial leasehold land with carrying amounts of approximately US\$18.7 million, US\$Nil and approximately US\$3.6 million, respectively (31 December 2024: approximately US\$21.0 million, approximately US\$3.7 million and approximately US\$3.6 million, respectively) were pledged to third parties for interest-bearing bank and other borrowings.

# Management Discussion and Analysis

## Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Venture

### Acquisition of Taigu Assets

Assets On 6 July 2023, Shengrui (Shanxi) New Materials Technology Co. Limited\* (昇瑞(山西)新材料科技有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Asset Purchase Agreement") with Shanxi Taigu Mingxing Carbon Steel Company Limited\* (山西太谷明興碳素瑪鋼有限公司) (the "Vendor") to acquire relevant buildings, production facilities and intangible assets pertaining to graphite electrode products, etc (the "Taigu Assets") for a consideration of approximately RMB80.5 million, of which RMB40 million had been paid in accordance with the payment schedule. Completion of the acquisition of the Taigu Assets had taken place in August 2023 and all of the Taigu Assets had been transferred to the Group in accordance with the terms of the Asset Purchase Agreement. Thereafter, the Vendor took the position to seek rescission of the Asset Purchase Agreement on the basis of force majeure and began to illegally occupy the Taigu Assets in around March 2024. As advised by the PRC legal advisers of the Company, the basis of force majeure proposed by the Vendor is groundless given that the completion of the acquisition of the Taigu Assets had taken place in August 2023. During this period and prior to the arbitration application in December 2024, the Company had made significant efforts to negotiate with the Vendor in an effort to regain access to the Taigu Assets. As advised by the PRC legal advisers, the Vendor's occupation of the Taigu Assets is a breach of the Asset Purchase Agreement and PRC law. In December 2024, the Company filed an arbitration application to the Shanghai International Arbitration Center against the Vendor to seek immediate return of the Taigu Assets and compensation for losses suffered since the Vendor illegally occupied the Taigu Assets. The arbitration hearing was held in September 2025. As at the date of this report, an application for judicial appraisal has been submitted to the arbitration tribunal. The appraisal is expected to be completed within 2026. The Company will update the Shareholders and potential investors on the latest developments as and when appropriate.

Save as disclosed above or otherwise in this report, the Group did not have any other material acquisitions nor disposals of subsidiaries, associates and joint ventures during FY2025.

### Significant Investments

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2025.

# Directors and Senior Management Profiles

## BOARD OF DIRECTORS

### Executive Directors

**Mr. Peter Brendon Wyllie** (“Mr. Wyllie”), aged 57, joined the Group in January 2014 and was a Director of the Company from June 2018 to June 2020. He was appointed as an executive Director in May 2023. He is the General Counsel of the Group and a director of Gosource (China) Limited\* (高碩(中國)有限公司), Gosource Capital Limited, GoSource Group Limited, Grafworld International Inc., Grafworld Macau Commercial Offshore Limited (also known as “Grafworld Commercial Offshore De Macau Limitada”), Sanergy Asia Ltd, Sanergy Europe Inc, Sanergy Global Ltd, Sanergy Group (Hong Kong) Limited, Sanergy Holding International Inc, Sangraf Global Inc, Sangraf International (Hong Kong) Limited and Sanode International Co., Limited, all being wholly-owned subsidiaries of the Company. Mr. Wyllie is primarily responsible for overseeing, identifying, developing and directing the implementation of business strategies and legal advisory work.

Mr. Wyllie is a barrister and solicitor of the High Court of New Zealand. Prior to joining our Group, Mr. Wyllie was an equity partner at Helmore Ayers Lawyers in New Zealand, a boutique law firm specializing in asset structuring, commercial matters, acquisition and sales, corporate governance and private client work for local, national and international consumers, intermediaries and advisers. Mr. Wyllie was an advisor of the Family Trust Legal & Affairs Centre of King & Capital Law in Beijing, PRC from 2016.

Mr. Wyllie became a member of the International Tax Planning Association in November 2015, and a member of the Society of Trust and Estate Practitioners and a Registered Trust and Estate Practitioner in August 2007. He received a diploma in international trust management from the Society of Trust and Estate Practitioners in July 2007. He received a Master of Laws (Internet and Electronic Law) degree from Monash University in March 2003 and subsequently became admitted as a barrister and solicitor of the High Court of New Zealand in May 2003. Mr. Wyllie graduated from the University of Canterbury with a bachelor of laws degree in December 2001 and from the University of Otago with a bachelor of arts degree in December 1992.

Mr. Wyllie is a director of Otautahi Enterprises Trust Company Limited, one of the single largest Shareholders of the Company and the trustee of a discretionary family trust where Mr. Hou Haolong, one of the executive Directors and single largest Shareholders of the Company, is one of the beneficiaries.

\* for identification purposes only

## Directors and Senior Management Profiles

**Mr. Hou Haolong (侯皓瀟)** (“Mr. Hou”), aged 47, joined the Group in February 2012 and was appointed as an executive Director on 29 March 2021. Mr. Hou is also a director of certain subsidiaries of the Company. He is the brother-in-law of Mr. Feng Jianguo, one of our senior management members. He is responsible for business infrastructure development, product innovation and business strategies of the Group.

Prior to joining the Group, from January 2003 to January 2013, Mr. Hou worked in Henan Sanli Carbon Products Co., Ltd.\* (河南三力炭素制品有限公司) (“Henan Sanli”) with his last position as general manager and was responsible for project implementation, including the production of large diameter UHP graphite electrode for EAF steel making.

Mr. Hou graduated with a bachelor of science in technology management in December 2000, and subsequently obtained a master of science in procurement and supply chain management from Golden Gate University in August 2002.

**Mr. Adriaan Johannes Basson** (“Mr. Basson”), aged 70, joined the Group in November 2014. He was appointed as a Director in January 2020 and was re-designated as an executive Director on 11 June 2020. He retired as an executive Director after the conclusion of the annual general meeting on 19 May 2023 and was appointed as an executive Director on 4 October 2024. He is a director of certain subsidiaries of the Company. Mr. Basson is primarily responsible for providing strategic recommendations to optimise processes and costs in manufacturing, maintenance and operations of the Group, including optimization of the graphite electrode performance at the EAF customers.

Mr. Basson has over 51 years of experience in the graphite electrode industry and in the manufacturing, maintenance and operation of graphite electrode manufacturing equipment. Prior to joining the Group, Mr. Basson was employed by GrafTech South Africa Proprietary Limited in Meyerton, a company primarily engaged in the manufacturing and supply of carbon and graphite products, from October 1974 to March 2014 with his last role as a customer technical service engineer. His major duties included maintenance and operation of all the graphite electrodes manufacturing process, design, construction and commissioning of necessary equipment to increase and maximize product manufacturing output, customising and optimising product application and performance based on customers’ needs. Mr. Basson studied at the Vaal Triangle College for Advanced Technical Education, South Africa and obtained his national certificate for technicians (electrical) in May 1979. He became a member of The Chamber of Engineering Technology in April 1996. He was a registered engineering technician of the Engineering Council of South Africa in November 1984.

\* for identification purposes only

## Directors and Senior Management Profiles

### Non-executive Director

**Mr. Wang Ping (王平)** (“Mr. Wang”), aged 55, joined the Group in August 2019. He was appointed as a Director in October 2019 and re-designated as a non-executive Director on 11 June 2020. He is also a director of certain subsidiaries of the Company. Mr. Wang is primarily responsible for providing advice on business strategy development and financial planning.

Mr. Wang has over 20 years of experience in corporate finance, audit and accounting and financial management. From February 2004 to March 2007, Mr. Wang was employed by China Jishan Holdings Limited, a company listed on the main board of the Singapore Stock Exchange (stock code: J18), as its chief financial officer. From May 2007 to March 2010, Mr. Wang worked as the vice president of EV Capital Pte Ltd., a corporate finance advisory company engaging in corporate advisory services, and was responsible for providing advisory services in accounting and finance. From March 2012 to December 2015 and from March 2014 to December 2015, Mr. Wang served as the chief financial officer and executive director of China First Capital Group Limited (stock code: 1269).

Mr. Wang is currently an independent non-executive director of (i) Hanking Gold International Limited, formerly known as China Hanking Holdings Limited (stock code: 3788) since February 2011; (ii) Jia Yao Holdings Limited (stock code: 1626) since June 2014; and (iii) Chongyi Zhangyuan Tungsten Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002378.SZ) since May 2023.

Mr. Wang was admitted as a member of the Chinese Institute of Certified Public Accountants in December 1996 and a non-practicing member of the Shanghai Institute of Certified Public Accountants in September 2002. Mr. Wang graduated from Nanjing University, the PRC majoring in economics and management in December 1993 and obtained a master’s degree in business administration from Sun Yat-Sen University, the PRC, in June 2004.

### Independent Non-executive Directors

**Mr. Cheng Tai Kwan Sunny (鄭大鈞)** (“Mr. Cheng”), aged 53, was appointed as an independent non-executive Director on 19 December 2022. He is also the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Cheng has years of experience in management, financial reporting and management accounting. Mr. Cheng is an independent non-executive director of (i) Bojun Education Company Limited (stock code: 1758); and (ii) Hua Lien International (Holding) Company Limited (stock code: 969), since December 2017.

## Directors and Senior Management Profiles

Mr. Cheng was a member of the Chinese People's Political Consultative Conference of Enping City, Guangdong Province from November 2011 to November 2016. Mr. Cheng was admitted as an associate and a fellow of The Association of Chartered Certified Accountants in July 1999 and July 2004, respectively. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) in September 2001. In March 2018, Mr. Cheng became a member of CPA Australia.

Mr. Cheng received a Bachelor of Business Administration in Accounting from the Hong Kong University of Science and Technology in November 1996. In December 2006, Mr. Cheng received a Master of Science from The Chinese University of Hong Kong. Mr. Cheng was awarded the Master of Business Administration degree jointly by the Kellogg School of Management of Northwestern University and the School of Business and Management of the Hong Kong University of Science and Technology in December 2009. In November 2017, Mr. Cheng obtained the degree of Juris Doctor, followed by the degree of Doctor of Philosophy in March 2025 and the Postgraduate Certificate in Laws in July 2025, all from The Chinese University of Hong Kong.

**Professor the Honourable Ngai Ming Tak Michael (魏明德(名成))** ("Professor Ngai"), aged 58, was appointed as an independent non-executive director on 19 December 2022. He is also the chairman of the ESG Committee and a member of each of the Audit Committee and the Remuneration Committee. He is primarily responsible for providing independent advice to the Board.

Professor Ngai is the chairman of The Red Group and the chairman of Asia GreenTech Fund. Professor Ngai is an independent non-executive director of (i) True Partner Capital Holding Limited (stock code: 8657); (ii) China Longyuan Power Group Corporation Limited (stock code: 916); (iii) CRRC Corporation Limited (stock code: 1766), and (iv) Seres Group Co., Ltd., (stock code: 9927). Professor Ngai is also an external director of China Merchants Group Limited.

Professor Ngai is a member of the 12th, 13th and 14th National Committee of the Chinese People's Political Consultative Conference, the Chairman of the Hong Kong Finance Association, the Council Chairman of City University of Hong Kong, a Fellow Commoner of Clare Hall, University of Cambridge, Honorary Fellow of Lingnan University, Honorary Citizen of Harbin City, Heilongjiang Province. He has been elected as a member of the Legislative Council of Hong Kong in 2025.

Professor Ngai graduated from University of Cambridge.

**Ms. Chan Chore Man Germaine (陳楚雯)** ("Ms. Chan"), aged 46, was appointed as an independent non-executive Director on 19 December 2022. She is a member of each of the Audit Committee, the Nomination Committee and the ESG Committee. She is primarily responsible for providing independent advice to the Board.

Ms. Chan has over 20 years of professional experience in accounting and corporate finance ranging from financial advisory to IPOs. Ms. Chan is a director of Innovax Capital Limited, a wholly-owned subsidiary of Innovax Holdings Limited (stock code: 2680). From July 2010 to June 2021, she served as the chief financial officer and company secretary of Shirble Department Store Holdings (China) Limited (stock code: 312).

## Directors and Senior Management Profiles

Ms. Chan has been admitted as a member of the Hong Kong Institute of Certified Public Accountants since January 2006. She has a representative license by the Securities and Futures Commission of Hong Kong to carry on Type 1 (Dealing in Securities) activities and Type 6 (Advising on Corporate Finance) activities.

Ms. Chan received a bachelor's degree in business administration (accounting) from the Hong Kong University of Science and Technology in November 2002.

### SENIOR MANAGEMENT

**Mr. Feng Jianguo (馮建國)** ("Mr. Feng"), aged 60, joined the Group in March 2016 and is the chief technology officer. He is the brother-in-law of Mr. Hou Haolong, one of the executive Directors. Mr. Feng is primarily responsible for overseeing project implementation and providing technical support.

Prior to joining the Group, from May 1997 to March 2016, Mr. Feng worked in Henan Sanli with his last position as a deputy general manager of production technology and the head of technology, responsible for the construction of UHP graphite electrode project.

Mr. Feng completed a course in chemical engineering and machinery from Zhengzhou Institute of Technology\* (鄭州工學院) in July 1987. Mr. Feng obtained a certificate issued by Human Resources and Social Security Department of Henan Province, the PRC to certify his qualification as a senior engineer in chemical engineering in March 2016. He was admitted as a member of the Carbon Materials Sub-Technical Committee of the National Steel Standardization Technical Committee\* (全國鋼標準化技術委員會炭素材料分技術委員會) in March 2020.

**Mr. Lam Lok Fung (林洛鋒)** ("Mr. Lam"), aged 38, joined the Group in June 2023 and is the chief financial officer of the Group and the company secretary of the Company. Mr. Lam is primarily responsible for overseeing the financial management and corporate governance matters of the Group. He has over 10 years of experience in corporate finance, financial management, accounting and audit assurance. Mr. Lam previously served as a vice president at the investment banking department of Alliance Capital Partners Limited, where he had handled cases related to financial advisory, compliance advisory and IPOs for PRC and Hong Kong companies. Mr. Lam was also a senior manager at Deloitte Touche Tohmatsu, managing the audit and listing of several Hong Kong public companies.

Mr. Lam has been admitted as a member of the Hong Kong Institute of Certified Public Accountants since January 2014. He also obtained a master's degree of Laws in Corporate and Financial Law from The University of Hong Kong in November 2019.

\* for identification purposes only

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for FY2025.

## DIRECTORS

The Directors during FY2025 and up to the date of this report were:

### Executive Directors

Mr. Peter Brendon Wyllie (*Chairman*)

Mr. Hou Haolong

Mr. Adriaan Johannes Basson

### Non-executive Director

Mr. Wang Ping

### Independent Non-executive Directors

Ms. Chan Chore Man Germaine

Mr. Cheng Tai Kwan Sunny

Professor the Honourable Ngai Ming Tak Michael

In accordance with article 84(1) of the Articles, Mr. Hou Haolong, Mr. Cheng Tai Kwan Sunny and Professor the Honourable Ngai Ming Tak Michael shall retire by rotation at the 2026 AGM and they, being eligible, will offer themselves for re-election.

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The Company has received an annual confirmation from each of the independent non-executive Directors as regards their independence to the Company, and considers them to be independent.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 16 to 20 of this annual report.

# Directors' Report

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of graphite electrodes. The activities of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

An analysis of the Group's performance for FY2025 by operating segment is set out in note 5 to the consolidated financial statements.

## RESULTS, DIVIDENDS AND DIVIDEND POLICY

The results of the Group for FY2025 are set out on pages 51 to 121 of this annual report.

Given the prevailing uncertainties and challenges in the graphite electrodes market and the need of the Group to maintain healthy liquidity level to meet the Group's operational needs and the execution of its strategic or merger and acquisition in 2026, the Board did not recommend the payment of final dividend for the year ended 31 December 2025 (FY2024: Nil). The Board is not aware of any Shareholders having waived or agreed to waive any dividend.

