誼礫
Elate Holdings Limited

STOCK CODE : 76

2024
ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Mr. Feng Zhong Yun, *Executive Director and Managing Director*
Ms. Zhang Xue, *Executive Director*
Mr. Ng Lai Po, *Independent Non-Executive Director*
Ms. Ye Yi Fan, *Independent Non-Executive Director*
Dr. Yan Shao Shi, *Independent Non-Executive Director*

COMPANY SECRETARY

Lam Lee Yu

REGISTERED OFFICE

Unit 1002, 10/F., Euro Trade Centre
13-14 Connaught Road Central and 21-23 Des Voeux Road Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd.

AUDITOR

BDO Limited
Registered Public Interest Entity Auditor

STOCK CODE

76

FINANCIAL HIGHLIGHTS

	2024 US$'000	2023 US$'000
Revenue	**431,082**	105,682
Profit from Operating Activities	**42,283**	2,001
Profit for the Year and Attributable to Owners of the Company	**40,302**	1,815
Total Equity Attributable to Owners of the Company	**430,410**	389,658
Earnings Per Share (US Cents)		
– Basic and Diluted	**11.10**	0.50

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report , 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report , all the "$" refers to the legal currency of the United States of America, unless otherwise specified)

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.

By 31 December 2024, the Company has utilized approximately HK$90,134,000 (approximately US$11,555,600). The detailed breakdown and description of the proceeds that were used are as below:

Plant and Warehouse	HK$21,796,600	US$2,794,400
Production lines	32,227,000	4,131,600
Pipeline, transport and loading tools	29,023,000	3,721,000
Wages	1,560,000	200,000
Others	5,527,400	708,600
Total	HK$90,134,000	(US$11,555,600)

The Company will consider to use the remaining proceeds (approximately HK$478,866,000, of which HK$466,884,500 not yet received) to develop graphite business.

On 26 April 2024, a subscription agreement was entered into between the Company and Mr. Zhang Zheng, an individual investor, for an aggregate amount of HK$21 million nil interest convertible debentures due on 26 April 2030 ("2024 Debentures"). The 2024 Debentures was issued under the general mandate granted by shareholders at the annual general meeting held on 6 June 2024. As at the date of this report, the unutilized and not yet received amount is approximately HK$10,140,000. The net proceed will be used as general working capital.

INDEBTEDNESS

As at 31 December 2024:

- The Company did not have any bank borrowings or committed bank facilities;
- The Company did not have any borrowing from any related parties; and
- The Company did not have any bank overdrafts.

As at 31 December 2024 and up to the date of this report, there has been no material adverse change to the indebtedness of the Group.

CAPITAL COMMITMENTS

As at 31 December 2024, there were no capital commitments to the Group related to the purchase of fixed assets (2023: Nil).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group has no significant investment held.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

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.

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

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report and the audited consolidated financial statements of Elate Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024, which were approved by the Board of Directors on 28 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in the sales of graphite products worldwide, manufacture and sales of electronic products, and design and manufacturing in the UK.

The details of the principal activities of the subsidiaries are set out in Note 18 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the financial positions of the Company and the Group as at that date are set out in the audited consolidated financial statements on pages 64 to 69 of this annual report.

SEGMENT INFORMATION

Details of segment information are set out in Note 6 to the audited consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and financial position of the Group for the last five financial years is set out on page 138.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2024 and a discussion on the Group's future business development are provided in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 4 to 11.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In determining the dividend for distribution to the shareholders, the Board will measure the capital needs in future years based on the future capital budget plan of the Company and consider factors such as profitability and financial structure and liquidity of the Company comprehensively. Any declaration of final dividend by the Company shall also be subject to the approval of the shareholders in a shareholders' meeting.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks affecting the business are the global economic environment, our competitors, and the advancement of technology. The business tries to mitigate these risks by having a spread of customers across several different market sectors; these customers in turn sell their products across the globe, therefore reducing the risk/impact of downturns in individual countries or regions. The business also invests in capital expenditure to remain at the forefront of technology so that the Company can match the service offering of our customers.

Supply Chain

The global marketplace is seeing supply chain issues across many sectors, with this being reported widely in the press. The impact of this has been increased lead times which can in turn delay the manufacturing process. To mitigate this risk, management have increased the inventory/working capital of the business in the UK, whilst this has not had a major impact on the business to date. But with the increase of trade barriers, management consider that supply chain issues will remain during 2025.

Ukraine conflict

The economic climate of the UK has been impacted by the conflict in Ukraine, particularly with the marked increase in the rate of inflation in recent months, driven by energy and gas prices. This has directly affected the energy costs of Axioms business, and indirectly driven up material and labour costs in the UK, which gets passed on in supplier pricing and wage increase expectations. The Company has mitigated this cost by installing solar panels to its facility and are also renegotiating with its customers to try and pass on some of these increases whilst remaining competitive.

Change of Government

The change to a Labour government in the UK for the first time in 14 years will have an impact on the business going forward, particularly relating to wage rates and tax increases. The living wage paid to employees has already risen late in 2024, along with increases to Employers tax. These costs will impact profitability in the short term until passed on to customers.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group's purchases from the five largest suppliers accounted for approximately 55.6% of the Group's total purchases and purchases from the largest supplier included therein accounted for approximately 33.2% of the Group's total purchases.

During the year, the Group's sales to the five largest customers accounted for approximately 74.6% of the Group's total turnover and sales to the largest customer included therein accounted for approximately 19.4% of the Group's total sales.

None of the directors of the Company, their associates, nor any shareholders which to the best knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers in 2024 and 2023.

Throughout the years, the Group maintained uninterrupted communications and a good relationship with its customers and suppliers without any major disputes.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group emphasises on maintaining good relationship with its stakeholders and considers it a key element to sustainable business growth.

Employees

We have been people-oriented and have attached great importance to human resource management. We attract excellent talents through fair recruitment policy and provide employees with training opportunities, good career development prospect and growth opportunities. From time to time, we offer our employees remuneration packages that are comprehensive and attractive. We also value our employee's physical and mental development. Diverse events and activities are organised for the employees for fostering work-life balance and personal growth.

Customers

We are committed to offering our customers products and services to the best of our ability. We highly value comments and suggestions of our customers and have always maintained effective communications with the customers. We continue to reach out for current and prospective customers through, inter-alia, on-site visits and major customer satisfaction surveys. We believe that customers' feedback would help us to identify areas of improvement and advance us to achieve excellence.

Suppliers

Maintaining good relationship with suppliers is essential to our business performance and growth because suppliers can have direct influence over the quality of our products and services and customer satisfaction. We value the partnership with our suppliers and works together to promote sustainable development of the industries they operate. We are committed to establishing a close and long-term cooperation relationship with our suppliers and business partners.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group's Property, Plant and Equipment decreased to approximately US$13.0 million as at 31 December 2024 from approximately US$24.2 million as at 31 December 2023.

Details of the movements in the Property, Plant and Equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2024 are set out in Note 18 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and in Note 31(a) to the consolidated financial statements.

SHARE OPTIONS

As of 31 December 2024, there were no share options outstanding.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 30 to the audited consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavored to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our employees. Detail information on the environmental, social and governance practices of the Group is set out in the Environment, Social and Governance Report. Please refer to pages 41 to 57.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group seeks to uphold high standard of integrity in all aspects of business and is committed to ensure that its affairs are conducted in accordance with applicable laws and regulatory requirements and has formulated and adopted various internal control measures, approval procedures and training within all business units at all levels of the Group. During the year, there has been no violation or breach of relevant laws and regulations that had a significant impact on the Group.

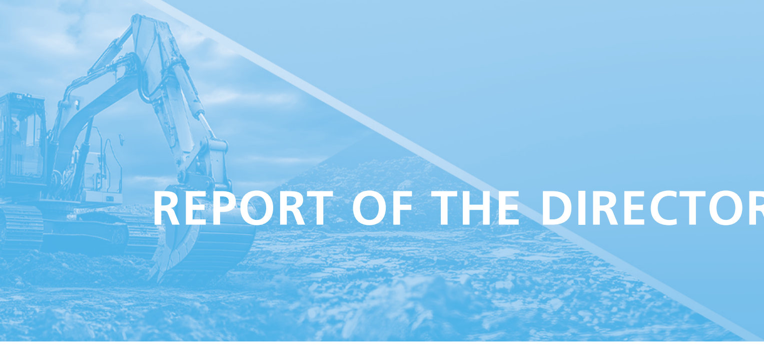
DIRECTORS

The members of the Board during the year ended 31 December 2024 and up to the date of this report are:

Executive Directors:
Mr. Feng Zhong Yun, *Managing Director*
Ms. Zhang Xue

Independent Non-Executive Directors:
Mr. Ng Lai Po
Ms. Ye Yi Fan
Dr. Yan Shao Shi

A full list of the name of the directors of the Group's subsidiaries can be found in the Company's website at www.elate.hk under Corporate Information.



REPORT OF THE DIRECTORS

Directors' Biographical Details

Mr. Feng Zhong Yun, age of 57, has been the Company's Executive Director and Managing Director since 31 December 2012. Prior to that, he was the Company's independent non-executive director from 15 November 2012 to 31 December 2012. Mr. Feng graduated from China Central Academy of Fine Arts and obtained his Bachelor of Arts degree in 1991.

Ms. Zhang Xue, age of 47, has been the Company's Executive Director since 2009. She held a bachelor's degree in Accountancy from Qingdao University. From 2001 to 2007, Ms. Zhang served as Accounting Manager in Beifang Mining Group Limited.

Mr. Ng Lai Po, age of 57, has been the Independent Non-executive Director of the Company since December 2012. Mr. Ng obtained his Bachelor of Social Sciences from the University of Hong Kong in 1990. Mr. Ng is a fellow member of the Association of Chartered Certified Accountants since 1999. Mr. Ng has over 27 years of experience in finance, accounting and management. Mr. Ng was the Internal Audit Controller of Kader Holdings Company Limited (HK listed stock code 180); the Head of Finance – China of Hong Kong G2000 Group; the Head of Group Financial Control of Chow Sang Sang Holdings International Limited (HK listed stock code 116); the Chief Financial Officer of A&H Manufacturing Group – Asia Region; the Financial Controller of Shenzhen Wanji Pharmaceutical Co., Ltd./Hong Kong Wanji Group Limited; the Financial Controller of Brightway Petroleum Group (Holdings) Ltd. Mr. Ng is currently an executive director of M&L Engineering & Materials Ltd.

Ms. Ye Yi Fan, age of 42, has been the Company's Independent Non-executive Director since 8 January 2021. Ms. Ye graduated from Beijing Film Academy in China, and participated in movies and TV shows shooting. Ms. Ye also taught performing arts.

Dr. Yan Shao Shi, aged 42, has been the Company's Independent Non-executive Director since 11 July 2023. Dr. Yan is an Assistant Professor and a Ph.D. Advisor in Macau University of Science and Technology. Dr. Yan obtained her doctoral degree from Macau University of Science and Technology, and her teaching and research areas include design, culture and communication.

There are no relationships (including financial, business, family or other material/relevant relationship(s)), if any, between Board members and in particular, between the chairman and the chief executive of the Company.

Under the Articles of Association of the Company, all of the directors are subject to retirement by rotation and re-election at the annual general meeting. In accordance with Articles of Association of the Company, Mr. Feng Zhong Yun, Mr. Ng Lai Po and Ms. Ye Yi Fan will retire by rotation and, being eligible, offer themselves for re-election at the coming annual general meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year under review, none of the Company's Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party.

At no time during the year was the Company or any of the Company's subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2024, none of the Company's Directors are considered to have interests in the business which compete or are likely to compete with the business of the Group pursuant to the Listing Rules.

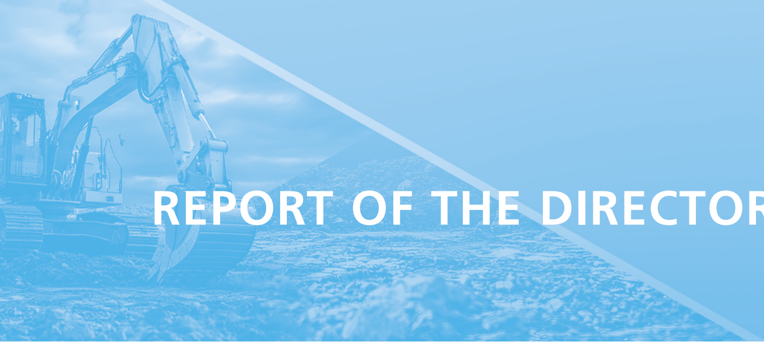
DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and Chief Executives' Interests in Shares or Debentures" below, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OR DEBENTURES

As at 31 December 2024, none of the Directors and Chief Executive of the Company had interest in the shares, underlying shares and debentures of the Company and its associated companies, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which were 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 which the Directors or the Chief Executive were deemed or taken to have under such provisions of the SFO, which are required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers ("Model Code") contained in the Listing Rules.

All Directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules throughout the review period.



REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATION

The emoluments of the Directors are determined by the Board, as authorised by shareholders at the Annual General Meeting, with reference to directors' duties, responsibilities and performance and the results of the Group.

The emoluments of the Directors of the Company (including Executive Directors and Independent Non-executive Directors) on a named basis are set out in Note 10 to the consolidated financial statements for the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 35 to the consolidated financial statements

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTEREST IN SHARES

So far as the Directors are aware, as at 31 December 2024, no person had or was deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company, nor its subsidiaries, purchased, sold, or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, directors and officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, provided that such indemnity provisions in the Company's Articles of Association shall only have effect in so far, they are not avoided by the Hong Kong Companies Ordinance. Such provisions were in force during the year ended 31 December 2024 and remained in force as of the date of this Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Board is of the view that save and except for a deviation from code provision C.2.1, the Company has complied all the code provisions set out in the prevailing Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange of Hong Kong Limited for the year ended 31 December 2024. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Company and its subsidiaries in Hong Kong have sponsored their employees to join the Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, each of the Group (the "employer") and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from employer and each of the employees respectively are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this annual report as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2024 and up to the date of this Report.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 have been audited by BDO Limited, who are eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 28 March 2025

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Elate Holdings Limited (the "Company"), together with its subsidiaries (referred as the "Group") is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, and to comply with increasingly stringent regulatory requirements as well as fulfil its commitment to excellence in corporate governance.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in the Appendix C1 (the "CG Code") to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong.

