

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## ELATE HOLDINGS LIMITED

誼礫控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 076)

### ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the “Board”) of Elate Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024 together with the comparative figures in 2023 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 US\$'000	2023 US\$'000
Revenue	2	431,082	105,682
Cost of sales		<u>(415,506)</u>	<u>(96,360)</u>
Gross profit		15,576	9,322
Other income		3,961	3,265
General and administrative expenses		(14,559)	(12,083)
Impairment loss on goodwill		–	(171)
Impairment loss on financial assets, net	3	(2,277)	(1,491)
Fair value gains on			
– commodity		342	155
– financial assets at fair value through profit or loss		<u>39,240</u>	<u>3,004</u>
<b>PROFIT FROM OPERATING ACTIVITIES</b>	3	<b>42,283</b>	<b>2,001</b>
Finance costs		<u>(19)</u>	<u>(32)</u>

	<i>Notes</i>	<b>2024</b> <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>42,264</b>	1,969
Income tax expense	<i>4</i>	<u><b>(1,962)</b></u>	<u>(154)</u>
<b>PROFIT FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>40,302</b></u>	<u>1,815</u>
<b>Earnings per share</b>	<i>5</i>	<b>US cents</b>	US cents
Basic		<u><b>11.10</b></u>	<u>0.50</u>
Diluted		<u><b>11.10</b></u>	<u>0.50</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>Profit for the year</b>	<u>40,302</u>	<u>1,815</u>
<b>Other comprehensive income</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	198	2,388
<b>Item that will not be reclassified to profit or loss:</b>		
Gain on revaluation of land and buildings	<u>91</u>	<u>283</u>
Other comprehensive income for the year	<u>289</u>	<u>2,671</u>
<b>Total comprehensive income for the year and attributable to owners of the Company</b>	<u><u>40,591</u></u>	<u><u>4,486</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<b>2024</b> <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>12,952</b>	24,182
Investment properties		<b>1,693</b>	9,040
Right-of-use assets		<b>441</b>	361
Intangible assets		<b>7,313</b>	–
Interests in joint ventures		<b>1</b>	–
Financial assets at fair value through profit or loss	<i>11</i>	<b>43,431</b>	4,279
<b>Total non-current assets</b>		<b>65,831</b>	37,862
<b>Current assets</b>			
Inventories		<b>22,279</b>	327,059
Trade receivables	<i>7</i>	<b>347,348</b>	34,819
Other receivables, deposits and prepayments	<i>8</i>	<b>2,163</b>	2,093
Commodity		<b>1,626</b>	1,285
Financial assets at fair value through profit or loss	<i>11</i>	<b>244</b>	163
Cash and bank balances		<b>12,637</b>	6,056
<b>Total current assets</b>		<b>386,297</b>	371,475
<b>Current liabilities</b>			
Trade payables	<i>9</i>	<b>11,410</b>	10,557
Other payables and accruals	<i>10</i>	<b>6,624</b>	7,002
Contract liabilities		<b>129</b>	387
Lease liabilities		<b>234</b>	108
Tax payable		<b>2,745</b>	903
<b>Total current liabilities</b>		<b>21,142</b>	18,957

	<i>Note</i>	<b>2024</b> <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>Net current assets</b>		<u>365,155</u>	<u>352,518</u>
<b>Total assets less current liabilities</b>		<u>430,986</u>	<u>390,380</u>
<b>Non-current liabilities</b>			
Lease liabilities		77	–
Deferred tax liabilities		<u>499</u>	<u>722</u>
<b>Total non-current liabilities</b>		<u>576</u>	<u>722</u>
<b>NET ASSETS</b>		<u><b>430,410</b></u>	<u><b>389,658</b></u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>12</i>	<b>608,505</b>	608,344
Reserves		<u>(178,095)</u>	<u>(218,686)</u>
<b>TOTAL EQUITY</b>		<u><b>430,410</b></u>	<u><b>389,658</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and adoption of HKFRS Accounting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS Accounting Standards”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. 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.

The financial information relating to the years ended 31 December 2023 and 2024 included in this preliminary announcement of annual results do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The measurement basis in the preparation of the consolidated financial statements is historical cost, except for the measurement of land and buildings, and certain financial instruments, which are measured at revalued amount or fair values.