The Group does not have a pre-determined dividend-payment ratio. The payment and the amount of any dividends will be at the discretion of the Directors and will depend upon the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which the Directors deem relevant. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. Any future declarations and payments of dividends will be at the discretion of the Directors and may require the approval of the Shareholders.

The payment of dividend by the Company is also subject to any restrictions under the applicable laws and regulations, including the laws of the Cayman Islands and the memorandum and articles of association of the Company.

## BUSINESS REVIEW

A review of the Group's business during FY2025, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during FY2025 and up to the date of this report, and an indication of likely future developments in the Group's business, are provided in sections headed "Chairman's Statement" on page 6 and "Management Discussion and Analysis" on pages 8 to 15 of this annual report, and the notes to the consolidated financial statements.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with the requirements of relevant laws and regulations. During FY2025, as far as the Board and management are aware of, there was no material breach or non-compliance with any applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

## ENVIRONMENTAL POLICIES

The Group is committed to building an environmental-friendly corporation and pays close attention to environmental protection laws and regulations to ensure the environmental policies are in line with domestic and international standards. All the factories are operated in strict compliance with the relevant environmental regulations and rules.

### KEY RELATIONSHIPS

The Group recognizes the importance of maintaining a good relationship with its employees, customers and suppliers so as to maintain sustainable development in the long term. During FY2025, there were no material and significant disputes between the Group and its employees, customers and suppliers.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For details of the environmental related activities performed in 2025, please refer Company's 2025 Environmental, Social and Governance Report (the "ESG Report") published by the Company separately at the same time as the publication of this annual report on websites of the Company and the Stock Exchange.

The ESG Report will not be provided in printed form. For Shareholders who wish to receive a printed version of the ESG Report, please send your request in writing to the principal place of business of the Company in Hong Kong at Room 2602, 26th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during FY2025 are set out in note 15 to the consolidated financial statements.

### SHARES MOVEMENT IN THE YEAR

Details of movements in the share capital of the Company in FY2025 are set out in note 28 to the consolidated financial statements.

### DONATIONS

During FY2025, the Group donated RMB5,000 to different organizations to support the development of local communities.

### RESERVES

Details of the movements in the reserves of the Group and the Company during FY2025 are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements respectively.

### DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves available for distribution to shareholders of the Company were US\$29,813,000, representing share premium of US\$33,365,000, accumulated losses of US\$3,452,000 and other debit reserve of US\$100,000.

Under the Companies Law of the Cayman Islands, the share premium of the Company may be distributed subject to the provision of the Articles and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

### FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out on page 122 of this annual report. The summary does not form part of the audited consolidated financial statements.

# Directors' Report

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the Companies Law of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's Shares.

## RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during FY2025 are set out in note 33 to the consolidated financial statements. Each of the related party transactions during FY2025 disclosed in note 33 to the consolidated financial statements was either a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 33 to the consolidated financial statements, no transactions, arrangements or contracts of significance, to which the Company, its parent company, its subsidiaries or its fellow subsidiaries, was a party and in which a Director at any time during FY2025 or an entity connected with a Director at any time during FY2025 had any material interest, whether directly or indirectly, was entered into or subsisted at the end of FY2025 or at any time during FY2025.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme", at no time during FY2025 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during FY2025, other than service contracts with the Directors and other persons engaged in the full-time employment of the Company.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in the execution of their duty. The Company has taken out and maintained directors' and officers' liability insurance throughout FY2025, which provides appropriate cover for certain legal actions (if any) brought against its Directors and officers.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity and nature of interest	Number of shares	Percentage of interest (Note 1)
Mr. Hou Haolong	Founder of a discretionary trust (Note 2)	147,278,000	8.61%
Mr. Peter Brendon Wyllie	Beneficial Owner	496,000	0.03%

Notes:

1. Based on 1,710,000,000 shares of the Company in issue as at 31 December 2025.
2. The shares were held by Utmost Prosperity Limited which is owned as to 99.8% by Otautahi Holdings Limited. Otautahi Holdings Limited is in turn wholly- owned by Otautahi Enterprises Trust Company Limited. Otautahi Enterprises Trust Company Limited is the trustee of the Otautahi Enterprises Trust, which is a discretionary trust established by Otautahi Enterprises Trust Company Limited as the trustee and Mr. Hou Haolong is one of the beneficiaries. Accordingly, Mr. Hou Haolong is deemed to be interested in the Shares held by Utmost Prosperity Limited under the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions deemed or taken under the relevant provisions of the SFO), or which were required to be entered in the register referred to therein under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Directors' Report

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of Directors' knowledge, as of the 31 December 2025, the following persons (not being the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO which were kept by the Company pursuant to section 336 of the SFO:

Name of shareholders	Capacity and nature of interest	Number of shares	Percentage of interest (Note 1)
Utmost Prosperity Limited (Note 2)	Beneficial owner	147,278,000	8.61%
Otautahi Holdings Limited (Note 2)	Interest in controlled corporations	147,278,000	8.61%
Otautahi Enterprises Trust Company Limited (Note 2)	Trustee	147,278,000	8.61%

Notes:

1. Based on 1,710,000,000 shares of the Company in issue as at 31 December 2025.
2. The Shares were held by Utmost Prosperity Limited which is owned as to 99.8% by Otautahi Holdings Limited. Otautahi Holdings Limited is wholly-owned by Otautahi Enterprises Trust Company Limited. Otautahi Enterprises Trust Company Limited is the trustee of Otautahi Enterprises Trust, which is a discretionary trust established by Otautahi Enterprises Trust Company Limited as the trustee and Mr. Hou Haolong is one of the beneficiaries of Otautahi Enterprises Trust. Accordingly, they are deemed to be interested in the Shares held by Utmost Prosperity Limited under the SFO.

Save as disclosed above, the Directors are not aware that there is any party (who were not Directors or chief executive of the Company) who, as at 31 December 2025, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During FY2025, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

## SHARE OPTION SCHEME

On 19 December 2022, a share option scheme (the "Share Option Scheme") of the Company was approved and adopted by the then shareholders of the Company. No option has been granted under the Share Option Scheme since its adoption and up to 31 December 2025. Accordingly, no option was outstanding under the Share Option Scheme as at 31 December 2025. At the beginning and the end of the FY2025, the number of options available for grant under the scheme mandate limit under the Share Option Scheme was 100,000,000.

The details of the Share Option Scheme are as follows:

### 1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Participants (as defined in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of an Employee Participant (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

### 2. Who may join

The Board may, at its absolute discretion, offer options ("Options") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any of the Employee Participant, the Related Entity Participant or the Service Provider (collectively, the "Eligible Participants") below:

- (a) any director or employee of the Company or any of its subsidiaries, including persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries ("Employee Participants");
- (b) a director or employee of a holding company, a subsidiary of the holding company or an associated company of the Company; and
- (c) any person who provides services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of our Group, including (i) a supplier of goods or services to any member of our Group; (ii) a customer of any member of our Group; (iii) a business or joint venture partner, franchisee, contractor, agent or representative in the sports product industry of any member of our Group; (iv) a person or entity (as an independent contractor, consultant, advisor or otherwise) that provides support or any advisory, consultancy, professional or other services to any member of our Group (including support or services in relation to design, research, development, marketing, innovation upgrading, strategic or commercial planning on corporate image, investor relations, product quality control, regulations and policies); and (v) an associate of any of the foregoing persons ("Service Providers"). For the avoidance of doubt, Service Provider may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers (such as auditors or valuers) who provide assurance or are required to perform their services with impartiality and objectivity.

### 3. Maximum number of Shares

The total number of Shares available for issue under the Share Option Scheme and any other schemes of the Company is 100,000,000 Shares, representing 5.16% of the Shares in issue as at the date of this annual report.

# Directors' Report

## 4. Maximum entitlement of each participants

No Option may be granted to any person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Share Options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue (excluding treasury shares, if any), such further grant of Options is subject to shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

## 5. Exercise Period

An Option may be exercised at any time during a period as the Board may in its absolute discretion determine and which shall not be more than 10 years from the grant date of the Option.

## 6. Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the exercise price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

## 7. Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the grant date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. An Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of the Company of US\$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Participant, being a date no later than 28 days after the offer date.

## 8. Vesting Period

The exercise of any Option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for an Option under the Share Option Scheme shall not be less than 12 months, except that the Options granted to Employee Participants may be less than 12 months under the following specific circumstances.

- (a) grants of "make-whole" Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of an Option may accelerate;
- (c) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria;

- (d) grants of Options made in batches during a year for administrative and compliance reasons;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.

### 9. Exercise price

The exercise price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the exercise price shall not be less than whichever is the higher of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date; and
- (b) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days (as defined in the Listing Rules) immediately preceding the grant date.

### 10. Life of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 19 December 2022, i.e. until 18 December 2032, after which no further options pursuant to the Share Option Scheme may be granted.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Issue of Listed Securities of the Company and Use of Proceeds" below, the Company did not enter into, and as of 31 December 2025 did not have, any equity-linked agreements which would or might result in the issue of Shares by the Company, or require the Company to enter into any agreements which would or might result in the issue of Shares by the Company, during FY2025.

## EVENTS AFTER THE REPORTING PERIOD

### (a) Placing of new shares

On 25 January 2026, the Company announced a proposed placing of new shares under the general mandate (the "Placing"). Pursuant to the terms of the placing agreement, the placing shares would be allotted and issued to not less than six independent placees, subject to the fulfilment of certain conditions precedent.

On 3 February 2026, the Company and the placing agents entered into a supplemental agreement to amend the long stop date under the placing agreement. Save for the aforesaid amendment, all other terms and conditions of the placing agreement remain unchanged. As disclosed in the supplemental announcement, subject to completion of the placing, the net proceeds were expected to amount to approximately US\$2.4 million (approximately HK\$18.4 million), intended for the development of the Group's graphite electrode business and for general working capital purposes.

On 20 February 2026, the Company announced that the condition under the placing agreement had been fulfilled and completion of the placing took place on the same date. A total of 228,000,000 placing shares were successfully placed by the placing agents to not less than six independent placees at the placing price of HK\$0.083 per share, representing approximately 13.33% of the Company's issued share capital immediately prior to completion and approximately 11.76% of the enlarged share capital following completion. The gross and net proceeds from the placing amounted to approximately US\$2.4 million (approximately HK\$18.9 million) and US\$2.4 million (approximately HK\$18.4 million), respectively.

## Directors' Report

### (b) Grant of share options

On 28 January 2026, the Company has resolved to grant an aggregate of 100,000,000 share options to 24 eligible participants, being the employees of an associated company of the Company (collectively referred to as the "Grantees"), under the share option scheme of the Company adopted on 19 December 2022 (the "Scheme"). Each share option entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HK\$0.106 per share, subject to acceptance by the Grantees. The share options are exercisable for a period of ten years from the date of grant and vest in five annual tranches, with 50% subject to continued employment up to the relevant vesting date and the remaining 50% subject to specified performance targets. A consideration of US\$1.00 is payable by each Grantee upon acceptance. The grant of share options is subject to the clawback mechanism under the Scheme.

### (c) Proposed share consolidation, capital reduction, share sub division and change in board lot size

On 19 March 2026, the Company announced a series of proposed capital reorganisation measures, comprising (i) a share consolidation on the basis that every ten existing shares of par value US\$0.01 each be consolidated into one consolidated share of par value US\$0.10 each; (ii) a capital reduction to reduce the par value of each issued consolidated share from US\$0.10 to US\$0.01 by cancelling paid up capital of US\$0.09 on each issued consolidated share; (iii) a subdivision of each authorised but unissued consolidated share of par value US\$0.10 into ten consolidated shares of par value US\$0.01 each; and (iv) a change in the board lot size for trading on the Stock Exchange from 20,000 existing shares to 2,000 consolidated shares, conditional upon the share consolidation becoming effective.

## PROACTIVE RESTRUCTURING OF SANGRAF ITALY S.R.L. TO ADDRESS EUROPEAN COST STRUCTURE

On 9 March 2026, the Group's wholly owned subsidiary, Sangraf Italy S.r.l., filed an application for protective measures, which was published on the local company registry. The filing represents a decisive, strategic initiative to address the long standing cost challenges of European operations in a comprehensive and structured manner for the Italy production facility.

The protective measure provides a court sanctioned protective framework that enables the subsidiary to engage constructively with all internal and external stakeholders – including creditors, employees, and commercial partners – to develop a sustainable path forward. The procedure grants an automatic stay of creditor enforcement actions, preserving liquidity and stabilizing the financial position while a comprehensive restructuring plan is finalized. It also allows for the freezing of interest on pre-existing liabilities, creating the necessary breathing room to thoroughly reassess operations and align all parties around a shared vision for the future.

The protective measures impose a stay preventing all creditors from initiating or continuing any enforcement or precautionary actions against the subsidiary's assets. The initial duration of the protective measures is four months from the date of publication in the Companies Register, with the Court retaining the authority to extend, amend, or revoke them; the overall maximum duration under the framework is twelve months.

## AUDITOR

On 31 July 2023, Ernst & Young, who acted as the auditors of the Company, resigned and Deloitte Touche Tohmatsu was appointed as the auditors of the Company. The details of the change of auditors are set out in the Company's announcement dated 31 July 2023.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Deloitte Touche Tohmatsu, who will retire, and being eligible, offer themselves for re-appointment at the 2026 AGM. A resolution for their re-appointment as auditors of the Company will be proposed at the 2026 AGM.

## ISSUE OF LISTED SECURITIES OF THE COMPANY AND USE OF PROCEEDS

### The Listing

The Company's shares have been listed on the Main Board of the Stock Exchange since the Listing Date. The net proceeds from the global offering after deducting the underwriting fees and commissions and related expenses were approximately HK\$186.7 million. The Group has utilized and will continue to utilize the net proceeds from the global offering according to the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the changes in use of proceeds as set out in the interim report for the six months ended 30 June 2024 (the "First Change in Use of Proceeds") and the further change in use of proceeds as set out in the announcement of the Company dated 19 December 2025 (the "Second Change in Use of Proceeds"). The intended application of the net proceeds and the actual utilization of the net proceeds from the global offering as at 31 December 2025 are as follows:

Purpose	Net proceeds as disclosed in the Prospectus <i>HK\$ million</i>	Revised net proceeds after the First Change in Use of Proceeds <i>HK\$ million</i>	Unutilized amount as at 1 January 2025 <i>HK\$ million</i>	Utilized amount as at 1 January 2025 <i>HK\$ million</i>	Revised net proceeds after the Second Change in Use of Proceeds <i>HK\$ million</i>	Amount utilized during FY2025 <i>HK\$ million</i>	Unutilized amount as at 31 December 2025 <i>HK\$ million</i>	Expected
								full utilization of the balance as at 31 December 2025
1 Pay for the purchase price of the Taigu Assets (as defined in the Prospectus)	65.0	44.2	-	(44.2)	44.2	-	-	-
2 Upgrade of the Group's production systems on the Italian Factory, the PRC Factory and the Sanli Assets (as defined in the Prospectus)	103.0	83.0	44.7	(38.3)	43.5	(3.4)	1.8	first half of 2026
3 Develop and expand GAM business	-	15.0	10.5	(4.5)	15.0	10.5	-	-
4 Working capital and general corporate purposes	18.7	18.7	-	(18.7)	18.7	-	-	-
5 Pay for operational costs of our graphite electrode business	-	25.8	-	(25.8)	65.3	(6.0)	33.5	first half of 2026
<b>Total</b>	<b>186.7</b>	<b>186.7</b>	<b>55.2</b>	<b>(131.5)</b>	<b>186.7</b>	<b>19.9</b>	<b>35.3</b>	

# Directors' Report

## Rights Issue

On 7 July 2025, the Company announced that it proposed to raise gross proceeds of up to approximately US\$5,809,000 (equivalent to HK\$45,600,000) by way of the issue of up to 570,000,000 rights shares (the "Rights Share(s)"), at the subscription price of HK\$0.08 per Rights Share on the basis of one Rights Share for every two then existing Shares held (the "Rights Issue") on the record date. On 7 July 2025, the Company and uSMART Securities Limited and Sinomax Securities Limited (the "Placing Agents") entered into the placing agreement (the "Placing Agreement"), pursuant to which the Placing Agents have agreed to, on a best effort basis, procure placee(s) to subscribe for the unsubscribed Rights Shares.