The Board periodically reviews and monitors the Company's policies and practices on corporate governance or compliance with legal and regulatory requirements to ensure that the Group's operations are conducted in accordance with the standards of the CG Code and applicable disclosure requirements. The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with all the applicable CG Code, except for the deviation as stated 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.

CORPORATE CULTURE AND STRATEGY

By recognising the importance of stakeholders at the Board level and throughout the Group, we strive to create values to the stakeholders through sustainable growth and continuous development. The Board of the Company has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

(i) Integrity – We strive to do what is right;

(ii) Excellence – We aim to deliver excellence;

(iii) Collaboration – We are always better together;

(iv) Empathy – We care about our stakeholders – employees, supply chain and the community; and

(v) Sustainability – We are committed to a sustainable development.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board 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 Company's code of conduct regarding Directors' securities transactions. Upon specific enquiries, all Directors confirmed that they have complied with the standards as set out in the Model Code throughout the year ended 31 December 2024.

As at 31 December 2024, none of the Directors and Executive Officers of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

The Model Code also applies to the Company's all relevant employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Mode Code by the relevant employees was noted by the Company.

THE BOARD OF DIRECTORS

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element in the Board, which can effectively exercise independent judgement. The Board has established three Board committees, being the Audit Committee, the Remuneration Committee, and the Nomination Committee, to oversee different areas of the Company's affairs.

As at the date of this report, the Board consists of five members, including two executive Directors and three independent non-executive Directors. Details of their composition by category are as below. More than one-third of the Board is represented by independent non-executive Directors with one of whom being a chartered certified accountant.

There are no relationships (including financial, business, family or other material/relevant relationship(s)), if any, between Board members.

Executive Directors:
Mr. Feng Zhong Yun, *Managing Director*
Ms. Zhang Xue

Independent Non-Executive Directors:
Mr. Ng Lai Po
Ms. Ye Yi Fan
Dr. Yan Shao Shi

The biographical information of the Directors and their relationships between the members of the Board are set out in the "Report of the Directors" of this report. A list of the Directors identifying their roles and functions are available on the websites of the Company and the Stock Exchange of Hong Kong Limited (the "Stock exchange").

Responsibilities of the Board

The Board is elected by the shareholders of the Company and is to exercise the functions granted by the general meetings and the articles of association of the Company. The major responsibilities of the Board are to set the Group's overall objectives and strategies, monitor and evaluate its operating and financial performance and review the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

In respect of its corporate governance functions, the Board is responsible for the following:

(a) developing and reviewing the Company's policies and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance policies applicable to employees and directors; and

(e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Directors, individually and collectively, have a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to the Company and shareholders in respect of the manner in which the affairs of the Company are being controlled and managed.

Directors are requested to make declaration of their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board. If a director has a potential conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis and when necessary.

Appointment, Re-election, and Retirement of Directors

In accordance with the Company's Articles of Association, a person may be appointed as a Director either by shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by shareholders. In addition, all the Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by shareholders.

In accordance with the Company's Articles of Association, all Directors are not appointed for a specific term, but they are subject to retirement by rotation at least once three years and are eligible for re-election at the annual general meeting by the shareholders.

To further enhance accountability, any appointment of an Independent Non-executive Director who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. The Company will state in the related circular and notice of the annual general meeting the reason why the Company considers the Independent Non-executive Director is still independent and recommendation to shareholders to vote in favour of the re-election of such Independent Non-executive Director. During the year ended 31 December 2024, Mr. Ng Lai Po, an existing Independent Non-executive Director, has served on the Board for more than nine years.

Independent Non-Executive Directors

The role of the independent non-executive directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of shareholders and the Group. They serve actively on the Board and its committees to provide their independent and objective views.

During the year ended 31 December 2024, 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 at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of the Independent Non-executive Directors of the Company has not been appointed for a specific term, as they were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

BOARD INDEPENDENCE

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. During the year under review, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

(a) Three out of the five Directors are INEDs, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

(b) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to all Board committees as far as possible to ensure independent views are available.

(c) The Nomination Committee will assess the independence of a candidate who is nominated to be a new INED before appointment and the continued independence of the current long-serving INEDs on an annual basis.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

(d) All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary (the "Company Secretary") and, where necessary, independent advice from external professional advisers at the Company's expense.

(e) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.

(f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

(g) No equity-based remuneration with performance-related elements will be granted to INEDs.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy to comply with the code provision on board diversity. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on the Board's nomination policy and a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

The Board considered that Independent Non-executive Directors can enhance the effectiveness and decision-making of the Board by providing independent view, objective judgement and constructive challenge to the Board and management of the Group. As at the date of this Report, the Board comprises five Directors. Three of the Directors are Independent Non-executive Directors. The Board believes that gender diversity is a representing manifestation of Board diversity, among all other measurable objectives. While the Board has a domination of male composition, the Company has two female Director achieving a female representation in the Board. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

As at the date of this report, the Board comprises two male Directors and three female Directors. Three of the Directors are independent non-executive Directors. As at 31 December 2024, the gender ratio of the Company's workforce was approximately 46.6% male to 53.4% female. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Under the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the board remains informed and relevant. All Directors are provided with updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to the Board during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. The Company also, at its expense, arranges and provided suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

For the year ended 31 December 2024, all Directors participated in continuous professional training by attending external training or seminars on various topics, to develop and refresh their knowledge and skills, which ensure that they have comprehensive and required information to make contributions to the Board. All Directors have provided their records of training to the Company.

According to the records maintained by the Company, a summary of seminars attended by the Directors for the year ended 31 December 2024 is as follows:

Directors	Legal and Regulatory	Corporate Governance	Financial Reporting/Risk Management	Director's Duties
Executive Directors				
Mr. Feng Zhong Yun	✓	✓	✓	✓
Ms. Zhang Xue	✓	✓	✓	✓
Independent Non-Executive Directors				
Mr. Ng Lai Po	✓	✓	✓	✓
Ms. Ye Yi Fan	✓	✓	✓	✓
Dr. Yan Shao Shi	✓	✓	✓	✓

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

Code Provision C.5.1 of the CG Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2024, the Board has held four meetings. It involves active participation, either in person or through electronic means of communication, of a majority of Directors. All Directors are given an opportunity to include any matters in the agenda for all Board meetings and are given sufficient time to review documents and information relating to matters to be discussed during the Board meetings in advance. For all regular Board meetings, the Board reviewed the operation and financial performance, and reviewed and approved the annual and interim results. And in order to ensure all Directors could plan in advance their availability, a notice of at least 14 days is given for regular meeting.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the right to seek external professional advice if required.

During the year ended 31 December 2024, four board meetings and one annual general meeting were held. Details of the attendance of the meetings of the Board are as follows:

Directors	Board Meeting	Audit Committee Meeting	Annual General Meeting
Mr. Feng Zhong Yun	4/4	N/A	1/1
Ms. Zhang Xue	3/4	N/A	1/1
Mr. Ng Lai Po	2/4	2/2	1/1
Ms. Ye Yi Fan	4/4	2/2	1/1
Dr. Yan Shao Shi	4/4	2/2	1/1

Code provision C.2.7 stipulates that the Chairman should at least annually hold meetings with the independent non-executive directors without the presence of other Directors. Without a Chairman of the Board, Mr. Feng Zhong Yun, the Managing Director, met the independent non-executive Directors once without the presence of other Directors during the year ended 31 December 2024.

The independent non-executive Directors have attended general meetings to gain and develop a balanced understanding of the view of shareholders

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

COMPANY SECRETARY

Ms. Lam Lee Yu, the Company Secretary, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. She reports to the Chairman of the Board and Chief Executive Officer and is responsible for ensuring there is a good and timely flow of information to Directors, both in their roles as Board members and as members of individual Board Committees. She also assists with the continuing professional development of Board members.

The Company Secretary is responsible for taking and keeping minutes of all Board and Board Committee meetings. The Company Secretary also plays an important role in advising the Board on all corporate governance-related matters and is also available to provide advice to the Board.

All Directors have full access to the services of the Company Secretary and are provided with adequate, reliable and timely information about the operations and latest development of the Group to enable the Directors to discharge their responsibilities and make timely decision. Through the Company Secretary, independent professional advice could be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request.

During the year ended 31 December 2024, the Company Secretary complied with the relevant professional training requirement under Rule 3.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

BOARD COMMITTEES

As an integral part of good corporate governance practices, the Board has established three committees, namely, the Audit Committee, Nomination Committee, and Remuneration Committee, for overseeing particular aspects of the Company's affairs. Each of these committees comprises mostly independent non-executive Directors who have been invited to serve as members. These committees are governed by the respective terms of reference approved by the Board. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and available to shareholders upon request.

The Board and the Board committees are provided with all necessary resources including the advice of external auditor, external legal advisers and other independent professional advisors as needed.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this report, the Audit Committee comprises three Independent Non-executive Directors, namely:

- Mr. Ng Lai Po *(Chairman)*
- Ms. Ye Yi Fan
- Dr. Yan Shao Shi

All members of Audit Committee are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Ng Lai Po, who possesses appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, and relationship with external auditors of the Group, overseeing the audit process and performing other duties and such responsibilities as assigned by the Board. The Audit Committee meets with the Company's external auditors to discuss any area of concern during the audit or review as well as their evaluations of the system of risk management and internal control. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of standards, but also on the Listing Rules and the legal requirements in the review of the Group's interim and annual reports.

Major work completed by the Audit Committee during the year includes:

(a) reviewed the Group's annual report, interim financial information and annual financial statements;

(b) reviewed significant accounting and audit issues;

(c) considered and made recommendations on the re-appointment of the independent auditor of the Group, and the terms of engagement;

(d) assisted the Board to evaluate on the effectiveness of financial reporting procedures and internal control systems;

(e) reviewed the adequacy and effectiveness of the Group's system of internal control and risk management;

(f) reviewed the compliance with the Corporate Governance Code, the SFO, the Hong Kong Companies Ordinance and the Listing Rules;

(g) advised on material event or drawing the attention of the management on related risks; and

(h) reviewed connected transactions entered into by the Group or subsisting, if any.

During the year ended 31 December 2024, the Audit Committee held two meetings. The attendance record of these meetings is set out below:

Name of committee members	Number of Meetings Attended/Held	Attendance Rate
Mr. Ng Lai Po	2/2	100%
Ms. Ye Yi Fan	2/2	100%
Dr. Yan Shao Shi	2/2	100%

Nomination Committee

As of the date of this report, the Nomination Committee comprises the following three Independent Non-executive Directors:

- Ms. Ye Yi Fan *(Chairman)*
- Mr. Ng Lai Po
- Dr. Yan Shao Shi

Terms of reference of the Nomination Committee set out the Committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code. The principal duties of the Nomination Committee are as follows:

(a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) To assess the independence of independent non-executive Directors;

(d) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and

(e) To ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Board's nomination policy is to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Company and its shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Company. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then-current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

During the year ended 31 December 2024, the Nomination Committee held one meeting. Among other things, the major work completed by the Nominate Committee during the year includes: reviewed the size, structure and composition of the Board and assessed the independence of Independent Non-executive Directors pursuant to code provision B.3.1 of the Corporate Governance Code and made recommendations to the Board on the re-election of retiring Directors at the forthcoming annual general meeting of the Company. It also conducted a review on the diversity of the Board and recommended to the Board for approval of the appointment of Dr. Yan Shao Shi as an Independent Non-executive Director of the Company.

The attendance record of these meetings is set out below:

Name of committee members	Number of Meetings Attended/Held	Attendance Rate
Ms. Ye Yi Fan	1/1	100%
Mr. Ng Lai Po	1/1	100%
Dr. Yan Shao Shi	1/1	100%

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in accordance with Rule 3.25 of the Listing Rules and the CG Code. As of the date of this report, the Remuneration Committee comprises the following three Independent Non-executive Directors:

- Dr. Yan Shao Shi *(Chairman)*
- Mr. Ng Lai Po
- Ms. Ye Yi Fan

Terms of reference of the Remuneration Committee set out the committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code. The principal duties of the Remuneration Committee are as follows:

The principal duties of the Remuneration Committee are to provide advices and recommendations to the Board on:

(a) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;

(d) To make recommendations to the Board on the remuneration of Non-executive Directors;

(e) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(f) To review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(h) To ensure that no Director or any of his/her associates is involved in deciding that Director's own remuneration.

No Director takes part in any discussion on his/her own remuneration.

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

The remuneration policy for the Directors and our senior management members is based on their experience, level of responsibility, length of service and general market conditions. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the directors and senior management members.

The Remuneration Committee meets generally once a year and at such other time as necessary. Any Committee member may convene a meeting of the Remuneration Committee. During the year ended 31 December 2024, the Remuneration Committee held one meeting.

Major work completed by the Remuneration Committee during the year includes:

(a) reviewed the remuneration policy and structure relating to the Directors and senior management of the Company; and

(b) reviewed and made recommendation of the Directors' fees of all the independent non-executive Directors for approval by the Board.

The attendance record of these meetings is set out below:

Name of committee members	Number of Meetings Attended/Held	Attendance Rate
Dr. Yan Shao Shi	1/1	100%
Mr. Ng Lai Po	1/1	100%
Ms. Ye Yi Fan	1/1	100%

Executive Directors' Remuneration

The remuneration paid to the Executive Directors of the Company in 2024 was as below:

Name of Executive Directors	Compensation Per Annum (US$'000)
Mr. Feng Zhong Yun	15
Ms. Zhang Xue	33

No Executive Director has a service contract with the Company or any of its subsidiaries with a notice period in excess of one year or with provisions for predetermined compensation on termination that exceeds one year's salary and benefits in kind.

Details of the emoluments of each Director and 5 highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Notes 10 and 11 to the consolidated financial statements contained in this annual report.

Directors' and Officers' Insurance

Pursuant to the Articles of Association of the Company, directors and officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, provided that such indemnity provisions in the Company's Articles of Association shall only have effect in so far, they are not avoided by the Hong Kong Companies Ordinance. Such provisions were in force during the year ended 31 December 2024 and remained in force as of the date of this Report.

For the year ended 31 December 2024, no claims under the insurance policy were made.