Except as describe below, the consolidated financial statements have been prepared in accordance with the same accounting policies and the method of the computation adopted by the Group in the consolidated financial statements for the year ended 31 December 2023.

#### Adoption of amended HKFRS Accounting Standards

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has not applied any new or amended HKFRS Accounting Standards that is not yet effective for the current year.

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. Revenue and segment information

Revenue mainly represents revenue from manufacture and sales of graphite products, manufacture and sales of electronic products, and design and manufacturing.

An analysis of the Group's revenue and results for the year by operating segments is as follows:

### For the year ended 31 December 2024

	<b>Manufacture and sales of graphite products <i>US\$'000</i></b>	<b>Manufacture and sales of electronic products <i>US\$'000</i></b>	<b>Design and manufacturing <i>US\$'000</i></b>	<b>Total <i>US\$'000</i></b>
Revenue from external customers	<u>344,800</u>	<u>86,205</u>	<u>77</u>	<u>431,082</u>
Segment results	<u>1,702</u>	<u>6,712</u>	<u>(462)</u>	<u>7,952</u>
Unallocated income: Fair value gain on financial assets at fair value through profit or loss				39,240
Unallocated expenses: Unallocated depreciation				(436)
Staff costs				(927)
Corporate overhead				<u>(3,546)</u>
Profit from operating activities				42,283
Finance costs				(19)
Income tax expense				<u>(1,962)</u>
Profit for the year				<u>40,302</u>
Segment assets	338,549	40,605	41	379,195
Reconciliation of segment assets: Unallocated corporate assets				<u>72,933</u>
Total assets				<u>452,128</u>
Segment liabilities	(1,993)	(14,032)	(28)	(16,053)
Reconciliation of segment liabilities: Unallocated corporate liabilities				<u>(5,665)</u>
Total liabilities				<u>(21,718)</u>
Depreciation	2,179	1,434	13	3,626
Significant non-cash expenses, net	161	–	–	161
Capital expenditure	<u>–</u>	<u>382</u>	<u>2</u>	<u>384</u>

**For the year ended 31 December 2023**

	Manufacture and sales of graphite products <i>US\$'000</i>	Manufacture and sales of electronic products <i>US\$'000</i>	Design and manufacturing <i>US\$'000</i>	Total <i>US\$'000</i>
Revenue from external customers	36,794	68,402	486	105,682
Segment results	444	2,873	(103)	3,214
Unallocated income:				
Fair value gain on financial assets at fair value through profit or loss				3,004
Unallocated expenses:				
Unallocated depreciation				(284)
Impairment loss on goodwill				(171)
Impairment loss on amount due from a joint venture				(1,235)
Staff costs				(947)
Corporate overhead				(1,580)
Profit from operating activities				2,001
Finance costs				(32)
Income tax expense				(154)
Profit for the year				1,815
Segment assets	341,666	44,962	175	386,803
Reconciliation of segment assets: Unallocated corporate assets				22,534
Total assets				409,337
Segment liabilities	(2,755)	(15,484)	(72)	(18,311)
Reconciliation of segment liabilities: Unallocated corporate liabilities				(1,368)
Total liabilities				(19,679)
Depreciation	2,253	1,441	15	3,709
Amortisation	–	–	50	50
Significant non-cash expenses, net	142	114	–	256
Capital expenditure	–	1,920	1	1,921



## Geographical information

	Revenue		Non-current assets	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Madagascar	296,433	–	–	17,224
United Kingdom	86,282	68,888	14,776	16,281
Hong Kong	27,751	30,807	7,317	2
United States of America	12,681	–	–	–
Germany	5,027	2,060	–	–
Spain	579	1,966	–	–
China	375	1,824	–	–
Singapore	360	95	–	–
Others	1,594	42	307	76
	<b>431,082</b>	<b>105,682</b>	<b>22,400</b>	<b>33,583</b>

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 US\$'000	2023 US\$'000
Customer A	296,433	–
Customer B (Note)	N/A	29,560
Customer C (Note)	N/A	17,138
Customer D (Note)	N/A	12,172
Customer E (Note)	N/A	10,937
	<b>296,433</b>	<b>69,807</b>

Note: The customer contributed less than 10% of the Group's revenue for the year ended 31 December 2024.