As disclosed in the Company's announcement dated 25 August 2025, based on the acceptance results of the Rights Issue and the placing results of the compensatory arrangements pursuant to the Placing Agreement, the Rights Shares to be allotted and issued amounted to 570,000,000 Rights Shares with aggregate nominal value of US\$5,700,000, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue.

The closing price per Share as quoted on the Stock Exchange on 7 July 2025, being the date on which the Rights Issue was proposed, was HK\$0.151.

The gross subscription price and net subscription price per Rights Share were HK\$0.08 and approximately HK\$0.077 respectively. The gross proceeds raised from the Rights Issue were approximately HK\$45.6 million and the net proceeds (after deducting all relevant expenses) from the Rights Issue were approximately HK\$43.9 million.

The Company intended to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$19.7 million (representing approximately 45% of the net proceeds) would be applied towards the operation of graphite electrodes business, including but not limited to (a) procurement of raw materials and/or graphite electrodes, (b) payment for subcontracting and conversion cost, and (c) other operating and overhead costs. The production of graphite electrodes has a relatively long production cycle of three to five months. Given the Group typically does not charge upfront payments from its customers, it is obliged to bear the upfront costs for certain parts of its business. As such, the graphite electrode business is generally expected to have a cash conversion cycle of up to six to eight months, depending on the customers' credit terms and geographical locations. In view of the above, the Company intends to apply the net proceeds of approximately HK\$19.7 million to fund the Group's operation costs;
- (ii) approximately HK\$11.0 million (representing approximately 25% of the net proceeds) would be applied towards the development and expansion of graphite electrodes business and/or GAM business, including but not limited to (a) upgrades and expansion of production facilities to enhance efficiency and reduce costs in the long run, and (b) investment in projects that generate strategic synergies for the Group; and
- (iii) approximately HK\$13.2 million (representing approximately 30% of the net proceeds) would be applied towards the replenishment of liquidity and general corporate purposes.

The Rights Issue represents a good opportunity to raise additional funds through the equity market and will enhance the Group's financial strength without the ongoing burden of interest expenses, and also offer all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company. For Further details of the Rights Issue are set out in the announcements and notices of the Company dated 7 July, 14 July, 25 July, 12 August, 25 August and 27 August 2025.

Use of net proceeds from Rights Issue	Intended allocation <i>HK\$ million</i>	Utilized amount during FY2025 <i>HK\$ million</i>	Unutilized amount at the end of FY2025 <i>HK\$ million</i>	Expected timeline of full utilization of the balance as at 31 December 2025
				<i>HK\$ million</i>
Pay for operational costs of our graphite electrode	19.7	(19.7)	–	–
Develop and expand of graphite electrodes business and/or GAM business	11.0	–	11.0	first half of 2027
Working capital and general corporate purposes	13.2	(13.2)	–	–
	43.9	(32.9)	11.0	–

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during FY2025.

## MAJOR CUSTOMERS AND SUPPLIERS

During FY2025, sales to the Group's five largest customers accounted for approximately 64.4% of the total sales and the sales to the largest customer included therein amounted to approximately 26.1%. Purchases from the Group's five largest suppliers accounted for approximately 56.7% of the total purchases of the Group for FY2025 and the purchases from the largest supplier included therein amounted to approximately 22.5%.

None of the Directors or their close associates (as defined in the Listing Rules) or the Shareholders who, to the knowledge of the Directors, owns more than 5% of the issued share capital of the Company (excluding treasury shares, if any) has any interest in any of the five largest customers or the five largest suppliers of the Group.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 April 2026 (Wednesday) to 27 April 2026 (Monday) (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the 2026 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 April 2026 (Tuesday).

## HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 148 staff (31 December 2024: 188 staff). The staff costs (including directors' remuneration) for FY2025 amounted to approximately US\$7.3 million (2024: US\$11.0 million). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefit such as mandatory provident fund, state-managed social welfare scheme and share option scheme. The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration Committee. The Remuneration Committee was set up for reviewing the Company's emolument policy and structure of all remuneration of the Directors and senior management of the Company.

# Directors' Report

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the Company's retirement and employee benefits scheme are set out in note 3 to the consolidated financial statements on page 67 of this annual report.

## CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on principles and code provisions as set out in the CG Code. During FY2025, the Company has complied with the code provisions set out in the CG Code.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in this annual report.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. After making specific enquiries to all the Directors, each of them has confirmed that they have complied with the Model Code during FY2025.

## DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has taken out and maintained appropriate insurance cover for its Directors and officers in respect of potential liabilities that they might incur in the course of performing their duties.

## PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the Latest Practicable Date, the Company has maintained sufficient public float as prescribed under the Listing Rules.

## AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules, and currently comprises three independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny (Chairman), Ms. Chan Chore Man Germaine and Professor the Honourable Ngai Ming Tak Michael.

The Audit Committee has reviewed together with the management the accounting principles and practices adopted by the Group and has discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements, annual results and annual report for FY2025.

On behalf of the Board  
**Peter Brendon Wyllie**  
*Chairman*

Hong Kong, 31 March 2026

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. Each Directors would ensure that he/she would devote sufficient time and attention to the Group's affairs by accepting their respective appointments.

## CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on principles and code provisions as set out in the CG Code. During FY2025, the Company has complied with the code provisions set out in the CG Code.

## RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies; authorizing the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control and risk management systems; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

## BOARD OF DIRECTORS

### Board Composition

As at 31 December 2025, the Board had seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors as follows:

#### **Executive Directors**

Mr. Peter Brendon Wyllie (*Chairman*)

Mr. Hou Haolong

Mr. Adriaan Johannes Basson

#### **Non-executive Director**

Mr. Wang Ping

#### **Independent Non-Executive Directors**

Ms. Chan Chore Man Germaine

Mr. Cheng Tai Kwan Sunny

Professor the Honourable Ngai Ming Tak Michael

## Corporate Governance Report

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical information of the Directors is set out on pages 16 to 20 in this annual report under the section headed “Directors and Senior Management Profile”.

A list of Directors and their roles and functions is also available on the websites of the Stock Exchange and the Company. During the reporting period, the Board had reviewed the implementation and effectiveness of the mechanisms ensuring independent views and input available to the Board.

Mr. Peter Brendon Wyllie is the Chairman and is primarily responsible for providing the overall leadership in the Board’s affairs and in the strategic development of the business of the Group and ensuring that good corporate governance practices and procedures are established, along with the responsibilities of the Chairman under the Articles and the Listing Rules. Following the resignation of Dr. Wei-Ming Shen as the chief executive officer of the Company on 1 May 2024, the Company has not appointed a chief executive officer. Day-to-day management of the business of the Group are carried out by the senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board meeting.

### Independent Non-Executive Directors

During FY2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

### Term of Appointment of Non-executive Directors

All non-executive Directors (including independent non-executive Directors) are appointed for a specific term.

Mr. Wang Ping, being a non-executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). Each of the independent non-executive Directors (Ms. Chan Chore Man Germaine, Mr. Cheng Tai Kwan Sunny and Professor the Honourable Ngai Ming Tak Michael) has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date (which shall continue thereafter unless terminated in certain circumstances as stipulated in the relevant letter of appointment).

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions such as (i) developing and reviewing the Company's policies, practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements and reviewing Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors.

The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings will be given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers will be sent to all Directors at least 3 days before the date of a Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of each Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary of the Company with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and officers. The Company reviews the insurance coverage from time to time to ensure adequate coverage. There is a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses in order to assist them to discharge their duties to the Company.

## CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Group generally.

On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend briefings, seminars and relevant training courses as appropriate. The Directors are requested to provide the Company with their respective training record pursuant to the requirement of the CG Code on continuous professional development.

During FY2025, all Directors (including Mr. Peter Brendon Wyllie, Mr. Adriaan Johannes Basson, Mr. Hou Haolong, Mr. Wang Ping, Mr. Cheng Tai Kwan Sunny, Professor the Honourable Ngai Ming Tak Michael, Ms. Chan Chore Man Germaine), participated in appropriate continuous professional development activities by way of attending training sessions and reading materials relevant to the Company's business, regulatory updates, directors' duties and responsibilities and corporate governance.

# Corporate Governance Report

## ATTENDANCE AT MEETINGS

During FY2025, a total of 4 Board meetings and 1 general meeting (being the annual general meeting held on 16 May 2025, the "2025 AGM") were held. The record of attendance of the Directors at Board meetings and the 2025 AGM held during FY2025 is set out below:

	Board meetings	2025 AGM
<b>Executive Directors</b>		
Mr. Peter Brendon Wyllie ( <i>Chairman</i> )	4/4	1/1
Mr. Hou Haolong	4/4	1/1
Mr. Adriaan Johannes Basson	3/4	1/1
<b>Non-executive Director</b>		
Mr. Wang Ping	4/4	1/1
<b>Independent Non-executive Directors</b>		
Mr. Cheng Tai Kwan Sunny	4/4	1/1
Professor the Honourable Ngai Ming Tak Michael	4/4	1/1
Ms. Chan Chore Man Germaine	4/4	1/1

## BOARD COMMITTEES

### Remuneration Committee

The Remuneration Committee currently comprises one executive Director, namely Mr. Peter Brendon Wyllie and two independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny and Professor the Honourable Ngai Ming Tak Michael. Mr. Cheng Tai Kwan Sunny is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include reviewing and making recommendations on the terms of remuneration packages of Directors and senior management and considering the grant of options under the share option scheme of the Company (the model described in code provision E.1.2(c)(ii) of the CG Code was adopted).

One (1) meeting of the Remuneration Committee was held during FY2025. The attendance of each member of the Remuneration Committee is set out as follows:

Members of the Remuneration Committee	Number of meetings held and attended
Mr. Cheng Tai Kwan Sunny ( <i>Chairman</i> )	1/1
Professor the Honourable Ngai Ming Tak Michael	1/1
Mr. Peter Brendon Wyllie	1/1

The works performed by the Remuneration Committee during FY2025 include the following:

- reviewed and determined the policy for the remuneration of Directors and senior management;
- assessed performance of Directors and senior management; and
- reviewed and recommended the remuneration package of the Directors and senior management to the Board.

Pursuant to code provision of E.1.5 of the CG Code, details of the annual remuneration of the members of the senior management by band for FY2025 is as follows:

	Number of employees
HK\$1,000,001 to HK\$2,000,000	3

Details of the remuneration of each Director for FY2025 are set out in note 10 to the financial statements.

### Nomination Committee

The Nomination Committee currently comprises one executive Director namely Mr. Peter Brendon Wyllie and two independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny and Ms. Chan Chore Man Germaine. Mr. Peter Brendon Wyllie is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for (i) making recommendations to the Board on the appointment of Directors and the management of the Board succession; (ii) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and making recommendations on any proposed changes to the board to complement the issuer's corporate strategy; (iii) identifying individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (iv) assessing the independence of independent non-executive Directors; and (v) to support the Company's regular evaluation of the Board's performance. The Nomination Committee can reasonably ensure that only candidates with capability and relevant experience will be appointed as future Directors.

# Corporate Governance Report

For the appointment and nomination of new Director(s), the Nomination Committee would consider the candidate(s) on merit against objective criteria and with due regards to the benefits of diversity on the Board and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the relevant industry and/or other professional areas.

One (1) meeting of the Nomination Committee was held during FY2025. The attendance of each member of the Nomination Committee is set out as follows:

Members of the Nomination Committee	Number of meetings held and attended
Mr. Peter Brendon Wyllie ( <i>Chairman</i> )	1/1
Mr. Cheng Tai Kwan Sunny	1/1
Ms. Chan Chore Man Germaine	1/1

The works performed by the Nomination Committee during FY2025 include the following:

- reviewed the structure, size and composition of the Board; and
- accessed the independence of independent non-executive Directors.

## **Board Diversity Policy**

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity of the Board and the Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis. The Company recognizes that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Company take opportunities to promote gender diversity at all levels, including but not limited to our Board and the senior management levels. Currently, there is one female on the Board of Directors. To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one Director of different gender on the Board at all times, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidates after a holistic review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and the Shareholders as a whole when deliberating on the appointment.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on Board composition in the Listing Rules from time to time.
2. The number of independent non-executive Directors should be not less than three and one-third of the Board.
3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.
4. The Board should have at least one member of a different gender in order to achieve gender diversity at Board level.

The Nomination Committee is of the view that the Company has achieved these measurable objectives under the Board Diversity Policy.

### ***Gender Diversity***

The main business of the Group is manufacturing operation. Traditionally, the manufacturing industry has been short of female talents. As at 31 December 2025, the gender ratio in the total workforce of the Group (including senior management) was approximately 3.9:1 (male:female). Nevertheless, the Company targets to avoid a single gender senior workforce and will timely review the gender diversity of the senior workforce in accordance with the business development of the Group. To develop a pipeline of potential successors of different genders to the Board, our Company will (i) ensure that there is emphasis on gender diversity when recruiting staff at all levels; and (ii) engage fair resources in training staff of different genders with the aim of promoting them to be members of senior management or the Board. Through this, the Company is committed to identifying suitable candidates of different genders both internally and externally in order to achieve the abovementioned target.

### **Audit Committee**

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny, Professor the Honourable Ngai Ming Tak Michael and Ms. Chan Chore Man Germaine. Mr. Cheng Tai Kwan Sunny is the chairman of the Audit Committee. The primary duties of the Audit Committee are (i) to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems; (ii) to review and monitor the effectiveness of the audit process; (iii) to make recommendations to the board on the appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors; (iv) to review the interim and annual reports and accounts of the Group; and (v) to perform other duties and responsibilities as assigned by the Board.

# Corporate Governance Report

Two (2) meetings of the Audit Committee were held during FY2025. The attendance of each member of the Audit Committee is set out as follows:

Members of the Audit Committee	Number of meetings held and attended
Mr. Cheng Tai Kwan Sunny ( <i>Chairman</i> )	2/2
Professor the Honourable Ngai Ming Tak Michael	2/2
Ms. Chan Chore Man Germaine	2/2

The works performed by the Audit Committee during FY2025 include the following:

- reviewed the annual report and the annual results announcement of the Company for FY2024;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 30 June 2025;
- reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function and the Company's performance and reporting in the aspect of environmental, social and governance;
- reviewed the risk management and internal control systems of the Group;
- reviewed the effectiveness of the Company's internal audit function; and
- met and discussed with the auditors of the Company in respect of the annual results of the Company for FY2024 and interim results of the Company for the six months ended 30 June 2025.

## **Auditor's Remuneration**

The financial statements of the Group for FY2025 have been audited by the Company's auditors. The remuneration paid/payable to the auditors during FY2025 is set out as follows:

	Fee paid/payable US\$'000
Audit services	306
Non-audit services	23
	<hr/> 329

The non-audit services are for the remuneration paid to the Company's auditors for the interim review of the financial results of the Group for the period ended 30 June 2025.

## ESG COMMITTEE

The ESG Committee was established on 16 December 2022 and as at the date of this report comprises Professor the Honourable Ngai Ming Tak Michael (Chairman), Mr. Adriaan Johannes Basson and Ms. Chan Chore Man Germaine.

The ESG Committee is mainly responsible for supporting the Board to formulate the ESG policy and strategies, conducting materiality assessment of environmental-related, climate-related, social-related risks, assessing the performance of the ESG strategies, and continuously monitoring ESG progress, implementation of measures to address the Group's ESG-related risks and responsibilities and updating the policy and strategies every year.

The ESG Committee will work with the senior management to conduct a material assessment to identify and prioritize material ESG issues. Materiality assessment provides a guide or blueprint for the Group's ESG strategy.

The ESG Committee will work with an external consultant to establish risk management and internal control systems, such as ESG policies and programs to manage and mitigate ESG risks. Climate-related performance metrics and targets will be set to assist the Board in evaluating the effectiveness of its ESG strategy and measures.