AUDITOR'S REMUNERATION

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Group's financial reporting system and internal control procedures. During the years ended 31 December 2024 and 2023, the remuneration paid/payable to the Company's auditor, BDO Limited, is set out below:

Fee Category	**2024** **US$'000**	2023 US$'000
Audit fees	**402**	411
Other services	**168**	118

The Board's policy is to pre-approve all audit services and all permitted non-audit services as set forth by the Listing Rules of the Hong Kong Stock Exchange to be provided by the Company's independent auditor.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Board also ensures timely publication of the Group's financial statements and aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public. The Board is also aware of the requirements under the applicable rules and regulations about timely disclosure of inside information.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The report from BDO Limited, the independent auditor of the Company, regarding their responsibilities and opinion on the financial statements of the Group for the year ended 31 December 2024 is set out in the "Independent Auditor's Report" in this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The system includes a defined management structure with limits of authority, and are designed to help the Group identify, evaluate and manage the significant risks to achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management system is intended to manage, not eliminate, significant risks in the Group's business environment.

The procedures used to identify, evaluate and manage major risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control procedures to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risks and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Under Code Provision D.2.5, the Group should have an internal audit function. Currently the Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable laws, rules and regulations. The situation will be reviewed from time to time.

The Board, supported by its Audit Committee, performs annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. During the review, the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the Company's risk management and internal control systems to be generally effective and adequate for the year ended 31 December, 2024.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the CG Code, the Board adopted a Whistleblowing Policy to enhance the awareness of internal corporate justice and regard this as a kind of internal control mechanism. This policy provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with the new code provision D.2.7 of the CG Code, the Board adopted an Anti-Fraud and Anti-Corruption Policy, which outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and implemented its disclosure policy and internal control procedure for the handling and dissemination of inside information, including limiting employees' access to inside information on a "need-to-know" basis and ensuring that those who need to know understand their obligations to maintain the confidentiality of any confidential information of the Company. All inside information is disclosed to the public pursuant to the requirements under the SFO and the Listing Rules and is kept strictly confidential before disclosure.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company. Under the Company's Articles of Association, the shareholder communication policy and other relevant internal procedures of the Company, shareholders of the Company enjoy, among others, the following rights:

(a) Rights and procedures for shareholders to convene extraordinary general meetings

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than 5% of the total voting rights of all the shareholder(s) having a right to vote at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requests must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is/are intended to be moved at the meeting. The request must be signed by the requisitionists and deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form.

(b) Rights and procedures for shareholders to make proposals at general meetings

(i) Rights and procedures for a shareholder to propose a person for election as a director

Pursuant to Article 97 of the Company's Articles of Association, shareholder(s) may send a notice in writing of the intention to propose a person for election as a director and notice in writing by that person of his willingness to be elected shall have been delivered to the Company's registered office provided that the minimum length of the period during which such notices are given, shall be at least seven days and that the period for lodgement of the notices shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

(ii) Rights and procedures for proposing resolution to be put forward at a general meeting

Shareholder(s) can submit a written requisition to move a resolution at the annual general meeting. The number of shareholders shall represent not less than 2.5% of the total voting rights of all shareholders having, at the date of the requisition, a right to vote at the annual general meeting, or who are no less than 50 shareholders.

The written requisition must state the resolution, accompanies by a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the annual general meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's registered office in Hong Kong at Unit 1002, 10/F, Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong, for the attention of the Company Secretary.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

(c) Shareholders' Enquiries

Shareholders may direct their questions about their shareholdings to the Company's share registrars: Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Elate Holdings Limited
Attn: Company Secretary
Unit 1002, 10/F., Euro Trade Centre
13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong
Email: info@elate.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company considers that effective communication with its shareholders and stakeholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies.

The Company is committed to enhancing long-term shareholder value through regular communication with its shareholders, and strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Company that is accurate and informative. The Company's shareholders' communication policy sets out the framework in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meetings, annual reports, interim reports, various notices, announcements and circulars. All corporate communication documents, including annual report, interim report, notice of meeting, circular and proxy form, would be provided to shareholders in plain language and in both English and Chinese versions to facilitate shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

The Company endeavors to maintain an ongoing dialogue with shareholders and in particular, through annual general meeting and extraordinary general meeting. In respect of each matter to be considered at the annual general meeting and the extraordinary general meeting, including the re-election of Directors, a separate resolution will be proposed by the managing director of the Board. The managing director of the Board and the chairmen of the Board Committees and, in their absence, other members of the respective committees, will be available at the annual general meeting and the extraordinary general meeting to meet with shareholders and answer their enquiries. The Company will also invite representatives of the auditor of the Company to attend the annual general meeting of the Company to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The Company also communicates other information to shareholders on a need basis by way of announcement which will be posted on the websites of Hong Kong Exchanges and Clearing Limited and the Company. Other than annual general meeting, extraordinary general meeting shall be held pursuant to relevant rules and regulations if required. Shareholders shall receive explanatory circulars and proxy forms relating to the extraordinary general meetings. Proxy arrangements for general meetings are in place for shareholders who are unable to attend the meetings in person.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend general meetings to have personal communication with shareholders. The external auditor is required to be present to assist the Directors in addressing any relevant queries by shareholders.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on an annual basis. During the year ended 31 December 2024, the Company complied with the requirements of the Listing Rules and the Articles of Association, and the Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the reporting period.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 28 March 2025

Elate Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present this Environmental, Social and Governance Report (the "ESG Report"), highlighting the ESG activities, performance, challenges, and measures taken by the Group. The information stated in this report covers the period from 1 January 2024 to 31 December 2024 (the "Reporting Period") which aligns with the financial year as the 2024 annual report of the Group.

REPORTING PRINCIPLES

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on Main Board of Stock Exchange. and in full compliance with the mandatory disclosure requirements and "Comply or explain" provisions stipulated in the ESG Reporting Guide.

During the preparation of this ESG report, the Company has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

Materiality

The materiality was assessed based on the results obtained from stakeholder engagement. The threshold for sustainability topics to become material was reviewed and confirmed by our management to ensure that they were sufficiently. The details on materiality analysis of ESG issues are summarized under sections "Stakeholder Engagement" and "Materiality Assessment".

Quantitative

We have kept track of our performance and target by using key performance indicators ("KPIs") throughout the reporting period. Where applicable, we compared our data and discuss on their implication. This principle applies to all information in the report.

Balance

All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selections and omission that may inappropriately influence the decision of a stakeholder.

Consistency

The report adopts consistent methodologies on assumptions and calculation methods to allow a fair comparison of our performance over time. Where applicable, we disclosed the changes to the method and KPIs used.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

The content of this Report covers our operating subsidiaries in Hong Kong and the UK, which are controlled by the Group and the major sources of the Group's revenues during the Reporting Period.

The information contained in this report were collected through various means, including but not limited to reviewing our internal control policies and ESG-related processes, conducting interviews with stakeholders and referencing industry research papers and articles.

BOARD STATEMENT ON ESG GOVERNANCE

The Board steers and oversees the Group's overall sustainability strategy and sustainability risk management. The Board understands its roles and accountability in:

– Overseeing the assessment of the Group's environmental and social impacts;

– Understanding the potential impact and related risks of ESG issues of the Group's operating model;

– Enforcing a materiality assessment and reporting process to ensure actions are implemented and monitored;

– Promoting a culture from a top-down approach to ensure that ESG considerations are incorporated in the Group's decision making and operation processes.

To ensure effectiveness of its sustainability governance, the Board meets annually to review its ESG management approach and strategy, process of evaluating, prioritising and managing material ESG-related issues, and the progress made against ESG-related goals and targets. In particular, the progress made against the Group's environmental targets and the evaluation results are shown in the corresponding sections of this Report.

This ESG Report has been approved by the Board.

STAKEHOLDERS ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To proactively understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to shareholders and investors, customers, suppliers, employees, government and regulatory authorities, industry chamber of commerce and communities. We welcome stakeholders to provide their opinions and suggestions. If you have any opinions or suggestions, please do not hesitate to contact us by mail to Unit 1002, 10/F., Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong.

In formulating operational and ESG strategies, the Group considers stakeholders' expectations by utilizing diversified engagement methods and communication channels as shown below.

Major stakeholders	Demands and expectations	Communication channels
Shareholders and investors	• Public information disclosure and transparency • Sustainable return on investment • Strong corporate governance • Protection of the voting rights of shareholders and investors • Appointment of directors	• Corporate announcements and circulars • Financial reports • Shareholder meetings
Customers	• Improvement of service and product Quality • Customer satisfaction • Privacy protection	• Business communication • Customer feedback
Suppliers	• Selection of suppliers • Sustainable supply chain • Long-term cooperation	• Periodic review and examination • Procurement meetings • Site visit, phone calls, conferences and emails
Employees	• Employee remuneration and benefits • Health and safety of working environment • Career development	• Performance review • Seminars and conferences • Meetings and briefings
Government and regulatory authorities	• Compliance with laws and regulations • Strong corporate governance	• Policy consultation • Legal advisor
Media	• Transparent information • Corporate sustainability	• Company's website • News monitoring
Industry chamber of commerce and communities	• Community involvement • Business compliance • Environmental protection awareness	• Community participation • ESG reports

Through working together with the stakeholders, the Group strives to further improve its ESG initiatives to create greater value for the community on a continuous basis.

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major operations have participated in the preparation of this ESG Report to assist the Group in reviewing its operations, identifying relevant ESG issues, and assessing the importance of related matters to the Group's businesses and stakeholders. In order to identify the issues in this ESG Report that are significant to the Group's sustainable development and stakeholders, the Group has invited key stakeholders to participate as respondents in the materiality assessment questionnaire to priorities the identified ESG issues in terms of their importance to the Group's sustainable development and their importance to stakeholders and to express their views on the Group's sustainable development. The Group has reviewed the feedback from stakeholders and the results of the questionnaire and identified the key ESG issues. The results of the materiality assessment questionnaire are summarized as follows.

The ESG Reporting Guide	Material ESG Issues
Environmental	
A1. Emissions	Emissions Control Waste Management
A2. Use of Resources	Energy Management Water Management
A3. The Environment and Natural Resources	Noise Pollution
A4. Climate Change	Change Management
Social	
B1. Employment and Labour Practices	Employment Practice
B2. Health and Safety	Health and Safety
B3. Development and Trainings	Development and Training
B4. Labor Standards	Labor Standards
B5. Supply Chain Management	Supply Chain Management
B6. Product Responsibility	Protection of Intellectual Property Rights Customer Privacy Protection Product Quality and Safety Customer Services
B7. Anti-corruption, Bribery, Extortion, Fraud and Money Laundering	Anti-corruption
B8. Community Investment	Corporate Social Responsibility

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

A. ENVIRONMENTAL

The Group adopts the best market practice on environmental management according to various international standards and provides frequent training to employees based on the latest regulatory standards. During the Reporting Period, the Group was not aware of any non-compliance cases related to environmental laws and regulations in Hong Kong and the U.K.

A.1. Emissions

The Group has enhanced its management of emissions through technological and recycling solutions that seek to reduce the emission of relevant pollutants and greenhouse gases, waste and water management. When conducting its businesses, the Group makes every effort to minimise its impact to the environment and make sure that all related emissions standards are met. Regular assessments are conducted on the Group's air and greenhouse gas emissions as well as the generation and disposal of hazardous and non-hazardous waste.

Our wholly-owned subsidiary Axiom Manufacturing Services Limited is accredited to ISO140001, and sets year on year targets to the reduction in the use of natural resources.

- Air conditioning is controlled.
- Solar power has been installed to reduce carbon reliance.
- All waste paper, cardboard, and soft plastics are recycled.
- Energy saving light bulbs is used in the factory, car parks and for road lighting.
- Monitor water usage; however, water is not used in the production process.
- No smoking is permitted within the building.
- Recycling of plastic bottles, aluminium cans, cardboard bales, batteries take place.
- Electronic equipment is disposed of by specialist recycling companies.
- The company complies with the Control of Pollution Act and Environmental Protection Act in the UK.
- The company will also identify opportunities where new technology can be introduced to reduce energy consumption.

A1.1 Type of Emissions

A1.2 Greenhouse Gas Emissions:

Energy Type	Consumption	CO_2 Emissions	CO_2 Emissions/Person
Electricity	1,539,695 kWh	358.96 tonnes CO_2 equivalent	1.173 tonnes CO_2 equivalent
Gas	895,855 kWh	208.86 tonnes CO_2 equivalent	0.683 tonnes CO_2 equivalent
Diesel	9,349 litres	25.06 tonnes CO_2 equivalent	0.082 tonnes CO_2 equivalent
Total		592.88 tonnes CO_2 equivalent	1.940 tonnes CO_2 equivalent

A1.3 Hazardous Waste Produced

A1.4 Non-Hazardous Waste Produced

A1.5 Measures to Mitigate Emissions:

Type	Quantity	Quantity/Person	Reduction Measure
Hazardous	12.6 tonnes	0.041 tonne	Move to using unleaded solder paste in the manufacturing process
Non-Hazardous	51.6 tonnes	0.169 tonne	This is all the material that cannot currently be recycled. Move to recycling more and more waste
Cardboard	17.0 tonnes	0.056 tonne	Encourage customers to use returnable packaging
Soft Plastics	1.0 tonnes	0.003 tonne	Request supplier to use reusable packaging and move away from shrink wrapping and bubble wrapping raw material
Wood/Pallets	11.0 tonnes	0.036 tonne	Rebate scheme in place for the return of good pallets

The effectiveness of the reduction in waste materials is measured and reviewed annually as part of the companies accreditation to ISO14001.

A1.6 How are hazardous and non-hazardous waste handled

All different types of waste are segregated, and kept in secure areas until collected by the specialist waste disposal companies.

A.2. Use of Resources

The Group advocates the use of high-efficiency equipment, and strive to streamline the operational procedures, thereby reduce the consumption of fuel, electricity and water and improve the resource efficiency in its operations. The Group also applies energy saving measures in its workplaces including installation of an energy-saving lighting system, setting optimal temperature on the air-conditioning, and switching off the lighting and air-conditioning after office hours. The Group encourages its employees to switch off their computers and other office equipment when not utilized, and reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. The Group is committed to continue to reduce its paper, electric consumption and reduction of waste.

- No toxic or harmful materials are produced
- No water is used in the production process therefore nothing is discharged into the waste water system
- No harmful gases are produced by production or emitted from the factory
- Fume hoods are used when employees work with adhesives
- Documents are sent electronically wherever possible

A2.1 Direct & Indirect energy consumption

Type	Consumption	Consumption/Person
Electricity	1,539,695 kWh	5,031.7 kWh
Gas	895,855 kWh	2,927.6 kWh
Water	3,809 m^3	12.4 m^3

A2.2 Water consumption:

- Water in not used in the manufacturing process, and only used by employees in the washroom areas and in the canteen

A2.3 Energy use efficiency initiatives:

- LED lighting – with motion detection sensors
- Temperature control systems have been updated to reduce energy consumption
- Solar panels have been installed to reduce purchased electricity.