## Disaggregation of revenue from contracts with customers

	2024 US\$'000	2023 US\$'000
<b>Revenue from contracts with customers</b>		
Manufacture and sales of graphite products	344,800	36,794
Manufacture and sales of electronic products	86,205	68,402
Design of electronic products	77	486
	<b>431,082</b>	<b>105,682</b>

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

	2024 US\$'000	2023 US\$'000
Trade receivables (Note 7)	347,348	34,819
Contract liabilities	129	387
	<b>347,477</b>	<b>35,206</b>

### 3. Profit from operating activities

The Group's profit from operating activities is arrived at after charging/(crediting):

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Depreciation ( <i>Note (i)</i> ):		
– owned property, plant and equipment and investment properties	<b>3,682</b>	3,622
– right-of-use assets included within:		
– properties	<b>233</b>	226
– plant and machinery	<b>147</b>	145
Amortisation of customer contract	–	50
Cost of inventories sold ( <i>Note (ii)</i> )	<b>415,506</b>	96,360
Staff costs (including directors' remuneration ( <i>Note (iii)</i> ))	<b>16,030</b>	15,457
Auditor's remuneration		
– audit fee	<b>402</b>	411
– other services	<b>168</b>	118
Impairment loss on goodwill	–	171
Impairment loss on financial assets, net:		
– trade receivables	<b>2,277</b>	256
– amount due from a joint venture	–	1,235
Short-term lease expenses	–	93
Foreign exchange (gain)/loss, net	<b>(463)</b>	45

#### Notes:

- (i) Included in depreciation there are US\$1,064,000 (2023: US\$1,062,000) and US\$2,998,000 (2023: US\$2,931,000) being classified under cost of inventories sold and general and administrative expenses respectively in the consolidated statement of profit or loss.
- (ii) Included in cost of inventories sold is US\$11,375,000 (2023: US\$11,185,000) and US\$1,064,000 (2023: US\$1,062,000) relating to staff costs and depreciation of property, plant and equipment respectively. The amounts are also included in the respective total amounts as separately disclosed above.
- (iii) Included in staff cost there are US\$11,375,000 (2023: US\$11,185,000) and US\$4,655,000 (2023: US\$4,272,000) being classified under cost of inventories sold and general and administrative expenses respectively in the consolidated statement of profit or loss.

#### 4. Income tax expense

Income tax expense in the consolidated statement of profit or loss represents:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Current – Hong Kong		
– Charge for the year	709	–
– Under/(over)-provision for prior years	331	(58)
Current – Elsewhere		
– Charge for the year	1,487	647
– Over-provision for prior years	(350)	(422)
Deferred tax	(215)	(13)
	<u>1,962</u>	<u>154</u>
Tax charge for the year	<u>1,962</u>	<u>154</u>

Provision for Hong Kong Profits Tax for the year ended 31 December 2024 were calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is qualifying corporation under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. During the year ended 31 December 2023, the Group has tax loss available to set off against assessable profits arising in Hong Kong.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

#### 5. Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>Earnings</b>		
Profit for the year for the purposes of basic and diluted earnings per share	<u>40,302</u>	<u>1,815</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share ( <i>Note</i> )	<u>363,165,384</u>	<u>362,884,073</u>

*Note:* The denominators used are the same as those detailed above for both basic and diluted earnings per share. Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 31 December 2023 and 2024.

## 6. Dividend

The directors of the Company have decided not to declare any dividend for the year ended 31 December 2024 (2023: Nil).

## 7. Trade receivables

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period.