One (1) meeting of the ESG Committee was held during FY2025. The attendance of each member of the ESG Committee is set out as follows:

Members of the ESG Committee	Number of meetings held and attended
Professor the Honourable Ngai Ming Tak Michael ( <i>Chairman</i> )	1/1
Ms. Chan Chore Man Germaine	1/1
Mr. Adriaan Johannes Basson	1/1

The works performed by the ESG Committee during FY2025 include the following:

- met and discussed with the ESG consultant of the Company in respect of the Environmental, Social and Governance Report of the Company for FY2024 and its findings; and
- reviewed the Environmental, Social and Governance Report of the Company for FY2024.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. After making specific enquiries to all the Directors, each of them has confirmed that they have complied with the Model Code throughout 2025.

# Corporate Governance Report

## RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for FY2025.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 47 to 50.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Responsibility of the Board

The Board acknowledges its responsibility to ensure the establishment, maintaining and review of the appropriateness and effectiveness of the Group's risk management and internal control systems, where management is responsible for the design, implementation and monitoring of these systems to manage risks.

Sound and effective risk management and internal control systems are in place to achieve the Group's strategic objectives as well as to safeguard shareholder investments and the Company assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Our Risk Management and Internal Control Framework

The Board has the overall responsibility of the risk management and internal control systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposure, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an annual and on going basis. Management is responsible for setting an appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal controls. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures covered various aspects, including operations, finance & accounting, human resources, regulatory & compliance, delegation of authority, etc. The Group has not established an internal audit department and the Board is of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professional firms to perform the internal audit function for the Group in order to meet its needs.

The Group has engaged a professional consulting firm which initiated and facilitated the management to perform an annual enterprise-wide risk assessment to evaluate the nature and extent of the risks (including environmental, social and governance ("ESG") risks). During the risk assessment process, the Group has identified several key risks that may impact the Group's strategic objectives, as a result of the changes in the business and external environment. These risks have been prioritized according to the likelihood of their occurrence and the significance of their impact on the business of the Group. An update to the risk assessment report has been submitted to the Board for oversight and monitoring of the risks. Meanwhile, risk management measures and mitigating controls have been developed to manage these risks to an acceptable level.

The Board has also engaged an external professional consultant to review the effectiveness of the Company's internal audit function for FY2025 and material controls, including financial, operational and compliance controls at entity and operational levels. The Audit Committee and the Board have discussed and reviewed the relevant results of the review. The Board had conducted annual review of the effectiveness of the risk management. The Group will continuously enhance its internal control systems and risk management according to findings therein and recommendations made to the Group.

Based on the risk management and internal control systems established and maintained by the Group, the review of the effectiveness of risk management and internal control systems performed by the management, the Board is of the view that the Group has maintained sound, effective and adequate risk management and internal control system during FY2025.

### **Procedures and Controls over Handling and Dissemination of Inside Information**

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. An Inside Information Disclosure Policy has been established to lay down practical guidelines on definition and the scope of inside information; disclosure and management framework; exemptions for disclosure; receiving, reporting and disclosing of inside information; confidentiality and records of such information. Also, staff who have access to inside information are required to follow the Inside Information Disclosure Policy to keep the unpublished inside information strictly confidential.

The payment of dividend by the Company is also subject to any restrictions under the applicable laws and regulations, including the laws of the Cayman Islands and the memorandum and articles of association of the Company.

### **COMPANY SECRETARY**

Mr. Lam Lok Fung ("Mr. Lam") the company secretary of the Company. For FY2025, Mr. Lam participated in relevant professional trainings for no less than 15 hours to comply with rule 3.29 of the Listing Rule.

### **COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS**

The Company recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Company maintains various communication channels with its shareholders. The Company's annual general meeting provides a good opportunity for shareholders to exchange views with the Board. Members of the Board and the external auditor will attend the annual general meeting to answer shareholders' questions.

In order to promote effective communication, the Company maintains a website ([www.sanergygroup.com](http://www.sanergygroup.com)) which includes past and present information relating to the Group and its businesses.

Aside from raising questions at general meetings, all enquiries, suggestions or views to the Company are welcomed and can be sent to the Company through the Company's Investor Relations via the following methods (i) by email at [ir@sanergygroup.com](mailto:ir@sanergygroup.com); (ii) by facsimile to (852) 2891 9822, or by post to the Company's principal place of business in Hong Kong at Room 2602, 26/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company regards communications with its investors as being vital. The Company continues to enhance investor relations. Designated members of the Board and senior management of the Company are given the specific responsibilities to maintain regular contact with institutional investors, potential investors, financial analysts and fund managers. In FY2025, plant visits and meetings were held to help them better understand the Group's operations and developments. Press releases were issued as appropriate to provide with the most updated business development of the Group to the public.

The Board reviewed the investor engagement and communication activities to date and was satisfied with the effectiveness of the shareholders communication policy in place.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### Convening an extraordinary general meeting of the Company ("EGM")

Pursuant to Article 58 of the Articles, Shareholders holding at the date of deposit of requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may convene a physical meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Putting forward proposals at general meetings

There are no provisions allowing Shareholders to move new resolutions at general meetings under the Companies Law of the Cayman Islands or the Company's Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures as set out in the preceding paragraph.

As regards proposing a person for election as a Director, please refer to the procedures available on the website of the Company.

### Putting forward enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquires to the Company addressing to the any of the company secretary by mail at Room 2602, 26th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or by email at [ir@sanergygroup.com](mailto:ir@sanergygroup.com).

### Constitutional documents

On 19 December 2022, the Company adopted the Articles which became effective on the Listing Date. There had been no changes in the Articles during FY2025. The Articles have been published on the website of Hong Kong Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <http://www.sanergygroup.com>.

To the shareholders of Sanergy Group Limited  
(incorporated in the Cayman Islands with limited liability)

# Deloitte.

# 德勤

## OPINION

We have audited the consolidated financial statements of Sanergy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 121, which comprise the consolidated statement of financial position as at 31 December 2025 and consolidated statement of profit or loss, consolidated statement of 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

# Independent Auditor's Report

## KEY AUDIT MATTER (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### Valuation of land and buildings and plant and machinery

We identified valuation of land and buildings and plant and machinery as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant estimates associated with the determination of the fair value of the Group's land and buildings and plant and machinery.

As disclosed in notes 4(a) and 15 to the consolidated financial statements, the Group had property, plant and equipment of US\$86,855,000, of which US\$33,389,000 relating to freehold land and buildings and US\$53,186,000 relating to plant and machinery, were carried at revalued amounts. During the year, revaluation loss of US\$6,721,000 and US\$2,271,000 were recognised in asset revaluation reserve and profit or loss respectively.

The fair value of the land and buildings and plant and machinery was supported by valuations conducted by independent external valuers. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 15 to the consolidated financial statements. The valuation of land and buildings and plant and machinery are dependent on certain key inputs including adjusted market price per square metre and replacement cost. Changes to the key inputs may result in changes in the fair value of the Group's land and buildings and plant and machinery.

Our procedures in relation to the management's valuation of land and buildings and plant and machinery included:

- Evaluating the competence, capabilities and objectivity of the independent external valuers;
- Understanding the valuers' valuation techniques, assumptions and key inputs adopted in the valuation; and
- Assessing the reasonableness of valuation techniques, assumptions and key inputs used in the valuation, on a sample basis, including the market price per square metre and replacement cost by comparing it to market evidence with the assistance of our internal specialists.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the 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.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Keung To Wai, David (practising certificate number: P04578).

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
31 March 2026

## Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	NOTES	2025 US\$'000	2024 US\$'000
Revenue	6	51,875	56,951
Cost of sales		(47,328)	(74,205)
Gross profit (loss)		4,547	(17,254)
Other income	6	556	528
Other gains and losses	7	(9,307)	(4,299)
Impairment losses under expected credit loss model, net of reversal		–	(73)
Selling expenses		(2,296)	(3,059)
Administrative expenses		(13,204)	(14,785)
Other expenses		(997)	(265)
Share of results of an associate		(1,859)	(610)
Finance costs	8	(2,839)	(2,920)
Loss before tax	9	(25,399)	(42,737)
Income tax (expense) credit	12	(129)	1,753
Loss for the year attributable to owners of the Company		(25,528)	(40,984)
Loss per share			(Restated)
– Basic and diluted	14	US\$(1.8) cents	US\$(3.5) cents

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 US\$'000	2024 US\$'000
Loss for the year	<b>(25,528)</b>	(40,984)
<b>Other comprehensive income (expense)</b>		
<i>Other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>10,289</b>	(4,899)
<i>Other comprehensive (expense) income that will not be reclassified to profit or loss in subsequent periods:</i>		
Revaluation loss on property, plant and equipment	<b>(6,721)</b>	(3,680)
Income tax effect	<b>1,712</b>	836
Net other comprehensive expense that will not be reclassified to profit or loss in subsequent periods	<b>(5,009)</b>	(2,844)
Other comprehensive income (expense) for the year, net of tax	<b>5,280</b>	(7,743)
Total comprehensive expense for the year attributable to Owners of the Company	<b>(20,248)</b>	(48,727)

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 US\$'000	2024 US\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	<b>86,855</b>	88,567
Right-of-use assets	16	<b>6,738</b>	7,264
Intangible assets	17	<b>335</b>	576
Prepayments and deposits	21	<b>558</b>	496
Interest in an associate	18	<b>4,149</b>	5,997
Deferred tax assets	26	<b>4,385</b>	4,566
		<b>103,020</b>	107,466
<b>CURRENT ASSETS</b>			
Inventories	19	<b>36,830</b>	33,138
Trade receivables	20	<b>11,120</b>	10,227
Prepayments, deposits and other receivables	21	<b>10,094</b>	6,783
Financial asset at fair value through profit or loss ("FVTPL")	18	<b>667</b>	–
Pledged bank deposits	22	<b>5,989</b>	5,418
Cash and cash equivalents	22	<b>5,021</b>	10,937
		<b>69,721</b>	66,503
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	23	<b>15,424</b>	7,609
Other payables and accruals	24	<b>26,979</b>	17,190
Interest-bearing bank and other borrowings	25	<b>25,010</b>	25,556
Lease liabilities	16	<b>454</b>	523
Income tax payable		<b>4,945</b>	4,706
		<b>72,812</b>	55,584
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<b>(3,091)</b>	10,919

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 US\$'000	2024 US\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>99,929</b>	118,385
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	24	<b>1,196</b>	1,118
Interest-bearing bank and other borrowings	25	<b>1,394</b>	4,118
Lease liabilities	16	<b>758</b>	1,084
Deferred tax liabilities	26	<b>5,510</b>	6,314
		<b>8,858</b>	12,634
<b>NET ASSETS</b>		<b>91,071</b>	105,751
<b>CAPITAL AND RESERVES</b>			
Equity attributable to owners of the Company			
Share capital	28	<b>17,100</b>	11,400
Reserves		<b>73,971</b>	94,351
<b>TOTAL EQUITY</b>		<b>91,071</b>	105,751

The consolidated financial statements on pages 51 to 121 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Hou Haolong**  
DIRECTOR

**Peter Brendon Wyllie**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								
	Issued capital US\$'000	Share premium* US\$'000	Other reserve* US\$'000	Capital reserve* US\$'000	Statutory reserve* US\$'000	Asset revaluation reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Retained profits* US\$'000	Total US\$'000
At 1 January 2024	10,100	28,812	(100)	(4,684)	1,257	31,335	(7,384)	89,157	148,493
Loss for the year	-	-	-	-	-	-	-	(40,984)	(40,984)
Other comprehensive expense for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(4,899)	-	(4,899)
Revaluation loss on property, plant and equipment	-	-	-	-	-	(3,680)	-	-	(3,680)
Income tax effect on revaluation on property, plant and equipment	-	-	-	-	-	836	-	-	836
Total comprehensive expense for the year	-	-	-	-	-	(2,844)	(4,899)	(40,984)	(48,727)
Placing of 50,000,000 ordinary shares	500	1,584	-	-	-	-	-	-	2,084
Placing of 80,000,000 ordinary shares	800	3,211	-	-	-	-	-	-	4,011
Transaction costs attributable to issue of shares	-	(110)	-	-	-	-	-	-	(110)
Release of asset revaluation reserve	-	-	-	-	-	(1,411)	-	1,411	-
At 31 December 2024	11,400	33,497	(100)	(4,684)	1,257	27,080	(12,283)	49,584	105,751
At 1 January 2025	11,400	33,497	(100)	(4,684)	1,257	27,080	(12,283)	49,584	105,751
Loss for the year	-	-	-	-	-	-	-	(25,528)	(25,528)
Other comprehensive expense for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	10,289	-	10,289
Revaluation loss on property, plant and equipment	-	-	-	-	-	(6,721)	-	-	(6,721)
Income tax effect on revaluation on property, plant and equipment	-	-	-	-	-	1,712	-	-	1,712
Total comprehensive (expense) income for the year	-	-	-	-	-	(5,009)	10,289	(25,528)	(20,248)
Rights issue	5,700	109	-	-	-	-	-	-	5,809
Transaction costs attributable to rights issue	-	(241)	-	-	-	-	-	-	(241)
Release of asset revaluation reserve	-	-	-	-	-	(2,265)	-	2,265	-
At 31 December 2025	17,100	33,365	(100)	(4,684)	1,257	19,806	(1,994)	26,321	91,071

\* These reserve accounts comprise the consolidated reserves of US\$73,971,000 (2024: US\$94,351,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 US\$'000	2024 US\$'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	<b>(25,399)</b>	(42,737)
Adjustments for:		
Bank interest income	<b>(180)</b>	(306)
Share of results of an associate	<b>1,859</b>	610
Finance costs	<b>2,839</b>	2,920
Depreciation of property, plant and equipment	<b>3,926</b>	4,538
Depreciation of right-of-use assets	<b>774</b>	628
Amortisation of intangible assets	<b>306</b>	293
Impairment losses of trade receivables, net of reversal	<b>–</b>	73
Revaluation loss on property, plant and equipment, net	<b>2,271</b>	4,517
Loss on disposal of property, plant and equipment	<b>3</b>	6
(Reversal) write-down of inventories	<b>(325)</b>	4,240
Change in fair value of financial asset at FVTPL	<b>(667)</b>	1,540
Unrealized exchange differences	<b>4,820</b>	(1,134)
Operating cash flows before movements in working capital	<b>(9,773)</b>	(24,812)
(Increase) decrease in inventories	<b>(1,910)</b>	18,108
(Increase) decrease in trade receivables	<b>(579)</b>	2,502
Increase in prepayments, deposits and other receivables	<b>(3,331)</b>	(384)
Increase in trade and notes payables	<b>7,172</b>	643
Increase in other payables and accruals	<b>10,259</b>	2,997
Cash generated from (used in) operations	<b>1,838</b>	(946)
Interest received	<b>180</b>	306
Interest paid	<b>(452)</b>	(1,920)
Interest element in lease payments	<b>(113)</b>	(132)
Income taxes paid	<b>(5)</b>	(450)
<b>NET GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>1,448</b>	(3,142)
<b>INVESTING ACTIVITIES</b>		
Placement of pledged bank deposits	<b>(5,989)</b>	(5,418)
Withdrawal of pledged bank deposits	<b>5,418</b>	–
Purchase of property, plant and equipment	<b>(4,483)</b>	(5,529)
Additions to intangible assets	<b>(28)</b>	(181)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,082)</b>	(11,128)

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 US\$'000	2024 US\$'000
FINANCING ACTIVITIES		
Proceeds from rights issue	5,809	–
Issuance of shares	–	6,095
Transaction costs attributable to rights issue	(241)	–
Transaction costs attributable to issue of shares	–	(110)
New borrowings	2,245	7,021
Repayment of borrowings	(9,713)	(16,503)
Repayment of principal portion of lease payments	(471)	(377)
NET CASH USED IN FINANCING ACTIVITIES	<b>(2,371)</b>	(3,874)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(6,005)</b>	(18,144)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE, net	89	(539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<b>10,937</b>	29,620
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	<b>5,021</b>	10,937

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Sanergy Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 26 June 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2602, 26/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 January 2023.