A2.4 Sourcing of water, and efficiency initiatives

- Water is source from the local regulatory authority

A2.5 Total packaging material used for finished products

- Only cardboard that can be recycled is used with finished products
- Some customers use returnable packaging, and the company is encouraging other customers to adopt this approach.

A.3. The Environment and Natural Resources

The Group encourages its employees to identify and adopt advanced technologies, if any, that are suitable for each stage of the production process so as to minimize the impact of the business on the environment. By regular environmental monitoring, the Group ensures that it strictly complies with relevant environmental laws and regulations in its daily operations and closely monitors and timely identifies, controls and manages important environmental matters.

The Group is committed to ensuring that its employees have clear understanding in the relevant policies and the specific requirements of the Company and to encouraging its business partners to align with the Group's policies to operate in a sustainable manner and achieve continuous improvement.

- All production equipment is CE marked to comply with European Union regulations
- Environmental guidelines are issued to all contractors
- The company also takes into consideration local guidelines from Natural Resources Wales.

A3.1 Significant impacts of the environment

- Axiom has accreditation to ISO14001
- Axiom supports local Bee keeping allowing Beehives to be kept in the garden and wooded area of the site
- All employees undertake environmental awareness at induction
- Axiom has installed bird boxes on trees surrounding the building

A4. Climate Change

Nowadays, climate change has become a pressing issue around the globe. The Group is increasingly recognizing the importance of identifying and assessing the significant risks associated with climate change and is committed to managing potential climate change risks that may affect the Group's business activities. The Group recognizes that climate change is already affecting all aspects of our communities, stakeholders and business operations. While climate change creates new risks, it also creates new opportunities. During the Reporting Period, the Group has been closely identifying and monitoring potential physical risks and transition risks as follows:

Physical Risks

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rains and extreme cold or heat, bring acute and chronic physical risks to the Group's business. The Group's productivity will be affected under extreme weather events as the safety of our employees may be threatened during commuting. The power grid or communication infrastructures might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to direct negative impacts on the Group's revenue. To minimize the potential risks and hazards, the Group has established mitigation plans, including flexible working arrangements and precautionary measures during bad or extreme weather conditions. The Group will review the existing emergency plan to further lower the vulnerability of our installations to extreme weather events in order to enhance business stability.

Transition Risks

To achieve the global vision on carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape caused by climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the revenue or reputation of the Group.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors the changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including greenhouse gas reduction measures and target setting, to gradually reduce the Group's energy consumption and GHG emissions in the future.

A4.1 Significant impacts of climate-related issues

The climate change related risks also have impact on our business operations. The increased frequency and severity of extreme weather events, such as typhoons, storms, and heavy rains, bring acute and chronic physical risks to our businesses, as the safety of our employees may be threatened during commuting. The power grid or communication infrastructures might be damaged, which exposes us to risks associated with non-performance and delayed performance, leading to direct negative impacts on our revenues. The extreme weather event also has the potential to disrupt our supply chains making getting the resources and materials businesses need more challenging. To minimize these potential risks, we adopt flexible working arrangements and precautionary measures during bad or extreme weather conditions.

During the reporting period, the Group has not been seriously affected by the extreme weather conditions as the Group adopted various emergency plans to prevent the disruption of the operation such as working arrangement in black rainstorm warning and/or typhoon signal 8 situation.

Even though the Group expected that potential extreme weather condition, sustained high temperature do not have a material impact on the Group's operations, the Group will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

B. SOCIAL

B.1. Employment and Labour Practices

The Group expects that all employees and contractors treat each other with respect. In the Group's policy, it has covered the issues in relation to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity, anti-discrimination and other benefits and welfare. In Hong Kong, the Group strictly complies with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), and in the UK, the Group also complies with the following employment laws:

- Employment Rights Act
- National Minimum Wage Act
- Maternity and Parental Leave Act
- The Equality Act
- Part-Time Workers Regulations
- Transfer of Undertakings Regulations

The Group specifically prohibits discrimination on the basis of age, color, disability, ethnicity, marital or family status, national origin, race, religion, gender, sexual orientation, or any other characteristic protected by law. These principles extend to all employment decisions, including but not limited to recruiting, training, promotion etc.

All employees are committed to maintain a professional and harassment-free working environment – a place where employees act with respect for one another and those with whom we do business. Behaviors such as unwelcome conduct and sexual harassment are strictly prohibited.

As of 31 December 2024, the Group had 328 full-time employees (2023: 314). Total workforce by gender, employment type (for example, full time or part time), and age group are as follows:

Gender	No. of Employees	% of Workforce	Turnover
Male	162	49.4%	5.2%
Female	166	50.6%	3.7%
Total	328	100%	4.4%

Employment Type	No. of Employees	% of Workforce	Turnover
Full Time	268	83.5%	7.5%
Part Time	60	16.5%	1.5%
Total	328	100%	6.4%

Age Group	No. of Employees	% of Workforce	Turnover
17-20	9	2.7%	0%
21-30	47	14.3%	3.2%
31-40	51	15.6%	1.2%
41-50	47	14.3%	0.3%
51-60	109	33.2%	1.4%
61+	65	19.9%	1.3%
Total	328	100%	1.7%

B.2. Health and Safety

The Group has adopted a set of policies which is focused on maintaining a healthy and safe working environment, and which includes the following requirements:

– The facilities operated by employees should meet safety and health standards;

– Expert advice should be obtained to identify health and safety risk in the operations and the corresponding mitigating actions that should be taken; and

– Relevant information and training should be provided to employees in respect of risks to their health and safety which may arise out of their work.

The Group continues to monitor occupational health and safety, as well as procedures for dealing with related risks. The Company engages employees in the determination of appropriate occupational health and safety precautionary measures. Accident reporting and investigation procedures have also been adopted for the follow-up of any health and safety incidents.

Regular inspections and management review of health and safety have been performed to ensure the effectiveness of the policies and measures.

The following occupational health & safety measures were adopted by Axiom Manufacturing Services Limited:

- Risk assessments are conducted on all equipment purchased by the company
- COSHH data available to all employees
- Fire Alarm testing every week and evacuations twice a year
- Accident and incident report every month
- First aiders trained on site
- The company provides an Occupation Health for all employees
- Visual acuity testing is conducted annually on all manufacturing employees
- Health and Safety awareness is provided to all employees on induction
- Annual Private Medical cover is provided for all employees
- Employee consultation group every month, where improvement suggestions are collated
- Health & Safety group meet monthly to identify improvements

For the year ended 31 December 2024, the Group had no safety accidents, and no casualties relating to occupational diseases and work-related injuries.

B.3. Development and Trainings

The Group strives to promote the long-term development of its employees by providing learning opportunities that broaden their skills and make them valuable assets to the Group.

To encourage employee development, the Group provides human resource trainings to help equip employees with the knowledge and relevant skills to help them develop managerial knowledge and other professional skills that help advance their careers. New employees are provided with on-board trainings to help them familiarize themselves with the culture, business and operations of the Group. In addition, for technical posts, every newly-hired employee will be provided with pre-job technical training to enhance the professional skills necessary for the job.

Employee training requirements are identified every year through the employee annual appraisal process, and when new technology or processes are introduced within the company.

The Group then provides the employee with the necessary time to undertake the training, and the company will also secure external training organizations to provide specific training.

For the year ended 31 December 2024, the average hours completed by gender & employee category is as below:

Training Category	No. of Employees	% of Workforce	No. of Hours
Male direct	29	8.8%	351
Male indirect	121	36.9%	1,562
Female direct	70	21.3%	722
Female indirect	82	25.0%	1,195
Total	302	92%	3,830

B.4. Labour Standards

The Group strictly prohibits the use of child and forced labour, and the Company is totally committed to creating a work environment which respects human rights.

The Group also complies with the relevant local labour regulations relating to working hours, minimum wage, rest and holidays to ensure the physical and mental health of all employees. Employees are not be forced to work beyond working hours and are entitled to overtime pay in accordance with local regulations.

There are certain measures to review employment practices to avoid child and forced labour:

- Anti-Slavery and Human Trafficking Policy
- Employees must have a National Insurance Number which is issued by the UK Government when the age of 16 is reached
- Comply with European Union Working Time Directive
- Comply with UK legislation in relation to the "Living Wage" and "Minimum Wage"
- Two Employee references are required prior to the commencement of employment
- A base line information check is performed on all employees upon employment, which covers age and nationality

B.5. Supply Chain Management

The Group manages its supply chain effectively and participates in regular weekly and monthly meetings with our major suppliers of electronic components. The Group will also conduct supplier quality audits (sometimes in conjunction with our customers) on other suppliers to assess their capability, and ensure they meet quality and safety requirements. The Group aims to have all its suppliers accredited to ISO9001 or an equivalent quality management system standard.

The Group sub-contracted functions related to supply chain management to the service provider, hence management is not directly involved in the daily operational aspects. Although this is out-sourced, the Group will continue to assess service providers to ensure the quality meets the Group's standards and expectations.

B5.1 Number of suppliers by Geographical region in 2024

UK – 404
Europe other than the UK – 16
Rest of the World – 56

B5.2 Practices relating to engaging suppliers

- All new suppliers of materials must be approved by the Quality Assurance and Finance Departments prior to trading.

- New supplier questionnaires are completed by all new raw material component suppliers.

Green Procurement

The Group pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conferences. Besides, close monitoring of the suppliers' business practices through onsite inspections is performed. Any observations of non-compliance during the site visit will be reported immediately to the management. A corrective action plan will be carried out to remediate the identified risks in a timely manner. In view of green supply chain management, the Group prefers local suppliers whenever possible to reduce carbon emissions from transportation and to support the local economy.

B.6. Product Responsibility

The Group manufactures product to its customers design and specification. Therefore, the Group ensures that all quality, safety and testing specifications that are agreed with the customer are met prior to the dispatch of the product. The Group's quality management system is accredited to ISO 9001:2015, AS9100, ISO13485.

B6.1 Products sold or shipped subject to recalls for H&S reasons

There have been no recalls due to health and safety reasons.

B6.2 Product & Service-related complaints

Product returns and complaints are managed by the Quality Assurance department under their return procedure.

B6.3 Protecting IP

The Group does not buy Grey Market or counterfeit materials, and has a Counterfeit Part Avoidance Policy.

The Group do not use unauthorized designs or photographs.

All customer IP is protected using a secure network connection specifically to allow the exchange of information between the customer and the company.

B6.4 QA process and recall procedures

Process Type	Quality Assurance Process
Stage 1	All raw materials follow the Incoming Materials Inspection Process, which includes first article inspection.
Stage 2	All products are manufactured to IPC standards
Stage 3	All finished products must pass Customer specified final test
Stage 4	Non-conforming product is segregated and then returned to the production department for investigation and correction
Stage 5	All conforming product is despatched to the customer with a Certificate of Conformity that is signed by the Quality Assurance Department

Process Type	Product Return Process
Stage 1	Customer requests to return product to the company
Stage 2	The Quality department analyses the returned product and accepts or rejects the customer request
Stage 3	If the return is accepted, then the Company will replace or repair the defective product
Stage 4	Product returned to Customer

B6.5 Consumer data protection and privacy policies

We comply with the UK Data Protection Act.

We comply with European Union GDPR legislation.

We only conduct business with other companies, so no end individual consumer data is kept.

For the year ended 31 December 2024, the Group had not received any complaints from the regulatory body or consumers regarding product safety, intellectual property rights, and data privacy, nor had it recalled any product due to product safety or health issues.

B.7. Anti-Corruption, Bribery, Extortion, Fraud and Money Laundering

The Group promotes integrity and prevents unethical pursuits throughout its operations and tolerates no corruption or bribery in any form. In compliance with the new code provision D.2.7 of the CG Code, the Board adopted an Anti-Fraud and Anti-Corruption Policy, which outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

Anti-corruption Training

As part of an ongoing process of Directors' training, the Directors are updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance by all Directors. All Directors are encouraged to attend external forums or training courses on relevant topics which may count towards continuous professional development training. During the year, despite that there was limited training provided to the employees due to the COVID-19 pandemic, all Directors participated in appropriate continuous professional development activities by attending training courses on topics related to corporate governance and regulations or by reading materials relevant to the Company's business or their duties and responsibilities. The Group will provide training to our directors and employees on anti-corruption practices in the ensuing fiscal years.

During the year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong). At our UK subsidiary Axiom:

- The company adheres to the Bribery Act 2010 in the UK.
- The company has an Anti-Bribery Policy.
- Follow the UK Money Laundering Regulations 2017.
- Independent financial audit – conducted by independent auditors.
- Employees must declare any conflict of interest to the Finance or HR department.

During the Year, there were no legal cases regarding corrupt practices brought against the Group or its employees.

B7.1 Number of legal cases

None.

B7.2 Preventative measure & whistle-blowing procedures

The Group has a whistleblowing policy. The Group believe in an open-door policy with regard to problem-solving; whenever staff has a good-faith problem or complaint, the Group expects staff to speak up and communicate with their manager, senior management or director. The Group encourages staff to take the above action immediately after any event causes his/her concern. Furthermore, the Group also encourages staff to contribute their suggestions or opinions to improve the quality of work at the Group.

B.8. Community Investment

For the continuous effort in giving back to the society, the Group would seek for opportunities to get involved in various community programs. The Group's approach to community involvement is set out in its policy as follows:

- fulfils the corporate social responsibility (CSR) through the sustainable development strategy to expand its efforts in the areas of charity work;
- assesses how to give business activities to the interests of community; and
- commits to the provision of career opportunities to the locals and promotes the development of the community's economy.

B8.1 Areas of contribution (Education, Environmental and Sport)

During the Reporting Period, the Group has contributed to the following education, environmental and sport activities:

- Due to the continuing situation with Covid-19, community investment has been impacted during the year.
- Support local Primary Education Schools – with day visits to the manufacturing facility to encourage children to study Engineering.
- Supporting a local school with its environmental activities.
- Linked with local colleges – via our Apprenticeship Scheme, with new apprentices employed every year.
- Support Local Universities – through Graduate intern placements.
- Sponsorship of local Sports teams (Football and Rugby).

The Group also encourages and supports its employees to contribute to charities locally and nationally through donations or volunteering. In addition, the Group also created job opportunities in the areas where it operates to help local people develop their careers and enhance the local workforce as a whole. The Group conducts assessment from time to time on how its business activities relate to the interests of the communities where it locates, and to see if certain measures need to be taken to accelerate social progress by pushing forward education, sports, charity and other undertakings, as part of the to be responsible citizens.