	<b>2024</b> <i>US\$'000</i>	2023 <i>US\$'000</i>
0 – 30 days	<b>315,720</b>	9,819
31 – 60 days	<b>12,142</b>	10,030
61 – 90 days	<b>2,446</b>	4,720
Over 90 days	<b>17,040</b>	10,250
	<b>347,348</b>	34,819

## 8. Other receivables, deposits and prepayments

The analysis of the other receivables, deposits and prepayments is as follows:

	<b>2024</b> <i>US\$'000</i>	2023 <i>US\$'000</i>
Other deposits and prepayments	<b>679</b>	589
Other receivables	<b>1,484</b>	1,504
	<b>2,163</b>	2,093

## 9. Trade payables

The ageing analysis of the trade payables is as follows:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
0 – 30 days	5,568	5,436
31 – 60 days	3,511	3,141
61 – 90 days	1,893	813
Over 90 days	438	1,167
	<u>11,410</u>	<u>10,557</u>

## 10. Other payables and accruals

The analysis of the other payables and accruals is as follows:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Other payables	3,809	4,369
Accruals	1,099	2,355
Other tax payable	1,716	278
	<u>6,624</u>	<u>7,002</u>

## 11. Financial assets at fair value through profit or loss

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
<b>Non-current assets</b>		
Share traded on the OTC Pink Market in the United States	<u>43,431</u>	<u>4,279</u>
<b>Current assets</b>		
Hong Kong listed shares	<u>244</u>	<u>163</u>
	<u>43,675</u>	<u>4,442</u>

## 12. Share capital

	<b>The Company</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Number of ordinary shares</b>	<b>Amount US\$'000</b>	Number of ordinary shares	Amount US\$'000
<b>Issued and fully paid:</b>				
At 1 January	<b>362,844,073</b>	<b>608,344</b>	362,844,073	608,344
Issue of shares upon conversion of convertible debentures ( <i>Note</i> )	<b>4,200,000</b>	<b>161</b>	–	–
At 31 December	<b><u>367,044,073</u></b>	<b><u>608,505</u></b>	<b><u>362,844,073</u></b>	<b><u>608,344</u></b>

*Note:* During the year ended 31 December 2024, 4,200,000 ordinary shares were issued by exercising the convertible debentures for an aggregate principal amount, net of expenses, of approximately HK\$1,260,000 (equivalent to US\$161,000).

## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*(In this announcement, all the “\$” refers to the legal currency of the United States of America, unless otherwise specified)*

For the year ended 31 December 2024, the turnover of the Group was approximately \$431.1 million, an increase of approximately \$325.4 million, or 307.9%, as compared to approximately \$105.7 million for the prior year. The net profit attributable to owners of the Company was approximately \$40.3 million, or approximately \$11.10 cents earnings per share, as compared to net profit of approximately \$1.8 million, or approximately \$0.50 cents per share, for the year of 2023. On the consolidated statement of financial position, at 31 December 2024 the total assets of the Group were approximately \$452.1 million, as compared to approximately \$409.3 million at 31 December 2023, and the net assets of the Group were approximately \$430.4 million at 31 December 2024, as compared to approximately \$389.7 million at 31 December 2023.

### **BUSINESS REVIEW**

The Group’s businesses segments are (i) sales of graphite products worldwide, (ii) manufacture and sales of electronic products, and (iii) design and manufacturing in the United Kingdom.

The Company operated graphite product manufacture and sales for over 15 years. Our customers include steel mills, lithium battery companies, refractory material companies and users of graphite products in China and around the world. Graphite is widely used in aerospace, steel, automobile, electric vehicle, battery and lubricant industries.

On 21 May 2024, Elate Graphite Limited (“EGL”), an indirectly wholly owned subsidiary of the Company, entered into an agreement (the “Agreement”) with Aspect Group Limited (“AGL”). Pursuant to the Agreement, EGL conditionally agreed to dispose of and AGL agreed to acquire two production lines in Madagascar and 390,000 tons graphite ore (the “Assets”) at a consideration of US\$21,045,651, by using graphite product (the “Graphite Product”) as payment. Pursuant to the Agreement, EGL shall exchange the Assets for 30,109 tons of the Graphite Product (graphite product with carbon content over 93%) produced by AGL (the “Transaction”). As agreed by both parties, the price for each ton of Graphite Product was fixed at US\$699; the total price for 30,109 tons of the Graphite Product was US\$21,046,191. AGL agreed to adjust the total price to US\$21,045,651 to match the total price of the Assets to be disposed. Based on the financial information as at 31 December 2024, the Group record a gain before taxation and transaction costs of approximately US\$537,000, being the difference between the fair value of the Graphite Product of approximately US\$19,178,000 which was based on the valuation conducted by the independent valuer and the carrying value of the Assets of approximately US\$18,641,000, being the entire production lines of US\$15,096,000 and the 390,000 tons graphite ore of US\$3,545,000. The Transaction was completed on 18 December 2024.