The consolidated financial statements are presented in United States dollars ("US\$"), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sale of graphite electrodes. There has been no significant change in the Group's principal activities during the year ended 31 December 2025.

The Group reported a loss of US\$25,528,000 and had a net current liabilities of US\$3,091,000 during the year ended 31 December 2025 and as of that date, the Group's interest-bearing bank and other borrowings amounted to US\$26,404,000, of which a balance of US\$4,859,000 is in ongoing restructuring process with the relevant bank.

In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity with reference to its working capital forecast, the financial performance, the financial position and the available sources of financing of the Group in assessing the Group's ability to continue as a going concern. The directors of the Company therefore are satisfied that the Group will have sufficient internal generated financial resources and available credit facilities to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, 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, the directors of the Company continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### **HKFRS 18 Presentation and Disclosure in Financial Statements**

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group currently presents interest received and interest paid in operating activities, they will be classified in the investing activities and financing activities, respectively, on the consolidated statement of cash flows.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 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 in accordance with HKFRS Accounting Standards as issued by the HKICPA. 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. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, plant and equipment and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3.2 Material accounting policy information

#### ***Property, plant and equipment and depreciation***

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and subsequent impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred.

For land and buildings and plant and machinery, the Group performs revaluations of the properties with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On retirement or disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 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 and depreciation (Continued)***

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life, except for freehold land which is not depreciated. The principal economic useful lives used for this purpose are as follows:

Buildings	33 years
Plant and machinery	20 years
Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	5 – 8 years
Motor vehicles	4 years

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### ***Leases***

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### **Leases (Continued)**

*Group as a lessee (Continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Non-industrial buildings	1 to 5 years
Industrial leasehold land, industrial buildings, plant, machinery and equipment	3 to 42 years
Motor vehicles	1 to 4 years

The Group's right-of-use assets are presented separately in the consolidated statement of financial position.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### **Leases (Continued)**

##### *Group as a lessee (Continued)*

##### (b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; and a credit risk adjustment based on bond yields. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

#### **Investments and other financial assets**

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### ***Investments and other financial assets (Continued)***

##### *Initial recognition and measurement (Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### ***Financial liabilities***

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities of amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing bank and other borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables and interest-bearing bank and other borrowings.

##### *Subsequent measurement of financial liabilities at amortised cost*

After initial recognition, trade and notes payables, other payables, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### ***Financial liabilities (Continued)***

##### *Subsequent measurement of financial liabilities at amortised cost (Continued)*

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

#### ***Investment in an associate***

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs necessary to be incurred to completion and disposal. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### *Income tax*

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss and in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in an associate 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 and interest 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.

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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### ***Income tax (Continued)***

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.

#### ***Revenue recognition***

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### ***Pension scheme***

The Group operates a defined contribution retirement benefit scheme in Hong Kong for those employees who are eligible and have elected to participate in the scheme. Contributions are made based on a percentage of the participating employees' basic salaries. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The employees of the Group's subsidiary which operates in the USA participate in a defined contribution plan and a life insurance plan which require contributions to be made to a third-party trustee managed fund.

The Group's subsidiary which operates in Macau makes monthly contributions to the social security fund managed by the relevant authority of the local government, which underwrites the retirement obligations of the employees. The subsidiary has no obligation for payment of retirement benefits beyond the monthly contributions.

The contributions to the above schemes are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of such schemes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Material accounting policy information (Continued)

#### *Foreign currencies*

These financial statements are presented in US\$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### (a) Estimation of fair value of land and buildings and plant and machinery

In the absence of current prices in an active market for similar land and buildings and plant and machinery, the Group considers information from a variety of sources, including:

- (i) current prices in an active market for land and buildings and plant and machinery of a different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of land and buildings and plant and machinery on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices;
- (iii) an estimation of the new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

The aggregate carrying amount of land and buildings and plant and machinery at 31 December 2025 was US\$86,575,000 (2024: US\$88,262,000). Further details, including the key assumptions used for the fair value measurement and sensitivity analysis, are given in note 15.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (b) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26.

### (c) Provision for inventories to net realisable value

Inventories are stated at the lower of cost and net realisable value. The assessment of the net realisable value involves management's judgement and estimates, based on management's expectations for future sales net of estimated cost necessary for the sales. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of the inventories and any provision will be written down or written back in the period in which such estimate has been changed. The carrying amount of inventories as at 31 December 2025 was US\$36,830,000 (2024: US\$33,138,000). The provision for inventories to net realisable value as at 31 December 2025 amounted to US\$5,011,000 (2024: US\$7,554,000).

## 5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sale of graphite electrodes. Information reported to the Group's management for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

### Geographical information

#### (a) Revenue from external customers

	2025 US\$'000	2024 US\$'000
Americas	14,927	13,368
Europe, Middle East and Africa ("EMEA")	12,011	32,941
People's Republic of China (the "PRC")	24,937	10,480
Asia Pacific excluding the PRC	–	162
	51,875	56,951

The revenue information above is based on the locations of the customers.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. OPERATING SEGMENT INFORMATION (CONTINUED)

### Geographical information (Continued)

#### (b) Non-current assets

	2025 US\$'000	2024 US\$'000
Americas	52	165
EMEA	45,487	44,596
PRC	52,506	57,329
Asia Pacific excluding the PRC	410	633
	<b>98,455</b>	102,723

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

### Information about major customers

Revenue from customers individually contributing over 10% to the total revenue of the Group during the year is as follows:

	2025 US\$'000	2024 US\$'000
Customer A	N/A*	11,479
Customer B	13,630	7,466
Customer C	5,760	N/A*

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025 US\$'000	2024 US\$'000
Revenue from contracts with customers		
Sale of graphite electrodes	51,875	56,951

### (a) Disaggregated revenue information for revenue from contracts with customers

	2025 US\$'000	2024 US\$'000
Type of goods or service		
Sale of graphite electrodes	51,875	56,951

	2025 US\$'000	2024 US\$'000
Timing of revenue recognition		
Goods transferred at point in time	51,875	56,951

For the years ended 31 December 2025 and 2024, revenue of US\$55,000 and US\$240,000, respectively, was recognised that was included in the contract liabilities at the beginning of the relevant period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND OTHER INCOME (CONTINUED)

### (b) Performance obligation for contracts with customers and revenue recognition policies

Revenue from the sale of graphite electrodes is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. There are no other promises in the contracts that are separate performance obligations that require allocation of revenue.

The performance obligation of the sale of graphite electrodes is satisfied upon delivery of the products and payment is generally due within 30 to 60 days from delivery, except for new customers, where payment in advance is normally required. As a practical expedient in HKFRS 15, the amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to these consolidated financial statements because all the remaining performance obligations in relation to the sale of graphite electrodes are a part of contracts that have an original expected duration of one year or less.

An analysis of other income is as follows:

	2025 US\$'000	2024 US\$'000
Bank interest income	180	306
Government subsidies*	60	167
Others	316	55
	<b>556</b>	528

\* The subsidies for the years ended 31 December 2025 and 2024 represented business, export and environmental subsidies received from the PRC government. There were no unfulfilled conditions or contingencies relating to these subsidies.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. OTHER GAINS AND LOSSES

	2025 US\$'000	2024 US\$'000
Revaluation loss on property, plant and equipment, net	(2,271)	(4,517)
Loss on disposal of property, plant and equipment	(3)	(6)
Gain (loss) from change in fair value of financial asset at FVTPL (note 18)	667	(1,540)
Net (loss) gain from sale of other carbon products	(2,880)	630
Foreign exchange differences, net	(4,820)	1,134
	<b>(9,307)</b>	<b>(4,299)</b>

## 8. FINANCE COSTS

	2025 US\$'000	2024 US\$'000
Interest on lease liabilities	113	132
Interest on bank borrowings	2,339	2,107
Interest on other borrowings	94	535
Other arrangement fee	293	146
	<b>2,839</b>	<b>2,920</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. LOSS BEFORE TAX

	2025 US\$'000	2024 US\$'000
The Group's loss before tax is arrived at after charging (crediting):		
Cost of inventories sold*	<b>47,653</b>	69,965
(Reversal) write-down of inventories, net*	<b>(325)</b>	4,240
Depreciation of property, plant and equipment**	<b>3,926</b>	4,538
Depreciation of right-of-use assets**	<b>774</b>	628
Amortisation of intangible assets^	<b>306</b>	293
Lease payments not included in the measurement of lease liabilities	<b>6</b>	215
Auditor's remuneration	<b>329</b>	256
Directors' remuneration	<b>2,236</b>	1,897
Other employee benefit expense:		
– Wages and salaries and pension scheme contributions	<b>5,058</b>	9,115
– Less: Amount capitalised	<b>(1,642)</b>	(3,151)
<b>Total employee benefit expenses</b>	<b>5,652</b>	7,861

\* Included in cost of sales in the consolidated statement of profit or loss.

\*\* Certain depreciation charge for property, plant and equipment and right-of-use assets of US\$4,318,000 and US\$4,941,000 for the years ended 31 December 2025 and 2024, respectively, are included in cost of sales in the consolidated statement of profit or loss. The remaining depreciation charges in profit or loss are included in administrative expenses.

^ Included in administrative expenses in the consolidated statements of profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments paid or payable to the directors and chief executive of the Company during the year are as follows:

	2025 US\$'000	2024 US\$'000
Fees	90	90
Other emoluments:		
Salaries, allowances and benefits in kind	1,390	1,571
Discretionary bonus	750	208
Pension scheme contributions	6	28
	2,146	1,807
	2,236	1,897

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

The emoluments paid or payable to the executive directors, a non-executive director, independent non-executive directors and the chief executive of the Company was as follows:

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonus US\$'000	Pension scheme contributions US\$'000	Total remuneration US\$'000
<b>2025</b>					
Executive directors:					
Peter Brendon Wyllie	–	315	30	2	347
Adriaan Johannes Basson (Note i)	–	102	–	–	102
Hou Haolong*	–	865	693	2	1,560
Non-executive director:					
Wang Ping	–	108	27	2	137
Independent non-executive directors:					
Cheng Tai Kwan Sunny	26	–	–	–	26
Ngai Ming Tak Michael	38	–	–	–	38
Chan Chore Man Germaine	26	–	–	–	26
	<b>90</b>	<b>1,390</b>	<b>750</b>	<b>6</b>	<b>2,236</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

The emoluments paid or payable to the executive directors, a non-executive director, independent non-executive directors and the chief executive of the Company was as follows: (continued)

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonus US\$'000	Pension scheme contributions US\$'000	Total remuneration US\$'000
<b>2024</b>					
Executive directors:					
Peter Brendon Wyllie	–	315	6	2	323
Adriaan Johannes Basson (Note i)	–	99	–	11	110
Hou Haolong*	–	782	89	2	873
Yan Haiting (Note ii)	–	102	–	1	103
Non-executive directors:					
Wang Ping	–	108	22	2	132
Zheng Honghe (Note iii)	–	–	–	–	–
Independent non-executive directors:					
Cheng Tai Kwan Sunny	26	–	–	–	26
Ngai Ming Tak Michael	38	–	–	–	38
Chan Chore Man Germaine	26	–	–	–	26
Chief executive and executive director:					
Wei-Ming Shen (Note iv)	–	165	91	10	266
	90	1,571	208	28	1,897

\* Mr. Hou is also the single largest shareholder of the Company (the "Single Largest Shareholder").

Notes:

- (i) Mr. Adriaan Johannes Basson retired as an executive director of the Company on 19 May 2023. He was re-appointed as an executive director of the Company on 4 October 2024.
- (ii) Mr. Yan Haiting resigned as an executive director of the Company on 31 May 2024.
- (iii) Professor Zheng Honghe was appointed as a non-executive director of the Company on 31 May 2024 and resigned as a non-executive director of the Company on 4 October 2024.
- (iv) Dr. Wei-Ming Shen resigned as an executive director and chief executive of the Company on 31 March 2024 and 1 May 2024 respectively.

There is no arrangement under which a director waived or agreed to waive any remuneration during both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group. The non-executive director's emoluments shown above was for their services as directors of the Company and its subsidiaries. The independent non-executive directors' emoluments above were for their services as directors of the Company. Certain executive directors of the Company are entitled to discretionary listing bonus which are determined based on the remuneration approved by the remuneration.

During both years, no remuneration was paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any remuneration during both years.

## 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included two directors (2024: three directors), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 US\$'000	2024 US\$'000
Salaries, allowances and benefits in kind	521	374
Performance related bonuses	126	98
Pension scheme contributions	100	88
	<b>747</b>	560

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands which is presented in Hong Kong Dollar ("HK\$") is as follows:

	Number of employees	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	3	–
HK\$2,000,001 to HK\$2,500,000	–	2
	<b>3</b>	2

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. INCOME TAX EXPENSE (CREDIT)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for both years, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary for both years are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the relevant tax laws of the United States of America (the “US”), federal corporation income tax was levied at the rate of up to 21% for both years on the taxable income arising in the US during the year.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are normally subject to enterprise income tax at a rate of 25%, except for one subsidiary of the Group which enjoys preferential enterprise income tax at a rate of 15%, on the taxable income generated during both years.

Pursuant to the Italian tax laws and the respective regulations, the subsidiary which operates in Italy is subject to corporate income tax and regional tax on productive activities at a rate of 24.0% and 3.9%, respectively, on the taxable income for both years.

Based on management’s best estimate, the Group operates in jurisdictions where the Pillar Two Rules are effective but is not liable for top-up tax under the global minimum effective tax rate of 15%.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates of the jurisdictions in which the Group operates to the tax expense (credit) at the effective tax rates is as follows:

	2025 US\$'000	2024 US\$'000
Current – Hong Kong Charge for the year	28	6
Current – elsewhere Charge for the year	216	463
Deferred tax (note 26)	(115)	(2,222)
<b>Income tax expense (credit) for the year</b>	<b>129</b>	<b>(1,753)</b>

	2025		2024	
	US\$'000	%	US\$'000	%
Loss before tax	(25,399)		(42,737)	
Tax at the statutory rates	(2,655)	10.5	(6,152)	14.4
Income not subject to tax	(118)	0.5	(53)	0.1
Expenses not deductible for tax	398	(1.5)	529	(1.2)
Tax effect of tax loss not recognised	2,361	(9.3)	3,728	(8.7)
Others	(115)	0.5	195	(0.5)
<b>Total tax expense (credit) at the Group's effective tax rate</b>	<b>129</b>	<b>(0.5)</b>	<b>(1,753)</b>	<b>4.1</b>

## 13. DIVIDENDS

No dividend was declared by the Company to its shareholders during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on:

	2025 US\$'000	2024 US\$'000
<b>Loss:</b>		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<b>(25,528)</b>	(40,984)
	2025 US\$'000	2024 (restated) US\$'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>1,441,248,017</b>	1,185,543,093

The weighted average number of ordinary shares used to calculate the basic loss per share for both periods have been adjusted to reflect the Rights Issue (as defined in note 28). Accordingly, the basic loss per share for the year ended 31 December 2024 is restated.

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The computation of basic loss per share for the years ended 31 December 2025 and 2024 does not include the issuance of 10,000,000 share as a consideration for acquisition of a land in Italy as the share is subjected to return.

The computation of diluted loss per share for the years ended 31 December 2025 and 2024 does not assume the issuance of 10,000,000 share since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share for the years ended 31 December 2025 and 2024 did not assume the exercise of the Company's over-allotment option and issuance of 10,000,000 share since their assumed exercise would result in a decrease in loss per share.