B8.2 Time contributed

10 days.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF ELATE HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Elate Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 64 to 137, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2024, 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Impairment assessment on cryptocurrencies
(refer to notes 4(s), 5(ii) and 17(b) to the consolidated financial statements)

As at 31 December 2024 the Group held the cryptocurrencies with carrying amount of US$7,313,000.

Management of the Group reviewed the recoverable amount of the cryptocurrencies at the end of the reporting period in accordance with the Group's accounting policies and concluded that there was no impairment of the cryptocurrencies.

We consider this a key audit matter because the amount of cryptocurrencies is significant to the consolidated financial statements and judgement is involved in determining the recoverable amount of the cryptocurrencies. The determination of the recoverable amount of the cryptocurrencies held by the Group was based on their fair values, which were estimated based on analysis of available information for the reference prices in the relevant cryptocurrencies markets and required significant management judgement with respect to the marketability and liquidity of the cryptocurrencies held by the Group and involved high degree of estimation uncertainty because the cryptocurrencies held by the Group include those which are relatively non-mainstream cryptocurrencies in the market.

Our response:
Our key procedures in relation to the management's impairment assessment included:

- Evaluation of the management's assumptions on the recoverable amount based on fair value of the cryptocurrencies by comparing the trend of historical data and taking into consideration of the latest market conditions;

- Assessing the methodologies used and the appropriateness of the key assumptions and estimates used in the fair value measurement based on our knowledge of the relevant industry and using our experts;

- Challenging the reasonableness of the key assumptions used based on our knowledge of the business and industry; and

- Checking the accuracy and relevance of the market trend and data.

Impairment assessment on trade receivables
(refer to notes 4(i), 5(iii) and 22 to the consolidated financial statements)

As at 31 December 2024, the Group had carrying amount of trade receivables of US$347,348,000, net of accumulated allowance of expected credit losses of US$2,606,000, which was significant to the Group's consolidated financial statements.

The directors of the Company have performed an impairment assessment on the trade receivables in accordance with the Group's accounting policies which required the exercise of significant management judgement in considering factors such as the credit history of customers including default or delay in payments, ageing analysis, settlement records during the year and subsequent settlements after the year end.

Our response:
Our key procedures in relation to the management's impairment assessment included:

- Understanding the Group's relationship and transaction history with customers;

- Reviewing the ageing analysis of trade receivables;

- Reviewing payment patterns during the year and amount of subsequent settlements after the year end made by the customers;

- Assessing the reasonableness of the Group's estimation of recoverability of trade receivables with reference to factors considered by the directors; and

- Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the directors, 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.

BDO Limited
Certified Public Accountants

Chan Tsz Hung
Practising Certificate no. P06693

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** **US$'000**	2023 US$'000
Revenue	*6,7*	**431,082**	105,682
Cost of sales		**(415,506)**	(96,360)
Gross profit		**15,576**	9,322
Other income	*7*	**3,961**	3,265
General and administrative expenses		**(14,559)**	(12,083)
Impairment loss on goodwill	*17*	**–**	(171)
Impairment loss on financial assets, net	*19,22*	**(2,277)**	(1,491)
Fair value gains on			
– commodity	*24*	**342**	155
– financial assets at fair value through profit or loss	*25*	**39,240**	3,004
Profit from operating activities	*8*	**42,283**	2,001
Finance costs	*9*	**(19)**	(32)
Profit before income tax expense		**42,264**	1,969
Income tax expense	*12*	**(1,962)**	(154)
Profit for the year and attributable to owners of the Company		**40,302**	1,815
Earnings per share	*13*	**US cents**	US cents
Basic		**11.10**	0.50
Diluted		**11.10**	0.50

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 US$'000	2023 US$'000
Profit for the year		**40,302**	1,815
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**198**	2,388
Item that will not be reclassified to profit or loss:			
Gain on revaluation of land and buildings	*14*	**91**	283
Other comprehensive income for the year		**289**	2,671
Total comprehensive income for the year and attributable to owners of the Company		**40,591**	4,486

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 US$'000	2023 US$'000
Non-current assets			
Property, plant and equipment	*14*	**12,952**	24,182
Investment properties	*15*	**1,693**	9,040
Right-of-use assets	*16(a)*	**441**	361
Intangible assets	*17*	**7,313**	–
Interests in joint ventures	*19*	**1**	–
Financial assets at fair value through profit or loss	*25*	**43,431**	4,279
Total non-current assets		**65,831**	37,862
Current assets			
Inventories	*21*	**22,279**	327,059
Trade receivables	*22*	**347,348**	34,819
Other receivables, deposits and prepayments	*23*	**2,163**	2,093
Commodity	*24*	**1,626**	1,285
Financial assets at fair value through profit or loss	*25*	**244**	163
Cash and bank balances		**12,637**	6,056
Total current assets		**386,297**	371,475
Current liabilities			
Trade payables	*26*	**11,410**	10,557
Other payables and accruals	*27*	**6,624**	7,002
Contract liabilities	*28*	**129**	387
Lease liabilities	*16(b)*	**234**	108
Tax payable		**2,745**	903
Total current liabilities		**21,142**	18,957
Net current assets		**365,155**	352,518
Total assets less current liabilities		**430,986**	390,380

	Notes	2024 US$'000	2023 US$'000
Non-current liabilities			
Lease liabilities	*16(b)*	**77**	–
Deferred tax liabilities	*20*	**499**	722
Total non-current liabilities		**576**	722
NET ASSETS		**430,410**	389,658
Capital and reserves attributable to owners of the Company			
Share capital	*30*	**608,505**	608,344
Reserves		**(178,095)**	(218,686)
TOTAL EQUITY		**430,410**	389,658

On behalf of the board of directors

Feng Zhong Yun
Managing Director

Yan Shao Shi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital US$'000	Translation reserve US$'000	Revaluation reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2024	**608,344**	**(843)**	**7,179**	**(225,022)**	**389,658**
Profit for the year	**–**	**–**	**–**	**40,302**	**40,302**
Other comprehensive income for the year	**–**	**198**	**91**	**–**	**289**
Total comprehensive income for the year	**–**	**198**	**91**	**40,302**	**40,591**
Issue of shares upon conversion of convertible debenture *(Note 29)*	**161**	**–**	**–**	**–**	**161**
At 31 December 2024	**608,505**	**(645)**	**7,270**	**(184,720)**	**430,410**

	Share capital US$'000	Translation reserve US$'000	Revaluation reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2023	608,344	(3,231)	6,896	(226,837)	385,172
Profit for the year	–	–	–	1,815	1,815
Other comprehensive income for the year	–	2,388	283	–	2,671
Total comprehensive income for the year	–	2,388	283	1,815	4,486
At 31 December 2023	608,344	(843)	7,179	(225,022)	389,658

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 US$'000	2023 US$'000
Net cash generated from/(used in) operating activities	*32(a)*	**14,185**	(5,992)
Cash flows from investing activities			
Purchases of items of property, plant and equipment		**(386)**	(1,924)
Purchase of intangible assets		**(7,342)**	–
Proceeds from disposal of items of intangible assets		**29**	–
Proceeds from disposal of items of property, plant and equipment		**50**	684
Proceeds from disposal of financial assets at fair value through profit or loss		**7**	–
Interest received		**70**	–
Net cash used in investing activities		**(7,572)**	(1,240)
Cash flows from financing activities			
Net proceeds from issue of shares upon conversion of convertible debentures	*30*	**161**	–
Payment of interest on lease liabilities	*32(b)*	**(19)**	(32)
Payment of principal portion of lease liabilities	*32(b)*	**(260)**	(411)
Net cash used in financing activities		**(118)**	(443)
Net increase/(decrease) in cash and cash equivalents		**6,495**	(7,675)
Cash and cash equivalents at beginning of the year		**6,056**	12,074
Effect of changes in foreign exchange rates		**86**	1,657
Cash and cash equivalents at end of the year		**12,637**	6,056
Analysis of cash and cash equivalents			
Cash and bank balances		**12,637**	6,056

1. CORPORATE INFORMATION

The Company is incorporated in Hong Kong with limited liability. Its principal place of business is situated at Unit 1002, 10/F, Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong. The Company's securities are listed on The Stock Exchange of Hong Kong Limited for trading (Stock Code: 76).

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

As at 31 December 2024, the directors of the Company consider that the Company has no immediate and ultimate holding company or controlling party.

2. BASIS OF PREPARATION

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 measurement basis in the preparation of the consolidated financial statements is historical cost, except for the measurement of land and buildings, commodity and certain financial instruments, which are measured at revalued amount or fair values, as explained in the accounting policies set out below.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

2. BASIS OF PREPARATION (Continued)

Fair value measurement (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The Group measures the following items at fair value:

- Revalued land and buildings – Property, plant and equipment (note 14);

- Commodity – gold bullion (note 24); and

- Financial assets at fair value through profit or loss ("FVTPL") (note 25).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards that are 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

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the following:

– An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.

– If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

– The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

– In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The adoption of these amendments does not have a material impact on the consolidated financial statements.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(a) Adoption of amended HKFRS Accounting Standards (Continued)

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date.

The adoption of these amendments does not have a material impact on the consolidated financial statements.

Amendments to HKFRS 16, Lease liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for a sale and leaseback transaction, where the transfer of the asset satisfies the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The adoption of these amendments does not have a material impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The adoption of these amendments does not have a material impact on the consolidated financial statements.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(b) New or amended HKFRS Accounting Standards that have been issued but not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosure[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRSs. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

The Group anticipates that the application of other new and amended HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

4. MATERIAL ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(b) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as:

- *Joint venture*: where the Group has rights to only the net assets of the joint arrangement

Joint ventures are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interest in the joint venture are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint venture are recognised only to the extent of unrelated investors' interests in the joint venture. The investor's share in the joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the joint venture. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Joint arrangements (Continued)

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group's interests in joint ventures is stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Group on the basis of dividends received and receivable.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination.

A CGUs to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGUs to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGUs is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(d) Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed by qualified valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of reporting period.

Any revaluation increase arising on revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment other than freehold land and buildings are stated at cost less accumulated depreciation and impairment loss, if applicable. The cost of an asset 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 the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Nil
Buildings	10 to 36 years
Plant and machinery	10% – 20%
Furniture, fixtures and computers	14% – 50%
Motor vehicles	10% – 30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss in the year in which the item is derecognised.

(f) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. They are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment, if any.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rate used for this purpose is as follows:

Investment properties	10 to 36 years

4. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill and cryptocurrency)

(i) Customer contract

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Customer contract	7 years

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

(h) Commodity

Commodity comprises gold bullion. Gold bullion is stated at the morning fixing price of gold at the end of the reporting period. Differences arising from changes in gold prices are dealt with in profit or loss. Net realised gains or losses from commodity is calculated using the weighted average cost method.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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 market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at financial assets at fair value through other comprehensive income("FVTOCI"), debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless reasonable and supportable information demonstrate the otherwise.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless reasonable and supportable information demonstrate the otherwise.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leasing

(i) Accounting as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at depreciated cost and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at depreciated cost.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at depreciated cost. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at revalued amount. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leasing (Continued)

(i) Accounting as a lessee (Continued)

Lease liability (Continued)

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the Covid-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(ii) Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/ first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(l) Revenue recognition (Continued)

(i) Manufacture and sales of graphite products

Customers obtain control of the minerals products when the goods are delivered to and have been accepted based on the shipping terms. Revenue is recognised upon when the customers accepted the minerals products. There is generally only one performance obligation. Invoices are usually payable within 0-284 days.

(ii) Manufacture and sales of electronic products

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 90 days.

Some of the Group's contracts with customers from the sale of products provide customers a right of return (a right to exchange another product). These rights of return do not allow the returned goods to be refunded in cash. The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised. In the comparative period, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provide that all other revenue recognition criteria are met. If a reasonable estimate could not be made, such revenue would be deferred until the return period lapsed or a reasonable estimate could be made. As a result of the change in accounting policy, the adoption of HKFRS 15 does not result in significant impact on the Group's accounting policies, as an exchange by customers of one product for another of the same type, quality, condition and price is not considered a return for the purposes of applying HKFRS 15.

(iii) Other income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(m) Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

For a single contract with the customer, a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Foreign currency

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group has arranged in Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. Under the MPF Scheme, each of the Group (the "employer") and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from employer and each of the employees respectively are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The subsidiary in the United Kingdom operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the subsidiary. Contributions to defined contribution retirement schemes are charged to the profit or loss as incurred.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting that are used to make strategic decision provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

The Group has identified the following reportable operating segments:

Manufacture and sales of graphite products
Through a wholly-owned subsidiary, Elate Graphite Limited, the Company is engaged in the business of manufacture and sales of graphite products worldwide.

Manufacture and sales of electronic products
Through its wholly-owned subsidiary, Axiom Manufacturing Services Limited in the United Kingdom, the Company is engaged in the business of manufacture and sales of electronic products. Most of Axiom's customers are located within the United Kingdom.

Design and manufacturing
Through its wholly-owned subsidiaries, Greeve Limited and Axiom Manufacturing Services Limited, the Company is engaged in design and manufacturing business.

(s) Cryptocurrencies

Cryptocurrencies have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The impairment tests for cryptocurrencies are carried out for Multiple up point, Bitcoins, USD tether and USD coin, separately. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. An impairment loss is recognised for the amount by which the carrying amount of the cryptocurrencies exceeds its recoverable amount. The recoverable amount is the higher of the cryptocurrencies' fair value less costs of disposal and value in use. The increased carrying amount of cryptocurrencies attributable to a reversal of an impairment loss, which is recognised in profit or loss, will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cryptocurrencies in prior accounting periods.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. In the future, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which the final tax outcome is determined.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

Deferred tax liabilities arise when the carrying amounts of the identifiable assets acquired in a business combination are recognised at their fair values at the acquisition date but the tax bases of the assets remain at cost to the previous owner, therefore a taxable temporary difference arises.

(ii) Accounting of cryptocurrencies

HKFRS Accounting Standards do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the annual report, management needs to apply judgment in determining appropriate accounting policies based on the facts and circumstances.

Given the Group's purpose and intention of holding cryptocurrencies, management considered that cryptocurrencies held by the Group should be accounted for as indefinite-lived intangible assets accounted for under the cost model.