To ensure stable supply of graphite product, AGL, the long-term supplier of graphite product, negotiated with the Company to purchase sufficient graphite ore as raw materials for timely production and supply of graphite products. After negotiations, the Company sold the remaining graphite ore inventory in stock (with reference to the market price of graphite ore in Madagascar over the past three years) to AGL in 20 December 2024. AGL shall pay the consideration of US\$296,433,000 in installments before 30 September 2025 and provide collateral to the Company. Under the current arrangement, the Company will save the storage and management cost together with better product supply by AGL for a period of ten years, which is beneficial to the development of graphite business.

The Company's electronic manufacturing services are operated by its wholly-owned subsidiary Axiom Manufacturing Services Limited in the UK ("Axiom"). Axiom offers comprehensive contract manufacturing services, from design of electronic products to manufacturing, to the medical, national defense, transportation, aerospace, security, maritime and natural gas industries and other sectors. The electronic products of contract manufacturing and design are usually labeled with customers' brand names. Axiom's customers are mainly located in the UK.

### **Web 3.0 Related Business**

In May 2023, the Company acquired 100% share capital of GoMeta Limited ("GoMeta"), which was newly established in March 2023, with the intention to develop businesses related to Web 3.0, including but not limited to non-fungible token, cryptocurrency and other projects that can create new business income for the Group.

On 3 July 2024, GoMeta issued and allotted 10,000 ordinary shares to Beijing Qi Le Wu Qiong Culture and Technology Limited ("Beijing Qi Le") for a consideration of HK\$100,000. After the allotment, GoMeta became a joint venture company under the Group. Beijing Qi Le will be responsible for developing and producing AI products, and GoMeta will promote and sell the AI products overseas; the Company will assist GoMeta in promoting and selling AI products through Macau Lotus Satellite TV, Aomi online platform (澳覓網購平台) and other business platform, and give timely feedback and market information to Beijing Qi Le so that Beijing Qi Le can improve its products and services.

With the rise of artificial intelligence, the Company believes there are many business opportunities to be explored.

### **Acquisition of SEI Shares**

In September 2022, the Company entered into a share swap agreement, by which the Company swapped its 250,250,000 newly issued shares for 26 million of the common stock of Scientific Energy, Inc. ("SEI"), a company incorporated in the United States. The total consideration for the shares of SEI was HK\$10,010,000. Because of this acquisition, the Company owns 9.87% of SEI's capital shares, and the swap shareholder owns 3.45% of the Company's ordinary shares.

SEI conducts its businesses primarily through its 98.75% owned subsidiary, Macao E-Media Development Company Limited ("MED"), a Macau company, which have subsidiaries operated in Macau and Zhuhai, China. MED is the No.1 mobile platform of ordering and delivery services for restaurants or other merchants in Macau. MED's businesses are built on its Aomi platform, which connects restaurants/merchants with consumers and delivery drivers.

The main reason for the Company's acquisition of the SEI shares was business diversification. Covid-19 changed people's daily lives and buying habit. Food delivery service boomed all over the world, and online purchase and delivery service increased rapidly even Covid-19 restriction is easing. The Company believes delivery service in Hong Kong will be in high demand and can be optimized in the future. SEI is holding 98.75% of the share capital of MED, with a successful business model in Macau, MED can help to diversify the Company business in the future.