The Group had no potentially diluted ordinary shares in issue during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings US\$'000	Plant and machinery US\$'000	Leasehold improvements US\$'000	Furniture fixtures and office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
At 1 January 2025:						
Cost or valuation	31,453	56,809	390	176	101	88,929
Accumulated depreciation	-	-	(170)	(111)	(81)	(362)
Net carrying amount	31,453	56,809	220	65	20	88,567
At 1 January 2025, net of accumulated depreciation	31,453	56,809	220	65	20	88,567
Additions	289	4,194	-	-	-	4,483
Depreciation provided during the year	(832)	(3,073)	-	(21)	-	(3,926)
Revaluation gain (loss) recognised to asset revaluation reserve	350	(7,071)	-	-	-	(6,721)
Revaluation gain (loss) recognised to profit or loss, net (note 7)	39	(2,310)	-	-	-	(2,271)
Disposal	-	-	-	(3)	-	(3)
Exchange realignment	2,090	4,637	-	(1)	-	6,726
At 31 December 2025, net of accumulated depreciation	33,389	53,186	220	40	20	86,855
At 31 December 2025						
Cost or valuation	33,389	53,186	391	145	101	87,212
Accumulated depreciation	-	-	(171)	(105)	(81)	(357)
Net carrying amount	33,389	53,186	220	40	20	86,855

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land and buildings US\$'000	Plant and machinery US\$'000	Leasehold improvements US\$'000	Furniture fixtures and office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
At 1 January 2024:						
Cost or valuation	33,037	66,833	235	190	101	100,396
Accumulated depreciation	-	-	(163)	(99)	(81)	(343)
<b>Net carrying amount</b>	<b>33,037</b>	<b>66,833</b>	<b>72</b>	<b>91</b>	<b>20</b>	<b>100,053</b>
At 1 January 2024, net of accumulated depreciation						
	33,037	66,833	72	91	20	100,053
Additions	250	4,549	156	-	-	4,955
Depreciation provided during the year	(790)	(3,721)	(8)	(19)	-	(4,538)
Revaluation gain (loss) recognised to asset revaluation reserve	236	(3,916)	-	-	-	(3,680)
Revaluation loss charged to profit or loss, net (note 7)	(186)	(4,331)	-	-	-	(4,517)
Disposal	-	-	-	(6)	-	(6)
Exchange realignment	(1,094)	(2,605)	-	(1)	-	(3,700)
At 31 December 2024, net of accumulated depreciation						
	31,453	56,809	220	65	20	88,567
At 31 December 2024						
Cost or valuation	31,453	56,809	390	176	101	88,929
Accumulated depreciation	-	-	(170)	(111)	(81)	(362)
<b>Net carrying amount</b>	<b>31,453</b>	<b>56,809</b>	<b>220</b>	<b>65</b>	<b>20</b>	<b>88,567</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

- (a) Detail of property, plant and equipment pledged are set out in note 25.
- (b) Below is a summary of the valuation of industrial land and buildings and plant and machinery:

Nature and location	Independent professionally qualified valuer	Revalued balance
Industrial land and buildings in Italy	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$14,805,000 2024: US\$12,882,000
Industrial plant and machinery in Italy	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$29,572,000 2024: US\$30,306,000
Industrial buildings in Shanxi, the PRC*	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$2,269,000 2024: US\$2,259,000
Industrial buildings in other regions of the PRC*	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$16,315,000 2024: US\$16,312,000
Industrial plant and machinery in Shanxi, the PRC	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$6,135,000 2024: US\$6,610,000
Industrial plant and machinery in other regions of the PRC	2025: ValQuest Advisory Group Limited 2024: ValQuest Advisory Group Limited	2025: US\$17,479,000 2024: US\$19,893,000

\* In the opinion of the directors, the Group is entitled to lawfully and validly occupy and use certain of the industrial buildings in the PRC for its daily operations, notwithstanding the fact that the related building ownership certificates have not been obtained.

Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's land and buildings and plant and machinery. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results at least once a year when the valuations are performed for interim and annual financial reporting.

The loss on revaluation of US\$6,721,000 (2024: loss of US\$3,680,000) has been recognised in other comprehensive income in the asset revaluation reserve.

The net loss on revaluation totalling US\$2,271,000 (2024: net loss of US\$4,517,000) has been charged to profit or loss.

Had these land and buildings and plant and machinery been carried at historical cost less accumulated depreciation, the carrying amount of the Group's land and buildings would have been approximately US\$16,109,000 (2024: US\$15,873,000) and the carrying amount of the Group's plant and machinery would have been approximately US\$48,324,000 (2024: US\$45,542,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

### (c) Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's land and buildings and plant and machinery:

	Fair value measurement as at 31 December 2025 using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Recurring fair value measurement for:				
Freehold land and buildings	–	–	33,389	33,389
Plant and machinery	–	–	53,186	53,186
	–	–	86,575	86,575

	Fair value measurement as at 31 December 2024 using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Recurring fair value measurement for:				
Freehold land and buildings	–	–	31,453	31,453
Plant and machinery	–	–	56,809	56,809
	–	–	88,262	88,262

During the years ended 31 December 2025 and 2024, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

(d) Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Freehold land and buildings US\$'000	Plant and machinery US\$'000
Carrying amount at 1 January 2024	33,037	66,833
Additions	250	4,549
Depreciation recognised in profit or loss	(790)	(3,721)
Revaluation gain (loss) recognised in other comprehensive income	236	(3,916)
Revaluation loss recognised in profit or loss, net	(186)	(4,331)
Exchange realignment	(1,094)	(2,605)
Carrying amount at 31 December 2024 and 1 January 2025	31,453	56,809
Additions	289	4,194
Depreciation recognised in profit or loss	(832)	(3,073)
Revaluation gain (loss) recognised in other comprehensive income	350	(7,071)
Revaluation gain (loss) recognised in profit or loss, net	39	(2,310)
Exchange realignment	2,090	4,637
Carrying amount at 31 December 2025	33,389	53,186

(e) Below is a summary of the valuation techniques used and the key inputs to the valuation of land and buildings and plant and machinery:

	Valuation techniques	Key inputs	Range of key inputs	Effect on fair value for increase of inputs
Freehold industrial land in Italy	Market approach	Adjusted market price per square metre	2025: Euro 1 to 15 per square metre 2024: Euro 1 to 15 per square metre	Increase
Buildings, plant and machinery in Italy	Depreciated replacement cost ("DRC") approach	Replacement cost per square metre	2025: Euro 320 to 650 per square metre 2024: Euro 326 to 500 per square metre	Increase
		Replacement cost per square metre	2025: Euro 100 to 13,806,000 2024: Euro 100 to 17,120,000	Increase
Buildings, plant and machinery in the PRC	DRC approach	Replacement cost per square metre	2025: RMB105 to RMB4,900 per square metre 2024: RMB160 to RMB4,360 per square metre	Increase
		Replacement cost	2025: RMB10 to RMB46,926,029 2024: RMB17 to RMB54,250,000	Increase

Under the market approach, the freehold industrial land is valued on the market basis assuming sale in its existing state with the benefit of vacant possession and by reference to comparable sales evidence available in the relevant markets. Comparison is based on prices realised in actual transactions or asking prices of comparable properties. Appropriate adjustments are then made to account for the differences between such properties in terms of location, size and other relevant factors.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

- (e) Below is a summary of the valuation techniques used and the key inputs to the valuation of land and buildings and plant and machinery: (Continued)

A significant increase/(decrease) in the adjusted market price per square metre would result in a significant increase/(decrease) in the fair value of the freehold industrial land.

Under the DRC approach, the valuation of the fair value of the buildings, plant and machinery is determined based on their existing use which is the cost to reproduce or replace in a new condition the assets appraised in accordance with the current construction costs for similar assets in the locality, with allowance for accrued depreciation as evidenced by all forms of obsolescence and optimisation.

The DRC approach is used for the valuation of the buildings, plant and machinery due to the lack of comparable determining an active market for the assets being valued and the lack of recent sales transactions of these specialised assets.

The highest and best use of the buildings, plant and machinery at the measurement date is the most reliable indication for valuing the assets in the absence of a known market based on comparable sales. The Group has determined that this indication is the value of the existing use.

A significant increase/(decrease) in the replacement cost of the buildings, plant and machinery in isolation would result in a significant increase/(decrease) in the fair value of such buildings, plant and equipment.

## 16. LEASES

### The Group as a lessee

The Group has lease contracts for various items of non-industrial buildings, industrial leasehold land, industrial buildings, plant, machinery and equipment, and motor vehicles used in its operations. Leases of non-industrial buildings have lease terms of 1 to 3 years (2024: 1 to 3 years), and those of industrial leasehold land, industrial buildings, plant, machinery and equipment have lease terms of 3 to 42 years (2024: 3 to 42 years), and those of motor vehicles generally have lease terms of 3 to 4 years (2024: 3 to 4 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension and termination options and variable lease payments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Non- industrial buildings US\$'000	Industrial leasehold land US\$'000	Industrial buildings, plant, machinery and equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
As at 1 January 2024	34	5,697	1,353	72	7,156
Additions	870	–	–	22	892
Depreciation charge (note 9)	(164)	(151)	(279)	(34)	(628)
Exchange realignment	–	(82)	(70)	(4)	(156)
As at 31 December 2024 and 1 January 2025	<b>740</b>	<b>5,464</b>	<b>1,004</b>	<b>56</b>	<b>7,264</b>
Depreciation charge (note 9)	<b>(328)</b>	<b>(150)</b>	<b>(263)</b>	<b>(33)</b>	<b>(774)</b>
Exchange realignment	–	121	121	6	248
As at 31 December 2025	<b>412</b>	<b>5,435</b>	<b>862</b>	<b>29</b>	<b>6,738</b>

At 31 December 2025, certain of the industrial leasehold land with a net carrying amount of approximately US\$3,611,000 (2024: US\$3,609,000) was pledged to a third party.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 US\$'000	2024 US\$'000
Carrying amount at 1 January	1,607	1,151
New leases	–	892
Accretion of interest recognised during the year (note 8)	113	132
Payments	(584)	(509)
Exchange realignment	76	(59)
Carrying amount as at 31 December	1,212	1,607
Analysed into:		
Current portion	454	523
Non-current portion	758	1,084
	1,212	1,607

The carrying amounts of lease liabilities are repayable:

	2025 US\$'000	2024 US\$'000
Within one year or on demand	454	523
In the second year	435	439
In the third to fifth years, inclusive	323	645
	1,212	1,607

The maturity analysis of lease liabilities is disclosed in note 36.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. LEASES (CONTINUED)

### The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 US\$'000	2024 US\$'000
Interest on lease liabilities (note 8)	113	132
Depreciation charge of right-of-use assets (note 9)	774	628
Expense relating to short-term leases and leases of low-value assets (note 9)	6	215
	<b>893</b>	975

(d) The total cash outflow for leases is disclosed in note 30(c).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS

	Computer software US\$'000	Patents US\$'000	Total US\$'000
Cost at 1 January 2025, net of accumulated amortisation	297	279	576
Additions	28	–	28
Amortisation provided during the year	(138)	(168)	(306)
Exchange realignment	34	3	37
<b>At 31 December 2025</b>	<b>221</b>	<b>114</b>	<b>335</b>
At 31 December 2025:			
Cost	915	1,342	2,257
Accumulated amortisation	(694)	(1,228)	(1,922)
<b>Net carrying amount</b>	<b>221</b>	<b>114</b>	<b>335</b>
Cost at 1 January 2024, net of accumulated amortisation	260	453	713
Additions	181	–	181
Amortisation provided during the year	(126)	(167)	(293)
Exchange realignment	(18)	(7)	(25)
<b>At 31 December 2024</b>	<b>297</b>	<b>279</b>	<b>576</b>
At 31 December 2024:			
Cost	784	1,312	2,096
Accumulated amortisation	(487)	(1,033)	(1,520)
<b>Net carrying amount</b>	<b>297</b>	<b>279</b>	<b>576</b>

The intangible assets are amortised on a straight-line basis over the following period:

Computer software	5 years
Patents	94 months

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. INTEREST IN AN ASSOCIATE

	2025 US\$'000	2024 US\$'000
Cost of investment – unlisted	6,913	6,913
Share of results and other comprehensive expense	(2,734)	(875)
Exchange difference arising on translation	(30)	(41)
	<b>4,149</b>	5,997

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Form of entity	Place of incorporation/ registration	Principal place of operation	Proportion of ownership interest held by the Group		Proportion of voting power held by the Group		Principal activity
				2025	2024	2025	2024	
Hubei Hairong Technology Co., Ltd. ("Hubei Hairong")	Incorporated	The PRC	The PRC	28.3%* (Note)	28.3%* (Note)	25% (Note)	25% (Note)	Manufacturing and trading of graphite anode materials

\* Rounded to one decimal point for disclosure purpose.

Note:

In May 2023, the Group has entered into an investment agreement ("Investment Agreement") with third parties to inject a total of RMB40,000,000 (equivalent to approximately US\$5,709,000) into Hubei Hairong. The Group is entitled to appoint one out of three directors of Hubei Hairong, which represented 33.3% of voting right, the Group is considered to have significant influence over Hubei Hairong.

Pursuant to the Investment Agreement, the Group has a share acquisition option to purchase 51% of a Hong Kong incorporated investment holding company holding 52.5% equity interest of Hubei Hairong, the exercise of the option is subjected to terms and conditions including, but not limited to certain amount of additional fundings to be raised by Hubei Hairong which is not yet met as at 31 December 2025 and 2024. The option is classified as financial asset at FVTPL and recognised a gain (2024: loss) from changes in fair value of financial asset at FVTPL amounted to US\$667,000 (2024: US\$1,540,000) during the year ended 31 December 2025. Fair value of financial asset at FVTPL as at 31 December 2025 amounted to US\$667,000 (2024: US\$Nil).

In November 2023, a third party injected additional capital into Hubei Hairong, pursuant to an investment agreement entered between the third party and Hubei Hairong. After the capital injection, the Group holds 28.3% of total equity interest of Hubei Hairong and is entitled to appoint one out of four directors, which represented 25% of voting right. Hubei Hairong remains as an associate of the Group upon the completion of the transaction.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. INTEREST IN AN ASSOCIATE (CONTINUED)

### Summarised financial information of Hubei Hairong

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

The associate is accounted for using the equity method in these consolidated financial statements.

	2025 US\$'000	2024 US\$'000
Current assets	7,695	6,395
Non-current assets	9,583	7,456
Current liabilities	(13,408)	(5,515)
Non-current liabilities	(2,149)	(78)

	2025 US\$'000	2024 US\$'000
Revenue	6,038	5,668
Loss and total comprehensive expense for the year	(6,537)	(2,311)

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

	2025 US\$'000	2024 US\$'000
Net assets of the associate	1,721	8,258
Proportion of the Group's ownership interest in the associate	28.3%	28.3%
The Group's share of net assets of the associate	487	2,335
Goodwill arising from acquisition	3,662	3,662
Carrying amount of the Group's interest in the associate	4,149	5,997

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. INVENTORIES

	2025 US\$'000	2024 US\$'000
Raw materials	1,288	2,516
Work in progress	23,667	23,874
Finished goods	16,886	14,302
	41,841	40,692
Provision	(5,011)	(7,554)
	36,830	33,138

## 20. TRADE RECEIVABLES

	2025 US\$'000	2024 US\$'000
Trade receivables measured at amortised cost	11,300	10,617
Impairment losses	(180)	(390)
	11,120	10,227

As at 1 January 2024, trade receivables from contracts with customers amounted to US\$12,950,000.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 30 to 60 days from delivery. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At the end of the reporting period, the Group has certain concentrations of credit risk as 36% (2024: 32%) and 80% (2024: 67%) of the Group's trade receivables from the Group's largest and the five largest customers, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. TRADE RECEIVABLES (CONTINUED)

At 31 December 2025, certain trade receivables of approximately US\$Nil (2024: US\$3,726,000) were pledged to third parties to secure interest-bearing borrowings granted to the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the past due date and net of loss allowance, is as follows:

	2025 US\$'000	2024 US\$'000
Not past due	9,463	7,608
Within 1 month	348	993
1 to 3 months	861	982
Over 3 months	448	644
	<b>11,120</b>	10,227

At 31 December 2025, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately US\$1,657,000 (2024: US\$2,619,000) which is past due at the end of the reporting period. Of the past due balances, US\$448,000 (2024: US\$644,000) has been past due over 90 days and is not considered as in default because the trade receivables are of good credit quality and those debtors do not have any default payment history. The Group holds no collateral over these balances.