As disclosed in Note 17(b), in determining fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for trading of cryptocurrencies, and to consider trading volume, marketability and liquidity of the cryptocurrencies.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iii) Impairment loss on trade and other receivables

As disclosed in note 37(c), the measurement of impairment loss under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment loss and the assessment if a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(iv) Impairment of joint ventures

The impairment of joint ventures are based on 12-month ECLs in accordance with accounting policy stated in note 4(i)(ii). The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At the reporting date, the Company assess whether there has been a maximum exposure to credit risk on the carrying amount as at 31 December 2024.

6. SEGMENT REPORTING

The Group has three reportable operating segments, as described in note 4(r).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before income tax expense. The adjusted profit/(loss) before income tax expense is measured consistently with the Group's profit/(loss) before income tax expense except that fair value gain on financial assets at fair value through profit or loss, as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment performance for the years ended 31 December 2024 and 2023 is set out below:

6. SEGMENT REPORTING (Continued)

(a) Business segments

For the year ended 31 December 2024

	Manufacture and sales of graphite products US$'000	Manufacture and sales of electronic products US$'000	Design and manufacturing US$'000	Total US$'000
Revenue from external customers	**344,800**	**86,205**	**77**	**431,082**
Segment results	**1,702**	**6,712**	**(462)**	**7,952**
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				**(3,546)**
Profit from operating activities				**42,283**
Finance costs				**(19)**
Income tax expense				**(1,962)**
Profit for the year				**40,302**
Segment assets	**338,549**	**40,605**	**41**	**379,195**
Reconciliation of segment assets:				
Unallocated corporate assets				**72,933**
Total assets				**452,128**
Segment liabilities	**(1,993)**	**(14,032)**	**(28)**	**(16,053)**
Reconciliation of segment liabilities:				
Unallocated corporate liabilities				**(5,665)**
Total liabilities				**(21,718)**
Depreciation	**2,179**	**1,434**	**13**	**3,626**
Significant non-cash expenses, net	**161**	**–**	**–**	**161**
Capital expenditure	**–**	**382**	**2**	**384**

6. SEGMENT REPORTING (Continued)

(a) Business segments (Continued)

For the year ended 31 December 2023

	Manufacture and sales of graphite products US$'000	Manufacture and sales of electronic products US$'000	Design and manufacturing US$'000	Total US$'000
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

6. SEGMENT REPORTING (Continued)

(b) Geographical information

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'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
	431,082	105,682	**22,400**	33,583

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

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

(c) 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	2023
	US$'000	US$'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

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

7. REVENUE AND OTHER INCOME

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

An analysis of the Group's revenue and other income is as follows:

	2024 US$'000	2023 US$'000
Revenue from contracts with customers		
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
	431,082	105,682
Timing of revenue recognition		
At a point in time	**431,082**	105,682
Other income		
Bank interest income	**70**	35
Rental income	**2,712**	3,003
Gain on disposal of items of property, plant and equipment and investment properties	**537**	6
Sundry income	**642**	221
	3,961	3,265

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

	2024 US$'000	2023 US$'000
Trade receivables *(note 22)*	**347,348**	34,819
Contract liabilities *(note 28)*	**129**	387

7. REVENUE AND OTHER INCOME (Continued)

The contract liabilities mainly relate to the advance consideration received from customers.

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$129,000 (2023: US$387,000). This amount represents revenue expected to be recognised in the future from partially-completed contracts of sales of graphite products. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 12 to 36 months.

8. PROFIT FROM OPERATING ACTIVITIES

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

	2024	2023
	US$'000	US$'000
Depreciation *(Note (i))*:		
– owned property, plant and equipment and investment properties	**3,682**	3,622
– right-of-use assets included within:		
– properties	**233**	226
– plant and machinery	**147**	145
Amortisation of customer contract	**–**	50
Cost of inventories sold *(Note (ii))*	**415,506**	96,360
Staff costs (including directors' remuneration *(Note (iii))*)	**16,030**	15,457
Auditor's remuneration		
– audit fee	**402**	411
– other services	**168**	118
Impairment loss on goodwill	**–**	171
Impairment loss on financial assets, net:		
– trade receivables (Note 22)	**2,277**	256
– amount due from a joint venture (Note 19)	**–**	1,235
Short-term lease expenses	**–**	93
Foreign exchange (gain)/loss, net	**(463)**	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.

9. FINANCE COSTS

	2024 US$'000	2023 US$'000
Interest on lease liabilities	19	32

10. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

Directors' remuneration disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:

Name of directors	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Retirement scheme contributions US$'000	2024 Total US$'000
Executive directors				
Zhang Xue	–	31	2	33
Feng Zhong Yun	–	15	–	15
Independent non-executive directors				
Ng Lai Po	23	–	1	24
Yan Shao Shi	15	–	–	15
Ye Yi Fan	15	–	–	15
	53	46	3	102

10. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' remuneration (Continued)

Name of directors	Fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	2023 Total
	US$'000	US$'000	US$'000	US$'000
Executive directors				
Zhang Xue	–	31	2	33
Feng Zhong Yun	–	15	–	15
Independent non-executive directors				
Chai Woon Chew *(note (ii))*	9	–	–	9
Ng Lai Po	23	–	1	24
Yan Shao Shi *(note (i))*	7	–	–	7
Ye Yi Fan	15	–	–	15
	54	46	3	103

Note i: Dr. Yan Shao Shi was appointed as an independent non-executive director of the Company with effect from 11 July 2023.

Note ii: Mr. Chai Woon Chew resigned as an independent non-executive director of the Company with effect from 11 July 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the current and prior years.

10. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Staff cost (including directors' remuneration)

	2024 US$'000	2023 US$'000
Fees	53	54
Salaries, allowances and other benefits in kind	15,790	15,237
Retirement scheme contributions	187	166
	16,030	15,457

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any director (2023: Nil), details of whose remuneration are set out in note 10 above. The details of the remuneration of the five non-director (2023: five), highest paid employees are set out below:

	2024 US$'000	2023 US$'000
Salaries, allowances and other benefits in kind	2,066	1,356

The remuneration of the non-director, highest paid employees fell within the following bands:

	Number of non-directors 2024	 2023
US$0 to US$128,200 (equivalent to HK$0 to HK$1,000,000)	2	2
US$256,401 to US$320,500 (equivalent to HK$2,000,001 to HK$2,500,000)	–	2
US$512,801 to US$576,900 (equivalent to HK$4,000,001 to HK$4,500,000)	2	–
US$576,901 to US$641,000 (equivalent to HK$4,500,001 to HK$5,000,000)	–	1
US$705,101 to US$769,200 (equivalent to HK$5,500,001 to HK$6,000,000)	1	–
	5	5

12. INCOME TAX EXPENSE

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

	2024 US$'000	2023 US$'000
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)
Tax charge for the year	**1,962**	154

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.

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2024 US$'000	2023 US$'000
Profit before income tax expense	**42,264**	1,969
Tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**7,314**	511
Tax effect of non-deductible expenses	**1,315**	719
Tax effect of non-taxable income	**(7,041)**	(955)
Tax effect of utilisation of previously unrecognised tax losses	**–**	(9)
Tax losses not recognised	**396**	371
Over-provision for previous years, net	**(19)**	(480)
Tax effect of other temporary differences not recognised	**(3)**	(3)
Income tax expense	**1,962**	154

13. 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	2023
	US$'000	US$'000
Earnings		
Profit for the year for the purposes of basic and diluted earnings per share	**40,302**	1,815
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share *(Note)*	**363,165,384**	362,884,073

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.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and computers US$'000	Motor vehicles US$'000	Constructions in progress US$'000	Total US$'000
Cost or valuation:						
At 1 January 2024	8,931	29,555	9,241	183	98	48,008
Exchange differences	(145)	1,783	(115)	–	–	1,523
Additions	–	258	128	–	–	386
Disposals	–	(20,783)	–	–	(98)	(20,881)
Revaluation	91	–	–	–	–	91
At 31 December 2024	8,877	10,813	9,254	183	–	29,127
Representing:						
Cost	–	10,813	9,254	183	–	20,250
Valuation	8,877	–	–	–	–	8,877
	8,877	10,813	9,254	183	–	29,127
Accumulated depreciation:						
At 1 January 2024	–	16,842	6,801	183	–	23,826
Exchange differences	–	1,974	(85)	–	–	1,889
Disposals	–	(12,867)	–	–	–	(12,867)
Charge for the year	–	2,857	470	–	–	3,327
At 31 December 2024	–	8,806	7,186	183	–	16,175
Net carrying amount:						
At 31 December 2024	8,877	2,007	2,068	–	–	12,952

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and computers US$'000	Motor vehicles US$'000	Constructions in progress US$'000	Total US$'000
Cost or valuation:						
At 1 January 2023	8,184	28,229	8,948	183	671	46,215
Exchange differences	464	585	485	–	2	1,536
Additions	–	1,080	748	–	96	1,924
Disposals	–	(339)	(940)	–	(671)	(1,950)
Revaluation	283	–	–	–	–	283
At 31 December 2023	8,931	29,555	9,241	183	98	48,008
Representing:						
Cost	–	29,555	9,241	183	98	39,077
Valuation	8,931	–	–	–	–	8,931
	8,931	29,555	9,241	183	98	48,008
Accumulated depreciation:						
At 1 January 2023	–	13,998	6,858	183	–	21,039
Exchange differences	–	433	362	–	–	795
Disposals	–	(332)	(940)	–	–	(1,272)
Charge for the year	–	2,743	521	–	–	3,264
At 31 December 2023	–	16,842	6,801	183	–	23,826
Net carrying amount:						
At 31 December 2023	8,931	12,713	2,440	–	98	24,182

During the year ended 31 December 2024, the Group's entire production lines in Madagascar were disposed of.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of net carrying amount of properties is as follows:

	2024	2023
	US$'000	US$'000
Properties		
– freehold outside Hong Kong	**8,877**	8,931

The freehold land and buildings were revalued on 31 December 2024 on the basis of their open market value by Savills (UK) Limited (2023: Cooke & Arkwright Ltd. ("Cooke & Arkwright")), an independent firm of chartered surveyors.

The Group's freehold land and buildings were classified under level 3 in the fair value hierarchy. A reconciliation of the opening and closing fair value balance is provided below.

	2024	2023
	US$'000	US$'000
Opening balance (level 3 recurring fair value)	**8,931**	8,184
Exchange differences	**(145)**	464
Gains included in other comprehensive income:		
Revaluation of land and buildings	**91**	283
Closing balance (level 3 recurring fair value)	**8,877**	8,931

The fair value of freehold land and buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the freehold land and buildings under review. These adjustments are based on unobservable inputs.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Details about the valuation inputs are as follows:

Properties	Location	Level	Valuation technique	Unobservable inputs	Range of unobservable inputs
Land and buildings	United Kingdom	3	Market comparable approach	Discount/Premium on quality and characteristics of properties	– 5% to 5%

Higher premiums or discounts for differences in the quality and characteristics of the Group's properties would result in correspondingly higher or lower fair values.

There has been no change to the valuation technique during the years.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the Group's freehold land and buildings been measured on a historical cost basis, their carrying amount would have been US$4,005,000 (2023: US$4,182,000).

During the year ended 31 December 2024, there were no transfers into or out of level 3 or any other level. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

15. INVESTMENT PROPERTIES

	US$'000
Cost:	
At 1 January 2023	10,892
Exchange differences	104
At 31 December 2023 and 1 January 2024	10,996
Disposal for the year	(9,028)
Exchange differences	155
At 31 December 2024	2,123
Accumulated depreciation:	
At 1 January 2023	1,581
Charge for the year	358
Exchange differences	17
At 31 December 2023 and 1 January 2024	1,956
Charge for the year	355
Disposal for the year	(1,897)
Exchange differences	16
At 31 December 2024	430
Net carrying amount:	
At 31 December 2024	1,693
At 31 December 2023	9,040

The Group's investment properties are measured using a cost model and are leased to third parties under operating leases to earn rental income of US$1,385,000 (2023: US$1,588,000).

During the year ended 31 December 2024, the Group's investment properties that leased to third parties in Madagascar were disposed of.

As at 31 December 2024, in the opinion of directors, the fair value of the Group's investment properties, with reference to recent market transactions valued by Savills (UK) Limited, (2023: Roma Appraisals Limited and Cooke & Arkwright), an independent firm of chartered surveyors, were US$2,466,000 (2023: US$10,095,000).

The directors considered that no provision for impairment loss on the investment properties as they were all rented out and the cash inflows generated therefrom sufficiently cover the cost of the investment properties.

16. LEASES

(a) Right-of use assets

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

	Properties US$'000	Plant and machinery US$'000	Total US$'000
At 1 January 2023	301	412	713
Depreciation	(226)	(145)	(371)
Exchange differences	–	19	19
At 31 December 2023 and 1 January 2024	75	286	361
Additions	463	–	463
Depreciation	(233)	(147)	(380)
Exchange differences	–	(3)	(3)
At 31 December 2024	**305**	**136**	**441**

(b) Lease liabilities

The present value of future lease liabilities are analysed as follows:

	2024 US$'000	2023 US$'000
Current	**234**	108
Non-current	**77**	–
	311	108

16. LEASES (Continued)

(b) Lease liabilities (Continued)

	Leased properties US$'000	Plant and machinery US$'000	Total US$'000
At 1 January 2023	307	207	514
Interest expense	11	21	32
Lease payments	(242)	(201)	(443)
Exchange differences	–	5	5
At 31 December 2023 and 1 January 2024	76	32	108
Additions	463	–	463
Interest expense	15	4	19
Lease payments	(245)	(34)	(279)
At 31 December 2024	**309**	**2**	**311**

Future lease payments are due as follows:

	Minimum lease payments 2024 US$'000	Interest 2024 US$'000	Present value 2024 US$'000
Not later than one year	**245**	**11**	**234**
Later than one year and not later than two years	**79**	**2**	**77**
	324	**13**	**311**

16. LEASES (Continued)

(b) Lease liabilities (Continued)

	Minimum lease payments 2023 US$'000	Interest 2023 US$'000	Present value 2023 US$'000
Not later than one year	112	4	108

(c) Operating leases – lessor

The Group's investment properties and property, plant and equipment are leased to third parties under operating leases to earn rental income. The minimum rent receivables under non-cancellable operating leases are as follows:

	2024 US$'000	2023 US$'000
Not later than one year	**314**	2,918
Later than one year and not later than two years	**325**	2,929
Later than two year and not later than three years	**259**	2,863
Later than three year and not later than four years	**–**	2,600
Later than four year and not later than five years	**–**	2,600
Later than five years	**–**	5,200
	898	19,110

During the year ended 31 December 2024, certain investment properties and property, plant and equipment leased to third parties under operating leases were disposed of.