## **Impact of the Russian-Ukrainian War and Climate Change on Our Business Operations**

The Group's business operations have been impacted by the conflict in the Ukraine, particularly with the marked increase in inflation, driven by energy and gas prices. This has directly affected the energy costs of our graphite production and Axiom's electronic manufacturing business, and indirectly driven up material and labour costs, which gets passed on in supplier pricing and wage increase expectations. The Group has, to some extent, mitigated this cost by installing solar panels to its Axiom facility and are also renegotiating with its customers to try and pass on some of these increases whilst remaining competitive. Climate change is the most pressing global challenge. Against the background of global climate actions, the Group has implemented measures to conserve energy and reduce greenhouse gas emissions. The Group is conscious that the frequency of extreme weather is increasing, which could impact its business operations. Managing the possible impact of extreme weather on human security and infrastructure, precautionary measures have been taken by the Group, including work arrangements in the case of adverse weather conditions such as Black Rainstorm Warning and Typhoon Signal No. 8. For the year ended 31 December 2024, the Group was not affected materially by any climate-related issues.

## **RESULTS OF OPERATIONS**

For the year ended 31 December 2024, the Group's turnover was approximately \$431.1 million, an increase of approximately \$325.4 million, or 307.9%, as compared to approximately \$105.7 million for the last year.

The turnover of the Group's graphite operations in 2024 was approximately \$344.8 million as compared to approximately \$36.8 million for the prior year, an increase of 837.1% mainly due to the sales of the remaining graphite ore inventory in stock. In 2024, as global economic recovery gradually accelerated, industrial activities in major economies around the world (such as China, the United States and Europe, etc.) resumed, which further increased the demand for natural flake graphite. The rapid development of new energy vehicles, electric vehicles and 5G technology also provided opportunities for the consumption of natural flake graphite. In 2024, though the global production capacity of natural flake graphite still continued to grow, but the growth rate slowed down, which alleviated the problem of overcapacity in some regions. Under the dual effects of market demand recovery and supply structure optimization, the value and volume of the Company's graphite sales increased significantly in 2024, as compared with 2023.

The UK business that covers contract electronic manufacturing plus design and manufacturing services saw turnover increase to around £68 million, a 23% increase on the previous year which is a historical high year for the business. This was in line with expectations and continuing the strong trend from the previous three years. The underlying UK businesses remained strong and ahead of budget during 2024, despite the economic conditions that were influenced by the conflict in Ukraine and global supply chain issues in the semiconductor sector. The business environment has moved on from the Covid-19 pandemic of 2021, and this has also been reflected in the strength of our turnover in 2024. Turnover remained at a consistent level across all four quarters of the year. Material purchase price variances were positive and favourably influenced by the strength of sterling against the USD.

The pleasing performance during the year continued to strengthen the balance sheet, however working capital requirements increased during the year due to the increase in inventory. This is a direct result of the global supply chain issues and the increased lead times being quoted by our key suppliers who in turn source components from the original manufacturers. The businesses also continue to invest in capital equipment and the latest technology, as this will give greater manufacturing capacity, capability and service offering moving forward.

## **OUTLOOK**

The world has moved cautiously through 2024. In addition to the unresolved Russia-Ukraine war, the situation in the Middle East is another factor that deepening global concern. Global economy is entering into a multipolar and challenging era at the rise of protectionism and isolationism.

The Company believes emerging geopolitical factors, electric vehicle demand and strategic trade actions will reshape the future of the graphite industry. With the majority of supply currently coming from China, any disruption, whether through geopolitical tensions, export restrictions or policy shifts, could completely reshape global supply, accelerate a price recovery and transform the graphite market. The continued expansion of the electric vehicle market, coupled with policy changes and the shifting geopolitical landscape, will play a major role in shaping the graphite industry's trajectory in the year ahead. Facing more instabilities than ever before, the Company is cautiously optimistic about the overall graphite market in 2025 and will strive to develop new customers around the world.

The management believes that the outlook for the UK businesses remains extremely positive, with the open order book at the start of 2025 at an encouraging level. Management predicts turnover to remain at the current high level, with another £68 million year budgeted. Also, customers are already placing orders for demand to be satisfied in 2026 and 2027. The UK cash position is strong with no significant debt, and the expected performance of the business in 2025 will further improve this. Axiom will continue to increase the size of its customer base, across a range of market sectors to further reduce the risks associated with a downturn in one sector. The business will also invest in the latest capital equipment, and invest in research and development, to further enhance its manufacturing capacity and increase its service offering. Management will continue to monitor recent trends that have driven inflation in the UK such as global energy costs and the employment market.