The movement in lifetime expected credit loss ("ECL") that has been recognised for trade receivables are as follows:

	Lifetime ECL (not credit- impaired) 2025 US\$'000	Lifetime ECL (not credit- impaired) 2024 US\$'000
At beginning of year	390	319
Impairment losses	-	73
Recovery	(21)	-
Write off	(193)	-
Exchange realignment	4	(2)
At the end of the year	<b>180</b>	390

An impairment analysis is performed at each reporting date by considering the probability of default of the counterparty based on a provision matrix calculated with reference to its historical credit loss experience. The Group also takes into account forward-looking information, including information such as gross domestic product growth rate and unemployment rate, to reflect the debtors' probability of default under the current and future economic conditions, as appropriate. The ECL rates were assessed to be insignificant and accordingly, minimal loss allowance was provided for upon the assessment of ECL. As at 31 December 2025, the ECL rates ranged from 2.0% to 2.5% (2024: 3.2% to 4.3%).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 US\$'000	2024 US\$'000
Prepayments	8,366	3,658
Deposits and other receivables	577	1,013
VAT recoverable	1,699	2,589
Due from immediate holding company (note)	–	8
Due from a related party (note):		
Rental deposit	10	11
	<b>10,652</b>	7,279
Less: Non-current portion of prepayments and deposits	<b>(558)</b>	(496)
	<b>10,094</b>	6,783

Note: Details of all related party transactions are disclosed in note 33.

The carrying amounts of deposits and other receivables approximated to their fair value as at 31 December 2025 and 2024. Their recoverability was assessed with reference to the credit status of the debtors, and the ECL as at 31 December 2025 and 2024 were considered immaterial.

## 22. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

	2025 US\$'000	2024 US\$'000
Cash and cash equivalents	5,021	10,937
Pledged bank deposits	5,989	5,418
	<b>11,010</b>	16,355

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to US\$792,000 (2024: US\$597,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, pledged bank deposits carry fixed interest rate ranged from 0.3% to 4.8% (2024: 0.1% to 4.5%) per annum and represent deposits pledged to banks to secure notes payables and bank borrowings granted to the Group. Deposits amounting to US\$1,000,000 and US\$4,989,000 (2024: US\$4,200,000 and US\$1,218,000) have been pledged to secure short-term bank borrowings and notes payables, respectively, and are therefore classified as current assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. TRADE AND NOTES PAYABLES

	2025 US\$'000	2024 US\$'000
Trade payables	10,435	6,391
Notes payables (Note)	4,989	1,218
	<b>15,424</b>	7,609

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks 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 by the Group are included within operating cash flows based on the nature of the arrangements.

The notes payables are secured by pledged bank deposits as set out in note 22. An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the past due date, is as follows:

	2025 US\$'000	2024 US\$'000
Not past due	10,543	5,363
Within 1 month	435	494
1 to 3 months	448	1,048
Over 3 months	3,998	704
	<b>15,424</b>	7,609

The trade and notes payables are non-interest-bearing and are normally settled on terms ranging from 28 to 120 days.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. OTHER PAYABLES AND ACCRUALS

	2025 US\$'000	2024 US\$'000
Other payables	20,981	13,982
Accruals	6,417	3,637
Contract liabilities	161	73
Due to a shareholder (note)	616	616
	<b>28,175</b>	18,308
Less: Non-current portion of other payables and accruals	<b>(1,196)</b>	(1,118)
	<b>26,979</b>	17,190

Note: The balances were non-trade related, unsecured, non-interest-bearing and repayable on demand.

As at 1 January 2024, contract liabilities amounted to US\$519,000.

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2025		2024	
		Maturity	US\$'000	Maturity	US\$'000
<b>Current</b>					
Interest-bearing bank borrowings					
– secured	(a)	2026	2,568	2025	3,798
Interest-bearing bank borrowings					
– unsecured		2026 or on demand	21,935	2025 or on demand	21,404
Interest-bearing other borrowings					
– secured	(b)	2026	507	2025	354
			<b>25,010</b>		<b>25,556</b>
<b>Non-current</b>					
Interest-bearing bank borrowings					
– unsecured		2027–2028	1,394	2026–2028	4,118
			<b>26,404</b>		<b>29,674</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

### Bank borrowings

	2025 US\$'000	2024 US\$'000
Analysed into:		
Within one year or on demand	24,503	25,202
In the second year	924	2,589
In the third to fifth years, inclusive	470	1,529
	<b>25,897</b>	29,320

### Other borrowings

	2025 US\$'000	2024 US\$'000
Analysed into:		
Within one year or on demand	507	354

#### Notes:

- (a) The loans were secured by pledged bank deposits of US\$1,000,000 (2024: US\$4,200,000) and were guaranteed by certain subsidiaries of the Company.
- (b) Pursuant to facilities arrangements entered into between the Group and three independent parties (2024: three independent third parties), the Group obtained interest-bearing borrowings amounting to approximately US\$507,000 (2024: US\$354,000). Details and the carrying amounts of each of these borrowings are as follows:
  - (i) US\$507,000 (2024: US\$354,000), of which was secured by certain property, plant and equipment with carrying amounts of US\$695,000 (2024: US\$1,065,000).
  - (ii) US\$Nil (2024: US\$Nil) was secured by 100% shares of certain subsidiaries of the Company and released subsequent to 31 December 2025. Trade receivables with carrying amounts of US\$2,133,000 that had been pledged in prior years were fully released during the year ended 31 December 2025.
  - (iii) US\$Nil (2024: US\$Nil), of which was secured by certain property, plant and equipment, trade receivables and industrial leasehold land with carrying amounts of US\$18,001,000 (2024: US\$19,932,000), US\$Nil (2024: US\$1,593,000) and US\$3,611,000 (2024: US\$3,609,000), respectively.
- (c) The Group's bank and other borrowings included fixed-rate borrowings of approximately US\$1,413,000 (2024: approximately US\$7,277,000) which carry effective interest rates ranged from 3% to 14.4% per annum (2024: 3.5% to 14.4%). The remaining Group's bank and other borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate ("HIBOR"), Secured Overnight Financing Rate ("SOFR") and Euro Inter Bank Offered Rate ("EURIBOR") plus certain basis points. The range of effective interest rates is at 3.69% to 8.24% (2024: 3.69% to 8.15%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

As at 31 December 2025, a bank borrowing with a carrying amount of US\$4,859,000 (2024: US\$4,297,000) is due based on original repayment schedule and is therefore repayable on demand and was classified as current liabilities. The Group had negotiated with the relevant bank to vary the terms of the borrowing, and the bank had agreed to initiate the loan restructuring process before the original repayment schedule. As at 31 December 2025, the restructuring process was still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion, and believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

## 26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities – Gross

	Right-of-use assets US\$'000	Fair value adjustments arising from acquisition of a subsidiary US\$'000	Revaluation of property, plant and equipment US\$'000	Others US\$'000	Total US\$'000
At 1 January 2024	13	132	11,577	3,708	15,430
Deferred tax charged (credited) to the statement of profit or loss during the year	167	(42)	–	(861)	(736)
Deferred tax credited to asset revaluation reserve during the year	–	–	(836)	–	(836)
Exchange realignment	–	–	(608)	–	(608)
At 31 December 2024	<b>180</b>	<b>90</b>	<b>10,133</b>	<b>2,847</b>	<b>13,250</b>
Deferred tax credited to the statement of profit or loss during the year	(33)	(42)	–	(2,847)	(2,922)
Deferred tax credited to asset revaluation reserve during the year	–	–	(1,712)	–	(1,712)
Exchange realignment	–	–	1,204	–	1,204
At 31 December 2025	<b>147</b>	<b>48</b>	<b>9,625</b>	<b>–</b>	<b>9,820</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. DEFERRED TAX (CONTINUED)

### Deferred tax assets – Gross

	Provision for inventories US\$'000	Tax losses US\$'000	Lease liabilities US\$'000	Others US\$'000	Total US\$'000
At 1 January 2024	757	4,226	221	4,812	10,016
Deferred tax credited (charged) to the statement of profit or loss during the year	1,021	(362)	155	672	1,486
At 31 December 2024	<b>1,778</b>	<b>3,864</b>	<b>376</b>	<b>5,484</b>	<b>11,502</b>
Deferred tax charged to the statement of profit or loss during the year	<b>(177)</b>	<b>(247)</b>	<b>(36)</b>	<b>(2,347)</b>	<b>(2,807)</b>
At 31 December 2025	<b>1,601</b>	<b>3,617</b>	<b>340</b>	<b>3,137</b>	<b>8,695</b>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes and recognised in the consolidated statement of financial position:

	2025 US\$'000	2024 US\$'000
Net deferred tax assets	<b>4,385</b>	4,566
Net deferred tax liabilities	<b>(5,510)</b>	(6,314)
	<b>(1,125)</b>	(1,748)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. DEFERRED TAX (CONTINUED)

The Group had aggregated tax losses of US\$30,030,000 as at 31 December 2025 (2024: US\$31,513,000) for which deferred tax assets have been recognised for such tax losses that are available for setting off against taxable profits generated indefinitely or within the next five to ten years. No deferred tax asset has been recognised in respect of the remaining tax losses of US\$48,045,000 (2024: US\$30,144,000) due to unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately US\$47,075,000 (2024: US\$30,037,000) with expiry dates as disclosed in the following table, other losses may be carried forward indefinitely.

	2025 US\$'000	2024 US\$'000
2027	28,443	28,443
2028	15,707	–
2029	1,594	1,594
2030	1,331	–
	<b>47,075</b>	30,037

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China and Italy, respectively. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company's subsidiaries established in Mainland China and Italy (2024: US\$Nil). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Italy for which deferred tax liabilities have not been recognised totalled approximately US\$1,220,000 (2024: US\$1,170,000).

## 27. SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the scheme include (i) any directors or employees of the Company or any of its subsidiaries; (ii) the director or employee of its holding company, a subsidiary of its holding company or an associated company of the Company; and (iii) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group.

On 19 December 2022 (the "Adoption Date"), the Company adopted a share option scheme (the "Scheme"). The Scheme is valid and effective for a period of ten years from the Adoption Date, after which no further share options will be granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and remain unexercised immediately prior to the end of the 10-year period shall continue to be valid and exercisable subject to and in accordance with the Scheme, notwithstanding the expiry of the Scheme.

# Notes to the Consolidated Financial Statements

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## 27. SHARE OPTION SCHEME (CONTINUED)

The maximum number of shares which may be issued upon exercise of all share options granted under the Scheme and any other schemes of the Company shall not in aggregate exceed 100,000,000 ordinary shares, being 10.0% of the shares of the Company in issue on the Listing Date. The maximum number of shares issued and to be issued upon exercise of share options granted and to be granted to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the relevant time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or a substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors of the Company (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, within any 12-month period, which are in excess of 0.1% of the shares of the Company in issue at the relevant time, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted by the eligible participant within 28 days from the date of offer, with the duplicate offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with payment of a nominal consideration of US\$1 by the grantee to the Company provided that no offer shall be open for acceptance after the expiry of the Scheme or after the Scheme has been terminated.

The exercise price of the share options is determinable by the directors in their absolute discretion at the time of the making of the offer which shall be stated in the letter containing the offer, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the grant date which must be a trading day; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the grant date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Since the Adoption Date and up to 31 December 2025, no share options of the Company were granted, exercised, cancelled or lapsed under the Scheme.

## 28. SHARE CAPITAL

### Authorised:

	Number of shares	Share capital US\$'000
At 1 January 2024, 31 December 2024 and 31 December 2025		
– Ordinary shares of US\$0.01 each	5,000,000,000	50,000

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. SHARE CAPITAL (CONTINUED)

### Issued and fully paid:

	Number of shares in issue	Share capital US\$'000
At 1 January 2024	1,010,000,000	10,100
Placing of 50,000,000 ordinary shares	50,000,000	500
Placing of 80,000,000 ordinary shares	80,000,000	800
At 31 December 2024	1,140,000,000	11,400
Rights issue allotted and issued	570,000,000	5,700
At 31 December 2025	1,710,000,000	17,100

Pursuant to a deed of assignment entered into by the Group on 13 November 2023, a total of 10,000,000 new shares of US\$0.01 each, amounted to US\$100,000 in total (the "Consideration Shares"), were issued to the assignor, an independent third party, as a consideration for assigning its rights in relation to an acquisition of a land parcel in Italy to the Group. The Consideration Shares issued rank pari passu with the existing shares except that they are subject to the disposal restrictions pursuant to an undertaking given by the assignor. The issued shares were credited to other reserve during the year ended 31 December 2023.

On 20 September 2024, the Company, the vendor, which was a substantial shareholder of the Company (the "Vendor"), and the placing agent, entered into a placing and subscription agreement, pursuant to which the vendor agreed to sell 50,000,000 Shares at HK\$0.325 per share to not less than six placees, and to subscribe 50,000,000 new shares at subscription price of HK\$0.325 per shares. The placing of existing shares and subscription of new shares was completed on 27 September 2024, resulting in an increase in share capital and share premium of US\$500,000 and US\$1,584,000, respectively. Net proceeds from the placing after deduction of transaction cost is approximately US\$2,044,000. Transaction costs attributable to issue of shares amount to approximately US\$40,000 which is debited into share premium during the year ended 31 December 2024.

On 30 September 2024, the Company, the Vendor and the placing agent, entered into a placing and subscription agreement, pursuant to which the vendor agreed to sell 80,000,000 shares at HK\$0.39 per share to not less than six placees, and to subscribe 80,000,000 new shares at HK\$0.39 per shares. The placing of existing shares and subscription of new shares was completed on 8 October 2024, resulting in an increase in share capital and share premium of US\$800,000 and US\$3,211,000, respectively. Net proceeds from the placing after deduction of transaction cost is approximately US\$3,941,000. Transaction costs attributable to issue of shares amount to approximately US\$70,000 which is debited into share premium during the year ended 31 December 2024.

## 28. SHARE CAPITAL (CONTINUED)

On 25 July 2025, the Company proposed to issue up to 570,000,000 rights shares, at the subscription price of HK\$0.08 per rights share, on the basis of one rights share for every two existing shares held (the "Rights Issue"). As all the conditions with respect to the Rights Issue have been fulfilled, the Rights Issue became unconditional and 570,000,000 rights shares are allotted on 20 August 2025. The net proceeds from the Rights Issue after deduction of transaction cost is approximately US\$5,568,000. Transaction costs attributable to issue of shares amount to approximately US\$241,000 which is debited into share premium during the year ended 31 December 2025.

## 29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

- (a) The capital reserve represents the distribution to the Single Largest Shareholder with respect to the consideration for the acquisition of subsidiaries in prior years and the non-controlling interests of a non-wholly-owned subsidiary which was acquired by the Single Largest Shareholder in prior years.
- (b) The other reserve represents the new shares issued to acquire relevant rights in relation to an acquisition of a land parcel in Italy, which are subject to dealing restrictions pursuant to an undertaking given by the assignor of the rights.
- (c) In accordance with the Company law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards to their respective statutory reserve until the reserve reaches 50% of their respective registered capital. Subject to certain restrictions set out in the Company law of the PRC, part of the statutory reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.
- (d) The asset revaluation reserve represents the revaluation surplus, net of tax, arising from the revaluation of property, plant and equipment. Release of asset revaluation reserve represents depreciation of the revaluation surplus, net of tax, of the related property, plant and equipment.
- (e) The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US\$Nil (2024: US\$892,000) and US\$Nil (2024: US\$892,000), respectively, in respect of lease arrangements for property, plant and equipment.