17. INTANGIBLE ASSETS

	Cryptocurrencies US$'000 *(Note (b))*	Goodwill US$'000 *(Note (a))*	Customer contract US$'000 *(Note (a))*	Total US$'000
Cost:				
At 1 January 2023	–	171	553	724
Exchange differences	–	–	31	31
At 31 December 2023 and 1 January 2024	–	171	584	755
Additions	7,342	–	–	7,342
Disposal	(29)	–	–	(29)
At 31 December 2024	**7,313**	**171**	**584**	**8,068**
Accumulated amortisation and impairment:				
At 1 January 2023	–	–	504	504
Charge for the year	–	–	50	50
Impairment	–	171	–	171
Exchange differences	–	–	30	30
At 31 December 2023, 1 January 2024 and 31 December 2024	**–**	**171**	**584**	**755**
Carrying amount:				
At 31 December 2024	**7,313**	**–**	**–**	**7,313**
At 31 December 2023	–	–	–	–

Notes:

(a) Goodwill and customer contract arose from the acquisition of 100% equity interest in Greeve Limited on 20 July 2016. Customer contract represents a sales agreement entered by Greeve Limited with a customer in the United Kingdom for 7 years. It was identified as an intangible asset upon the acquisition of Greeve Limited. The cost of the customer contract was measured at fair value at the date of acquisition. Subsequently, the customer contract is carried at cost less accumulated amortisation and accumulated impairment losses.

The recoverable amounts of Greeve Limited as at 31 December 2023 to which the goodwill and customer contract allocated were determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows over the five-year period are using an estimated weighted average growth rate of 0%. Key assumptions were based on past performance, management estimation on market development and general inflation based on the growth rates which did not exceed the long-term average growth rates for the businesses in which the CGUs operates. The discount rates used for value in use calculations are pre-tax and reflected specific risks relating to the relevant CGUs.

17. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(a) *(Continued)*

The key assumptions used for value in use calculations are as follows:

	2023
Discount rate	8%
Terminal growth rate	4%

Apart from the considerations described above in determining the value in use of the CGUs, management was not aware of any other probable changes that would necessitate changes in the key assumptions.

(b) Cryptocurrencies purchased and held by the Group have been assessed based on each type of cryptocurrencies for impairment testing. The Group carries out their impairment testing by comparing the recoverable amounts of cryptocurrencies to their carrying amounts. An impairment loss will be recognised when the recoverable amount is lower than the carrying amount, while a gain will not be recognised even when the recoverable amount is higher than the carrying amount. A gain will only be recognised if the impairment loss is recovered or the cryptocurrency is disposed of, assuming the proceeds from disposal at that time is higher than its carrying amount.

The cost of cryptocurrencies of the Group are presented below:

	2024 **US$'000**	2023 US$'000
Multiple up point ("MUP")	**7,182**	–
Bitcoin ("BTC")	**97**	–
USD tether ("USDT")	**4**	–
USD coin ("USDC")	**1**	–
Others	**29**	–
	7,313	–

Cryptocurrencies purchased and held by the Group through third-party custodian service providers include MUP, BTC, USDT and USDC, which are accounted for as intangible assets under the cost model. The Group has ownership of and control over the cryptocurrencies held and employs third-party custodian service provider to securely store them. The cryptocurrencies held by the Group are considered to have an indefinite life. Accordingly, they are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recoverable amount of each type of cryptocurrencies are determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group consider accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets of the Group. The fair value of the Group's cryptocurrencies is determined based on quoted market prices at the end of the reporting period.

As of 31 December 2024, the Group carried out impairment tests for the Group's cryptocurrencies. Based on these impairment tests, the prevailing market prices of the Group's cryptocurrencies were higher than their carrying amounts and therefore no impairment was recognised in profit or loss by the Group for the year ended 31 December 2024.

18. INTERESTS IN SUBSIDIARIES

	The Company 2024 US$'000	2023 US$'000
Unlisted shares, at cost	**78**	78
Amounts due from subsidiaries	**70,167**	72,456
	70,245	72,534
Provision for impairment	**(51,533)**	(51,533)
Carrying amount at 31 December	**18,712**	21,001

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Details of the subsidiaries as at 31 December 2024 and 2023 are as follows:

Company	Form of business structure	Place of incorporation	Place of operations	Issued/registered share capital	Percentage of issued share capital held by the Group 2024 %	2023 %	Principal activities
Axiom Manufacturing Services Limited	Limited liability company	United Kingdom	United Kingdom	13,564,002 ordinary shares of British Pound ("GBP") 1 each	**100 (1)**	100 (1)	Assembly of electronic components
Axiom MS Limited	Limited liability company	United Kingdom	United Kingdom	1,000 ordinary shares of GBP1 each	**100 (1)**	100 (1)	Property holding
Cityhill Limited	Limited liability company	Cayman Islands	Hong Kong	1 ordinary share of US$1 each	**100**	100	Investment holding
Comp International Limited	Limited liability company	British Virgin Islands	Hong Kong	64,300 ordinary shares of US$1 each	**100**	100	Dormant
Comp Media and Advertising Limited	Limited liability company	Hong Kong	Hong Kong	200 ordinary shares of HK$200	**100 (2)**	100 (2)	Dormant

18. INTERESTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries as at 31 December 2024 and 2023 are as follows: (Continued)

Company	Form of business structure	Place of incorporation	Place of operations	Issued/registered share capital	Percentage of issued share capital held by the Group 2024 %	2023 %	Principal activities
Elate Graphite Limited	Limited liability company	Hong Kong	Hong Kong	1 ordinary share of HK$1	**100 (1)**	100 (1)	Manufacture and sales of graphite products
Great Admirer Limited	Limited liability company	Hong Kong	Hong Kong	200 ordinary shares of HK$200	**100**	100	Investment holding and securities trading and development of cultural industry and multi-media production
Greeve Limited	Limited liability company	United Kingdom	United Kingdom	700 ordinary shares of GBP1 each	**100 (1)**	100 (1)	Design and manufacturing
GoMeta Limited	Limited liability company	Hong Kong	Hong Kong	20,000 ordinary shares of HK$200,000 (2023: 10,000 ordinary shares of HK$100,000)	**N/A (3)**	100	Dormant

(1) Held indirectly

(2) 99.5% held directly and 0.5% held indirectly

(3) During the year ended 31 December 2024, GoMeta Limited issued and allotted 10,000 ordinary shares at a consideration of HK$100,000 to an independent third party. After the allotment, GoMeta Limited became a joint venture of the Group.

19. INTERESTS IN JOINT VENTURES

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with the joint venture. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Details of the Group's interests in joint ventures are as follows:

	2024 **US$'000**	2023 US$'000
Share of net assets	**1**	–
Amount due from a joint venture	**3,558**	3,558
Less: Provision for impairment (see below)	**(3,558)**	(3,558)
	1	–

As at 31 December 2024 and 2023, the directors of the Company considered the amount due from the joint venture is credit-impaired, and accordingly full amount of impairment was recognised.

The following table reconciles the impairment allowance of amount due from a joint venture for the year:

	2024 **US$'000**	2023 US$'000
At 1 January	**3,558**	2,323
Impairment loss on amount due from a joint venture	**–**	1,235
At 31 December	**3,558**	3,558

19. INTERESTS IN JOINT VENTURES (Continued)

As at 31 December 2024 and 2023, the Group have interests in the following joint ventures:

Company	Place of incorporation	Place of operations	Issued/registered share capital	Percentage of issued share capital held by the Group 2024 %	2023 %	Principal activities
Gold Gold Gold Limited *(Note (a))*	Hong Kong	Hong Kong	10,000 ordinary shares of HK$10,000	**50**	50	Trading of gold
GoMeta Limited *(Note (b))(Note 18(3))*	Hong Kong	Hong Kong	20,000 ordinary shares of HK$200,000 (2023: 10,000 ordinary shares of HK$100,000)	**50**	N/A	Dormant

(a) The primary activity of Gold Gold Gold Limited is trading of gold, which is in line with the Group's strategy to explore new business opportunities.

(b) During the year, the Group entered into a capital issue agreement with independent third parties for GoMeta Limited, its wholly owned subsidiary. After the completion of the transaction, GoMeta Limited became a joint venture company, which is currently dormant.

The Group has discontinued recognition of its share of losses of the joint venture. The amounts of unrecognised share of the joint venture, extracted from the relevant management accounts of the joint venture, both for the year and cumulatively, are as follows:

	2024 US$'000	2023 US$'000
Accumulated unrecognised share of losses of the joint venture in prior years	**2,071**	1,858
Unrecognised share of net losses of the joint ventures for the year	**217**	213
	2,288	2,071

19. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the joint ventures, adjusted for any differences in accounting policies, is presented below:

	2024	2023
	US$'000	US$'000
As at 31 December		
Non-current assets	**–**	10
Current assets	**158**	169
Non-current liabilities	**(4,511)**	(4,316)
Current liabilities	**(624)**	(406)
Net liabilities	**(4,977)**	(4,543)
Included in the above amounts are:		
Cash and cash equivalents	**15**	49
Year ended 31 December		
Revenue	**75**	17
Loss from operating activities	**(434)**	(426)
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**(434)**	(426)
Included in the above amounts are:		
Depreciation and amortisation	**1**	1
Finance costs	**222**	216

20. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior years.

	Depreciation US$'000	**Intangible assets** US$'000	**Total** US$'000
At 1 January 2023	686	9	695
Credited to profit or loss *(note 12)*	(3)	(10)	(13)
Exchange differences	39	1	40
At 31 December 2023 and 1 January 2024	722	–	722
Credited to profit or loss *(note 12)*	(215)	–	(215)
Exchange differences	(8)	–	(8)
At 31 December 2024	**499**	**–**	**499**

Deferred tax asset has not been recognised for the following:

	2024 **US$'000**	2023 US$'000
Unused tax losses	**5,465**	5,318

The unused tax losses are subject to the final assessment by the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams.

21. INVENTORIES

	2024 US$'000	2023 US$'000
Raw materials	**16,495**	318,236
Work in progress	**3,312**	6,308
Finished goods	**2,472**	2,515
	22,279	327,059

The amount of inventories expected to be recovered after more than one year is US$Nil (2023: US$294,601,000). All of the other inventories are expected to be recovered within one year.

During the year, the Group's graphite ores in Madagascar were fully disposed of.

22. TRADE RECEIVABLES

	2024 US$'000	2023 US$'000
Trade receivables	**347,348**	34,819

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.

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

22. TRADE RECEIVABLES (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 31 December 2024, the Group collectively assessed trade receivables and recognised a net impairment loss of US$2,606,000 (2023: US$329,000) on the trade receivables.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables according to their past due dates:

	Expected loss rate	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
At 31 December 2024				
Current	**1%**	**324,178**	**(1,983)**	**322,195**
1 – 30 days	**1%**	**10,788**	**(108)**	**10,680**
31 – 60 days	**2%**	**7,120**	**(139)**	**6,981**
61 – 90 days	**2%**	**3,985**	**(78)**	**3,907**
Over 90 days	**8%**	**3,883**	**(298)**	**3,585**
		349,954	**(2,606)**	**347,348**

	Expected loss rate	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
At 31 December 2023				
Current	0%	28,310	(118)	28,192
1 – 30 days	1%	5,702	(77)	5,625
31 – 60 days	4%	739	(31)	708
61 – 90 days	9%	170	(15)	155
Over 90 days	39%	227	(88)	139
		35,148	(329)	34,819

22. TRADE RECEIVABLES (Continued)

The following table reconciles the impairment allowance of trade receivables for the year:

	2024 US$'000	2023 US$'000
At 1 January	**329**	73
Impairment loss on trade receivables, net	**2,277**	256
At 31 December	**2,606**	329

All receivables are due for settlement no more than 60 days after issue and collectability is reviewed on an ongoing basis.

As at 31 December 2024, the Group holds cryptocurrency at market value of US$300,000,000 as collateral for the receivable with carrying amount of US$296,433,000.

The maximum exposure to credit risk as at 31 December 2024 was the carrying amount mentioned above.

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	2024 US$'000	2023 US$'000
Other deposits and prepayments	**679**	589
Other receivables	**1,484**	1,504
	2,163	2,093

For the balances of other receivables, deposits and prepayments, the Group does not hold any collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above. Further details on the Group's credit policy and credit risk arising from other receivables and deposits are set out in note 37(c).

24. COMMODITY

The commodity held by the Group as of 31 December 2024 is as follows:

	2024 US$'000	2023 US$'000
Gold bullion	**1,626**	1,285

Movements during the year is as follows:

	Note	2024 US$'000	2023 US$'000
As at 1 January		**1,285**	1,130
Net unrealised gains, net		**342**	155
Exchange difference		**(1)**	–
As at 31 December	*(i)*	**1,626**	1,285
Total unrealised gains recognised in profit or loss related to commodity held by the Group for the year, net		**342**	155

Note:

(i) Commodity held by the Group is gold bullion. Its fair value is based on London Bullion Market morning fixing price ("LBMA Gold Price AM"). Therefore, the commodity is classified as Level 1 investments in the fair value hierarchy.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Movements during the year is as follows:

	Notes	2024 US$'000	2023 US$'000
As at 1 January		**4,442**	1,446
Disposals		**(7)**	(8)
Net unrealised gains	*(i)*	**39,240**	3,004
As at 31 December	*(ii)*	**43,675**	4,442
Total net gains recognised in profit or loss related to financial assets at FVTPL held by the Group for the year		**39,240**	3,004

Notes:

(i) During the year ended 31 December 2024, the Group recognised unrealised gains on listed securities of US$39,240,000 (2023: US$3,004,000).

(ii) The maximum exposure to credit risk as at 31 December 2024 and 2023 is the carrying amounts mentioned above. In general, the Group does not hold any collateral or other credit enhancements over these balances.

26. TRADE PAYABLES

	2024 US$'000	2023 US$'000
Trade payables	**11,410**	10,557

The ageing analysis of the trade payables is as follows:

	2024 US$'000	2023 US$'000
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
	11,410	10,557

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases ranged from 30 to 90 days.

27. OTHER PAYABLES AND ACCRUALS

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

	2024 **US$'000**	2023 US$'000
Other payables	**3,809**	4,369
Accruals	**1,099**	2,355
Other tax payable	**1,716**	278
	6,624	7,002

28. CONTRACT LIABILITIES

	2024 **US$'000**	2023 US$'000
Contract liabilities arising from:		
Sales of graphite products	**129**	387

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sale of graphite products

As noted above, the receipts in advance received from the customers remains as a contract liability until the goods have been transferred and accepted by the customer.