## **LIQUIDITY AND FINANCIAL RESOURCES**

At 31 December 2024, the Group's cash and cash equivalents were approximately \$12.6 million as compared to approximately \$6.1 million as at 31 December 2023. As at 31 December 2024, the Group recorded net current assets of approximately \$365.2 million (2023: approximately \$352.5 million). The Group had no bank borrowings as at 31 December 2024. As at 31 December 2024, the Group's gearing ratio, calculated as the lease liabilities divided by the amount of total equity, was approximately 0.07% (2023: approximately 0.03%).

On 25 April 2018, the Company entered into a subscription agreement with China Minerals International Limited for an aggregate amount of HK\$600 million (net HK\$569 million after expenses) 0% interest convertible debentures due on 25 April 2028 for the purpose of building graphite production lines in Madagascar.



## **CAPITAL STRUCTURE**

For the year ended 31 December 2024, there were no change in capital structure of the Company. The capital of the Company comprises ordinary shares and reserves.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had 328 (2023: 314) employees in Hong Kong, U.K., and Macau. The Group believes that its relationship with its employees is satisfactory.

The remuneration policy of the Group employees is set by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Remuneration Committee. No share option scheme is in operation.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's principal operating subsidiaries earn revenues and incur costs in Hong Kong Dollars, US dollars, Chinese Renminbi and British pounds, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. The Group manages its currency risk by closely monitoring the foreign exchange exposure in order to keep the net exposure to an acceptable level, and may consider hedging significant foreign currency exposure should the need arise.

## **DIVIDEND**

The Directors have decided not to declare any dividend for the year ended 31 December 2024 (2023: Nil).

## **MATERIAL UNCERTAINTIES**

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

## **LEGAL PROCEEDINGS**

The Group is not aware of any pending or threatened legal proceeding that, if determined in a manner adverse to us, could have a material adverse effect on the business and operations of the Group.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

The Group has the following event after the reporting period.

On 6 January 2025, 11 February 2025 and 24 March 2025, the Company issued convertible debentures in the aggregate principal amount, net of expenses, of approximately HK\$1,680,000 (equivalent to US\$215,000), HK\$2,220,000 (equivalent to US\$285,000) and HK\$5,700,000 (equivalent to US\$731,000) respectively. Immediately following the issue of the convertible debentures and conversion into ordinary shares on 6 January 2025, 11 February 2025 and 24 March 2025, 5,600,000 shares of the Company, 7,400,000 shares of the Company and 19,000,000 shares of the Company were issued respectively.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the code provisions of the prevailing Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2024, except for a deviation as below:

### **Code provision C.2.1: The roles of chairman and chief executive should be separate**

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Mr. Feng Zhong Yun currently performs these two roles. The Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Feng provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances efficiency in decision – making. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board will continue to review and consider the separation of the duties of the Chairman and Chief Executive if and when appropriate.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that all the Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2024, neither the Company, nor any of its subsidiaries, purchased, sold, or redeemed any of the Company’s securities.

## **REVIEW OF THE RESULTS BY AUDIT COMMITTEE AND EXTERNAL AUDITORS**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal control system.

The Audit Committee of the Company consists of the following three independent non-executive directors: Mr. Ng Lai Po (Chairman), Ms. Ye Yi Fan and Dr. Yan Shao Shi.

The Audit Committee has reviewed with the Company’s management and the external auditors the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters, including the review of the annual results of the Group for the year ended 31 December 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual report of the Company will be dispatched to its shareholders who elected to receive the printed version of the corporate communication of the Company and published on the Hong Kong Stock Exchanges and Clearing Limited's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.elate.hk>) in due course.

On behalf of the Board of  
**Elate Holdings Limited**  
**Feng Zhong Yun**  
*Managing Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the board of directors comprises of Mr. Feng Zhong Yun and Ms. Zhang Xue, being executive directors; Mr. Ng Lai Po, Ms. Ye Yi Fan and Dr. Yan Shao Shi being independent non-executive directors.*