### (b) Changes in liabilities arising from financing activities

	Lease liabilities US\$'000	Interest-bearing bank and other borrowings US\$'000	Total US\$'000
At 1 January 2024	1,151	38,663	39,814
Changes from financing cash flows:			
– New borrowings	–	7,021	7,021
– Repayment of borrowings	–	(16,503)	(16,503)
– Repayment of principal portion of lease payments	(377)	–	(377)
New leases (note 16(b))	892	–	892
Interest expenses	132	2,642	2,774
Interest paid classified as operating cash flows	(132)	(1,920)	(2,052)
Exchange realignment	(59)	(229)	(288)
At 31 December 2024 and 1 January 2025	<b>1,607</b>	<b>29,674</b>	<b>31,281</b>
Changes from financing cash flows:			
– New borrowings	–	2,245	2,245
– Repayment of borrowings	–	(9,713)	(9,713)
– Repayment of principal portion of lease payments	(471)	–	(471)
Interest expenses	113	2,433	2,546
Interest paid classified as operating cash flows	(113)	(452)	(565)
Exchange realignment	76	2,217	2,293
At 31 December 2025	<b>1,212</b>	<b>26,404</b>	<b>27,616</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 US\$'000	2024 US\$'000
Within operating activities	119	347
Within financing activities	471	377
	590	724

## 31. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's note payables and bank and other borrowings are included in the notes 15, 16, 20, 22 and 25.

## 32. COMMITMENTS

The Group has the following capital commitments at the end of the reporting period:

	2025 US\$'000	2024 US\$'000
Contracted, but not provided for: Investment in an associate	2,129	2,087

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. RELATED PARTY TRANSACTIONS/BALANCES

### Related party transactions

Other than those disclosed elsewhere in the consolidation financial statements, the Group had following transactions with related parties during the year:

	Notes	2025 US\$'000	2024 US\$'000
Lease payments paid to related companies	(i)	115	115
Salaries paid to a related party	(ii)	53	53

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. Management is of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

Notes:

- (i) The lease payments were based on terms determined between the Group and a related company which are wholly-owned by close family members of the Single Largest Shareholder. Lease interest of US\$8,000 (2024: US\$13,000) was charged to profit or loss.
- (ii) Salaries were paid to a close family member of the Single Largest Shareholders.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

### Related party balances

	Notes	2025 US\$'000	2024 US\$'000
Due from a related party:			
Rental deposit	(iii)	10	11
Due from immediate holding company	(iv)	–	8
Included in other payables and accruals:			
Due to a shareholder	(iv)	616	616
Lease liabilities	(v)	19	126

Notes:

- (iii) The balance as at 31 December 2025 and 2024 was due from a related company, which is wholly-owned by a close family member of the Single Largest Shareholder. The balance is non-trade related, unsecured, non-interest-bearing and is refundable upon expiry of the rental contracts in February and April 2026.
- (iv) The balances were non-trade related, unsecured, non-interest-bearing and repayment on demand.
- (v) During the year ended 31 December 2024, the Group renewed the rental agreements with the related company which is a wholly-owned by close family members of the Single Largest Shareholder. The Group had recognised an addition of right-of-use assets of US\$208,000 with related lease liabilities of US\$208,000 during the year ended 31 December 2024.

### Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management during the year was as follows:

	2025 US\$'000	2024 US\$'000
Short-term employee benefits	1,533	1,714
Pension scheme contributions	8	30
Discretionary bonus expenses	750	208
	<b>2,291</b>	1,952

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets at amortised cost

	2025 US\$'000	2024 US\$'000
Trade receivables	11,120	10,227
Financial assets included in prepayments, deposits and other receivables	491	1,018
Financial asset at FVTPL	667	–
Pledged bank deposits	5,989	5,418
Cash and cash equivalents	5,021	10,937
	<b>23,288</b>	27,600

### Financial liabilities at amortised cost

	2025 US\$'000	2024 US\$'000
Trade and notes payables	15,424	7,609
Financial liabilities included in other payables and accruals	15,809	13,388
Interest-bearing bank and other borrowings	26,404	29,674
	<b>57,637</b>	50,671

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade and notes payables, financial assets included in the current portion of prepayments, deposits and other receivables and financial liabilities included in the current portion of other payables and accruals and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets included in non-current deposits, financial liabilities included in non-current other payables and accruals and non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to be approximately their carrying amounts.

Except for financial asset at FVTPL in note 18, all other financial assets and financial liabilities of the Group were measured at amortised cost. The management consider that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial assets measured at FVTPL and give information about the fair values of the financial assets are determined (in particular, the valuation techniques and inputs used).

	2025 US\$'000	2024 US\$'000
Significant unobservable inputs (Level 3)	667	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Effect on fair value for increase of inputs
	2025 US\$'000	2024 US\$'000				
Financial asset at FVTPL (note 18)	667	–	Level 3	Back solve from recent transaction price, and Black-Scholes model. The key inputs are: (i) Time to maturity; (ii) Risk free rate; (iii) Expected volatility; and (iv) Dividend yield	Expected volatility: 46% (2024: 53%)	Increase (note)

Note: A 10% increase or decrease in the expected volatility holding all other variable constant will increase or decrease the fair value of financial asset at FVTPL by US\$1,000 (2024: US\$Nil).

### Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL US\$'000
As at 1 January 2024	1,540
Fair value loss in profit or loss	(1,540)
As at 31 December 2024	–
Fair value gain in profit or loss	667
As at 31 December 2025	667

During the years ended 31 December 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged bank deposits, interest-bearing bank and other borrowings, financial asset at FVTPL and interest-bearing payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade and notes payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### (i) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the reporting period to a reasonably possible change in US\$ exchange rates, with all other variables held constant, of the Group's loss before tax (arising from Euro ("EUR") and RMB denominated financial instruments) and the Group's equity.

	Increase (decrease) in exchange rate	Impact on loss before tax US\$'000
<b>2025</b>		
If the RMB weakens against US\$	<b>(5%)</b>	<b>1,607</b>
If the RMB strengthens against US\$	<b>5%</b>	<b>(1,607)</b>
If the EUR weakens against US\$	<b>(5%)</b>	<b>1,242</b>
If the EUR strengthens against US\$	<b>5%</b>	<b>(1,242)</b>
<b>2024</b>		
If the RMB weakens against US\$	(5%)	391
If the RMB strengthens against US\$	5%	(391)
If the EUR weakens against US\$	(5%)	230
If the EUR strengthens against US\$	5%	(230)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to pledged bank deposits, fixed-rate bank and other borrowings and lease liabilities.

The Group's exposure to cash flow interest rate risk is resulted primarily from adverse change in interest rates determined by benchmark interest rates of various currencies arising from floating-rate borrowings.

The Group will continue to maintain a reasonable mix of floating-rate and fixed-rate borrowings and manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

#### **Sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates, including floating-rate borrowings and bank balances at the end of the reporting period. The analysis is prepared assuming the amounts of liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the year ended 31 December 2025 would increase/decrease by US\$114,000 (2024: US\$112,000).

### (iii) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The Group's internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables</b>	<b>Other financial assets</b>
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 in full	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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (iii) Credit risk (Continued)

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

	Notes	Gross carrying amount		
		12 months ("12m") or lifetime ECL	2025 US\$'000	2024 US\$'000
Trade receivables*	20	<b>Lifetime ECL (collective assessment)</b>	<b>11,300</b>	10,617
Financial assets included in prepayments, deposits and other receivables**	21	<b>12m ECL</b>	<b>491</b>	1,018
Pledged bank deposits***	22	<b>12m ECL</b>	<b>5,989</b>	5,418
Cash and cash equivalents*** – Not yet past due	22	<b>12m ECL</b>	<b>5,021</b>	10,937
			<b>22,801</b>	27,990

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the probability of default of customers is disclosed in note 20.

\*\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "low risk" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

\*\*\* The Group's exposure to credit risk arising from pledged bank deposits and cash and cash equivalents is limited because most of such balances are placed in banks with high credit ratings assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (iv) 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 management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The directors have given careful consideration to future liquidity, the financial performance and the financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken by the directors to mitigate the liquidity position of the Group.

The directors of the Company are satisfied that the Group will have sufficient internal generated financial resources and available credit facilities to meet in full its financial obligations as and when they fall due for the foreseeable future.

The following table details the Group's contractual maturity for its financial liabilities, which has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is calculated based on effective interest rate at the end of the reporting period.

	Weight average interest rate %	On demand US\$'000	Within 1 year US\$'000	2 to 5 years US\$'000	After 5 years US\$'000	Total undiscounted cash flows US\$'000	Carrying amount US\$'000
As at 31 December 2025							
Trade and notes payables	N/A	-	15,424	-	-	15,424	15,424
Financial liabilities included in other payables and accruals	N/A	-	15,809	-	-	15,809	15,809
Lease liabilities	4.67	-	530	453	340	1,323	1,212
Interest-bearing bank and other borrowings	6.87	20,682	4,362	1,909	-	26,953	26,404
		20,682	36,125	2,362	340	59,509	58,849

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (iv) Liquidity risk (Continued)

	Weight average interest rate %	On demand US\$'000	Within 1 year US\$'000	2 to 5 years US\$'000	After 5 years US\$'000	Total undiscounted cash flows US\$'000	Carrying amount US\$'000
As at 31 December 2024							
Trade and notes payables	N/A	-	7,609	-	-	7,609	7,609
Financial liabilities included in other payables and accruals	N/A	-	13,388	-	-	13,388	13,388
Lease liabilities	4.67	-	612	501	692	1,805	1,607
Interest-bearing bank and other borrowings	6.02	19,010	6,839	4,595	-	30,444	29,674
		19,010	28,448	5,096	692	53,246	52,278

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total debt divided by the total capital. The gearing ratios as at the end of each of the reporting periods were as follows:

	2025 US\$'000	2024 US\$'000
Interest-bearing bank and other borrowings (note 25)	26,404	29,674
Total equity	91,071	105,751
Gearing ratio	29%	28%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and paid capital	Proportion of nominal value of issued share/ registered capital held by the Company				Principal activities
			2025		2024		
			Directly %	Indirectly %	Directly %	Indirectly %	
GoSource Group Limited	Hong Kong, limited liability company	HK\$50,000,000	-	100	-	100	Investment holding
Gosource Capital Limited	Hong Kong, limited liability company	HK\$1	-	100	-	100	Investment holding
Gosource (China) Limited	PRC, limited liability wholly- owned foreign enterprise	RMB100,000,000	-	100	-	100	Investment holding
Sangraf International (Hong Kong) Limited	Hong Kong, limited liability company	HK\$1	-	100	-	100	Investment holding and trading of graphite electrodes
Sangraf Italy S.r.l.	Italy, limited liability company	EUR100,000	-	100	-	100	Manufacturing and trading of graphite electrodes
Henan Sangraf Carbon Technology Company Limited	PRC, limited liability wholly- owned foreign enterprise	RMB192,000,000	-	100	-	100	Manufacturing and trading of graphite electrodes
Sangraf Energy Technology Co., Ltd.	PRC, limited liability wholly- owned foreign enterprise	RMB50,000,000	-	100	-	100	Trading of graphite electrodes
Sangraf International SA	Switzerland, limited company	CHF820,000	-	100	-	100	Trading of graphite electrodes
Sangraf International Inc.	US, corporation	US\$100	-	100	-	100	Trading of graphite electrodes
Sangraf International Proprietary Limited	South Africa, private limited company	ZAR25,000	-	100	-	100	Trading of graphite electrodes
Grafworld Macau Commercial Offshore Limited	Macau, limited liability company	MOP100,000	-	100	-	100	Trading of graphite electrodes and needle coke

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

### (a) Placing of new shares

On 25 January 2026, the Company announced a proposed placing of new shares under the general mandate (the "Placing"). Pursuant to the terms of the placing agreement, the placing shares would be allotted and issued to not less than six independent placees, subject to the fulfilment of certain conditions precedent.

On 3 February 2026, the Company and the placing agents entered into a supplemental agreement to amend the long stop date under the placing agreement. Save for the aforesaid amendment, all other terms and conditions of the placing agreement remain unchanged. As disclosed in the supplemental announcement, subject to completion of the placing, the net proceeds were expected to amount to approximately US\$2.4 million (approximately HK\$18.4 million), intended for the development of the Group's graphite electrode business and for general working capital purposes.

On 20 February 2026, the Company announced that the condition under the placing agreement had been fulfilled and completion of the placing took place on the same date. A total of 228,000,000 placing shares were successfully placed by the placing agents to not less than six independent placees at the placing price of HK\$0.083 per share, representing approximately 13.33% of the Company's issued share capital immediately prior to completion and approximately 11.76% of the enlarged share capital following completion. The gross and net proceeds from the placing amounted to approximately US\$2.4 million (approximately HK\$18.9 million) and US\$2.4 million (approximately HK\$18.4 million), respectively.

### (b) Grant of share options

On 28 January 2026, the Company has resolved to grant an aggregate of 100,000,000 share options to 24 eligible participants, being the employees of an associated company of the Company (collectively referred to as the "Grantees"), under the share option scheme of the Company adopted on 19 December 2022. Each share option entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HK\$0.106 per share, subject to acceptance by the grantees. The share options are exercisable for a period of ten years from the date of grant and vest in five annual tranches, with 50% subject to continued employment up to the relevant vesting date and the remaining 50% subject to specified performance targets. A consideration of US\$1.00 is payable by each grantee upon acceptance. The grant of share options is subject to the clawback mechanism under the scheme.

### (c) Proposed share consolidation, capital reduction, share sub division and change in board lot size

On 19 March 2026, the Company announced a series of proposed capital reorganisation measures, comprising (i) a share consolidation on the basis that every ten existing shares of par value US\$0.01 each be consolidated into one consolidated share of par value US\$0.10 each; (ii) a capital reduction to reduce the par value of each issued consolidated share from US\$0.10 to US\$0.01 by cancelling paid up capital of US\$0.09 on each issued consolidated share; (iii) a subdivision of each authorised but unissued consolidated share of par value US\$0.10 into ten consolidated shares of par value US\$0.01 each; and (iv) a change in the board lot size for trading on the Stock Exchange from 20,000 existing shares to 2,000 consolidated shares, conditional upon the share consolidation becoming effective.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 US\$'000	2024 US\$'000
NON-CURRENT ASSETS		
Investment in a subsidiary*	–	–
Due from subsidiaries	<b>50,136</b>	41,005
	<b>50,136</b>	41,005
CURRENT ASSETS		
Due from immediate holding company	–	8
Prepayments	<b>1,464</b>	1,586
Pledged bank deposits	<b>1,000</b>	4,200
Cash and cash equivalents	<b>1,893</b>	4,228
	<b>4,357</b>	10,022
CURRENT LIABILITIES		
Due to a shareholder	<b>616</b>	616
Due to subsidiaries	<b>3,243</b>	1,508
Accruals	<b>1,153</b>	1,211
Interest-bearing bank borrowings	<b>2,568</b>	4,057
Total current liabilities	<b>7,580</b>	7,392
NET CURRENT (LIABILITIES) ASSETS	<b>(3,223)</b>	2,630
NET ASSETS	<b>46,913</b>	43,635
EQUITY		
Share capital	<b>17,100</b>	11,400
Reserves	<b>29,813</b>	32,235
TOTAL EQUITY	<b>46,913</b>	43,635

\* The investment cost in a subsidiary amounted to HK\$1 as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The amounts and movements of the Company's reserves during the year are as follows:

	<b>Share premium</b> US\$'000	<b>Other reserve</b> US\$'000	<b>Accumulated losses</b> US\$'000	<b>Total</b> US\$'000
At 1 January 2024	28,812	(100)	(952)	27,760
Net loss and total comprehensive expense for the year	–	–	(210)	(210)
Placing of 50,000,000 ordinary shares	1,584	–	–	1,584
Placing of 80,000,000 ordinary shares	3,211	–	–	3,211
Transaction costs attributable to issue of shares	(110)	–	–	(110)
At 31 December 2024 and 1 January 2025	<b>33,497</b>	<b>(100)</b>	<b>(1,162)</b>	<b>32,235</b>
Net loss and total comprehensive expense for the year	–	–	<b>(2,290)</b>	<b>(2,290)</b>
Rights issue	<b>109</b>	–	–	<b>109</b>
Transaction costs attributable to rights issue	<b>(241)</b>	–	–	<b>(241)</b>
At 31 December 2025	<b>33,365</b>	<b>(100)</b>	<b>(3,452)</b>	<b>29,813</b>