	2024 **US$'000**	2023 US$'000
At 1 January	**387**	1
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(387)**	(1)
Increase in contract liabilities as a result of amounts received in advance from customers for goods that have not yet been transferred and/or not yet accepted by the customer	**129**	387
At 31 December	**129**	387

29. CONVERTIBLE DEBENTURES

Convertible Debenture 2028

On 25 April 2018, the Company entered into a subscription agreement with China Minerals International Limited ("CMI") for an aggregate amount of HK$600 million 0% interest convertible debentures due on 25 April 2028 ("Convertible Debenture 2028"). CMI shall have the right to make subscription and conversion of Convertible Debenture 2028 in whole or in part in multiples of HK$10,000 within the conversion period.

The Company will issue the portion of debenture which is fully paid. CMI has the right to convert at HK$0.06 per share before the consolidation of shares as set out in note 30 becoming effective on 16 December 2022. The outstanding news shares may be issued was 8,208,500,000. After the consolidation of shares becoming effective, the conversion price becomes HK$1.20 per share and new shares may be issued are 410,425,000.

During the years ended 31 December 2024 and 2023, no Convertible Debenture 2028 was issued by the Company.

It is the mutual agreement between the Company and the subscribers of the convertible debentures that immediate upon each subscription, the issued convertible debenture would be converted into shares of the Company.

Upon each conversion, the fair value of the issued convertible debentures (i.e. the amount received by the Company) was immediately be reclassified to the Company's share capital and therefore there would be no unconverted issued convertible debentures at the end of each reporting period. Accordingly, as at 31 December 2024 and 2023, no financial liability or equity component is recorded in the consolidated financial statements.

Convertible Debenture 2030

On 26 April 2024, the Company entered into a subscription agreement with Mr. Zhang Zheng ("Mr. Zhang"), an independent third party, for an aggregate amount of HK$21 million 0% interest convertible debentures due on 26 April 2030 ("Convertible Debenture 2030"). Mr. Zhang shall have the right to make subscription and conversion of Convertible Debenture 2030 in whole or in part in multiples of HK$10,000 within the conversion period.

The Company will issue the portion of debenture which is fully paid. Mr. Zhang has the right to convert at HK$0.3 per share.

During the year ended 31 December 2024, the Company issued Convertible Debenture 2030 in the aggregate principal amount, net of expenses, of approximately HK$1,260,000 (equivalent to US$161,000). Immediately following the issue of the Convertible Debenture 2030, 4,200,000 shares of the Company were issued.

29. CONVERTIBLE DEBENTURES (Continued)

Convertible Debenture 2030 (Continued)

It is the mutual agreement between Company and the subscribers of the convertible debentures that immediate upon each subscription, the issued convertible debenture would be converted into shares of the Company.

Upon each conversion, the fair value of the issued convertible debentures (i.e. the amount received by the Company) was immediately be reclassified to the Company's share capital and therefore there would be no unconverted issued convertible debentures at the end of each reporting period. Accordingly, as at 31 December 2024 and 31 December 2023, no financial liability or equity component is recorded in the consolidated financial statements.

30. SHARE CAPITAL

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

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).

31. PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 US$'000	2023 US$'000
Non-current assets			
Property, plant and equipment		**3**	3
Right-of-use assets		**305**	75
Interests in subsidiaries	*18*	**18,712**	21,001
Interests in joint ventures		**1**	–
Financial assets at fair value through profit or loss		**43,431**	4,279
		62,452	25,358
Current assets			
Other receivables, deposits and prepayments		**64**	98
Commodity		**51**	40
Financial assets at fair value through profit or loss		**3**	3
Cash and bank balances		**196**	105
		314	246
Current liabilities			
Other payables and accruals		**450**	449
Lease liabilities		**234**	78
		684	527
Net current liabilities		**(370)**	(281)
Total assets less current liabilities		**62,082**	25,077
Non-current liabilities			
Lease liabilities		**77**	–
NET ASSETS		**62,005**	25,077
CAPITAL AND RESERVES			
Share capital	*30*	**608,505**	608,344
Reserves	*31(a)*	**(546,500)**	(583,267)
		62,005	25,077

On behalf of the directors

FENG ZHONG YUN	**Yan Shao Shi**
Managing Director	*Director*

31. PARENT COMPANY STATEMENT OF FINANCIAL POSITION (Continued)

(a) The movement of reserves during the year is as follows:

	Translation reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2023	128	(582,976)	(582,848)
Loss and total comprehensive income for the year	–	(419)	(419)
At 31 December 2023 and 1 January 2024	128	(583,395)	(583,267)
Profit and total comprehensive income for the year	–	36,767	36,767
At 31 December 2024	**128**	**(546,628)**	**(546,500)**

At 31 December 2024, the Company had no reserves (2023: Nil), as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap.622), available for distribution to shareholders.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash generated from/(used in) operating activities

	Notes	2024 US$'000	2023 US$'000
Profit before income tax expense		**42,264**	1,969
Interest income	*7*	**(70)**	(35)
Interest on lease liabilities	*9*	**19**	32
Fair value gains on financial assets at FVTPL	*25*	**(39,240)**	(3,004)
Unrealised gains on commodity	*24*	**(342)**	(155)
Gain on disposal of items of property, plant and equipment and investment properties	*7*	**(537)**	(6)
Depreciation	*8*	**4,062**	3,993
Amortisation of customer contract	*8*	**–**	50
Impairment loss on amount due from a joint venture	*8*	**–**	1,235
Impairment loss on goodwill	*17*	**–**	171
Impairment loss on trade receivables, net	*8*	**2,277**	256
Operating profit before working capital		**8,433**	4,506
Decrease in inventories		**320,412**	4,976
Increase in trade receivables		**(314,806)**	(17,525)
(Increase)/decrease in other receivables, deposits and prepayments		**(70)**	6,159
Increase/(decrease) in trade payables		**853**	(7,696)
(Decrease)/increase in contract liabilities		**(258)**	386
(Decrease)/increase in other payables and accruals		**(379)**	3,320
Cash generated from/(used in) operating activities		**14,185**	(5,874)
Tax paid		**–**	(118)
Net cash generated from/(used in) operating activities		**14,185**	(5,992)

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	2024 **US$'000**	2023 US$'000
Lease liabilities *(note 16(b))*		
At 1 January	**108**	514
Changes from financing cash flows:		
Repayment of principal portion	**(260)**	(411)
Repayment of interest	**(19)**	(32)
Total changes from financing activities	**(279)**	(443)
Other changes:		
Additions	**463**	–
Interest expense	**19**	32
Exchange differences	**–**	5
At 31 December	**311**	108

(c) Major non-cash transactions

On 21 May 2024, Elate Graphite Limited ("EGL"), an indirectly wholly owned subsidiary of the Company, and Aspect Group Limited ("AGL") entered into an agreement, under which EGL has agreed to dispose of, and AGL has agreed to acquire entire production lines and 390,000 tons graphite ores owned by EGL in Madagascar (the "Assets") at a consideration of US$21,045,651. The consideration is satisfied by way of 30,109 tons of graphite products produced by AGL (the "Graphite Product"). The disposal of the Assets was completed on 18 December 2024.

	18 December 2024 **US$'000**
Cost of the Graphite Product	**19,177**
Carrying amount of the Assets	**(18,640)**
Gain on disposal of the Assets	**537**

33. CAPITAL COMMITMENTS

The Group had no capital commitment as at 31 December 2024 and 2023.

34. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 10(a) and certain of the highest paid employees as disclosed in note 11, is as follows:

	2024 **US$'000**	2023 US$'000
Salaries, allowances and benefits in kind	**2,168**	1,500

Total remuneration is included in "staff costs" as disclosed in note 10(b).

35. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group has no transaction with related party during the years.

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2024	2023
	US$'000	US$'000
Financial assets		
Financial assets at FVTPL	**43,675**	4,442
Financial assets measured at amortised cost		
Trade receivables	**347,348**	34,819
Other receivables and deposits	**1,484**	1,528
Amount due from a joint venture	**–**	–
Cash and bank balances	**12,637**	6,056
	405,144	46,845
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	**11,410**	10,557
Other payables and accruals	**6,624**	7,002
Lease liabilities	**311**	108
	18,345	17,667

37. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and price risk), credit risk and liquidity risk. The Group intends to use a combination of financial instruments to manage its financial risks.

The risk management of the Company, and its subsidiaries, are centralised at head office level in accordance with the Group's risk management policy. The Group identifies, evaluates and monitors financial risks closely with the Group's operating units. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, price risk, credit risk, liquidity risk, use of non-derivative financial instruments and cash management.

(a) *Foreign exchange risk*

The Group's entities have only a small amount of sales that are denominated in currencies other than the functional currency of that group entities. Therefore, the Group is not exposed much to foreign exchange.

The Group's reporting currency is US$. Foreign currency exposures of the Group primarily arise from the Group's operations in the United Kingdom, whose functional currency are GBP. Foreign exchange swaps or forward contract and foreign exchange option may be employed to minimise the net exposure to foreign currency fluctuations.

(b) *Price risk*

The Group is exposed to equity price risk through its investment in listed equity securities in Hong Kong and the United States. The management manage this exposure by maintaining a portfolio of investments with different risk and return profiles.

At 31 December 2024, it is estimated that an increase/decrease of 10%, 30% and 50% in market value of the trading securities, with all other variable held constant, profit for the year and the equity would increase/decrease by US$4,368,000, US$13,103,000 and US$21,838,000 (2023: US$444,000, US$1,333,000 and US$2,221,000) respectively.

The Group is affected by the price volatility of gold bullion. The Group estimates the future reasonably possible market price fluctuations for gold on an overall basis. It is estimated that a reasonably possible strengthening in the LBMA Gold Price AM of 20% at 31 December 2024 would increase the profit for the year and the net assets attributable to owners of the Company by US$325,000; an equal change in the LBMA Gold Price AM in the opposite direction would decrease the profit for the year and the net assets attributable to owners of the Company by an equal but opposite amount. The analysis assumes that all other variables, in particular, interest rates remain constant.

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Credit risk

The credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit risk is primarily attributable to its trade receivables, other receivables and deposits and amount due from a joint venture. The Company's credit risk is primarily attributable to its other receivables and deposits, amounts due from subsidiaries and amount due from a joint venture. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 85% (2023: 56%) and 94% (2023: 91%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Trade receivables

Impairment on trade receivables under the ECLs model is set out in note 22.

The Group and the Company have adopted general approach to measure ECLs on other receivables and deposits, amount due from a joint venture and amounts due from subsidiaries. Under the general approach, the Group and Company apply the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group and Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Group and the Company assess whether a financial asset is credit-impaired. The Group and the Company considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group and the Company has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of country risk and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

Other receivables and deposits

The ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Amount due from a joint venture

Impairment on amount due from a joint venture under the ECLs model is set out in note 19.

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited with credit worthy financial institutions.

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Liquidity risk

Liquidity risk is prudently managed by maintaining sufficient amount of available committed credit facilities. In addition, the Group actively manages and extends its debt maturity profile to ensure that the Group's maturing debt each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year.

The contractual maturity of the lease liabilities is shown on note 16(b). The following non-derivative financial liabilities of the Group are repayable within one year or on demand.

	2024	2023
	US$'000	US$'000
Trade payables	**11,410**	10,557
Other payables and accruals	**6,624**	7,002
	18,034	17,559

The amounts of undiscounted cash flows of the above liabilities are equal to their carrying amounts.

Fair value of financial instruments

The carrying amounts of the Group's financial instruments are as follow:

(i) The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

(iii) The carrying value of bank and cash balances, trade and other receivables and trade and other payables are assumed to approximate their fair values due to the short term maturities of these assets and liabilities.

37. FINANCIAL RISK MANAGEMENT (Continued)

Fair value measurement recognised in the consolidated financial statements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair values measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair values measurement are those derived from inputs other than quoted prices include within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair values measurement are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Recurring fair value measurements:				
Commodity – Gold bullion	**1,626**	**–**	**–**	**1,626**
Financial assets at FVTPL	**43,675**	**–**	**–**	**43,675**
	45,301	**–**	**–**	**45,301**

	2023			
	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
Recurring fair value measurements:				
Commodity – Gold bullion	1,285	–	–	1,285
Financial assets at FVTPL	4,442	–	–	4,442
	5,727	–	–	5,727

During the year, the Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the years ended 31 December 2024 and 2023, there were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy.

38. CAPITAL RISK MANAGEMENT

The purpose of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of debt, which includes obligations under finance leases, cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issuance of new capital shares, convertible debentures or new debts.

The gearing ratio at the end of reporting period was as follows:

	2024 **US$'000**	2023 US$'000
Lease liabilities	**311**	108
Less: cash and bank balances	**(12,637)**	(6,056)
	(12,326)	(5,948)
Equity attributable to owners of the Company	**430,410**	389,658
Net debt to equity ratio	**N/A**	N/A

39. DIVIDEND

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

40. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the following event took place subsequently to 31 December 2024:

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, 5,600,000 shares of the Company, 7,400,000 shares of the Company and 19,000,000 shares of the Company were issued on 6 January 2025, 11 February 2025 and 24 March 2025 respectively.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 28 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

For the years ended 31 December

	2024	2023	2022	2021	2020
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**431,082**	105,682	100,189	101,259	94,713
Profit before income tax expense	**42,264**	1,969	880	6,024	3,624
Income tax expense	**(1,962)**	(154)	(308)	(1,221)	(650)
Net profit attributable to owners of the Company	**40,302**	1,815	572	4,803	2,974

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

As at 31 December

	2024	2023	2022	2021	2020
	US$'000	US$'000	US$'000	US$'000	US$'000
Property, plant and equipment	**12,952**	24,182	25,176	24,468	27,093
Investment properties	**1,693**	9,040	9,311	9,867	8,565
Right-of-use assets	**441**	361	713	694	1,076
Intangible assets	**7,313**	–	220	320	416
Interests in joint ventures	**1**	–	1,235	2,133	1,992
Financial assets at fair value through profit or loss	**43,431**	4,279	1,284	–	–
Current assets	**386,297**	371,475	371,203	370,372	359,925
Total assets	**452,128**	409,337	409,142	407,854	399,067
Total liabilities	**(21,718)**	(19,679)	(23,970)	(19,984)	(16,642)
	430,410	389,658	385,172	387,870	382,425