
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sanergy Group Limited, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s), or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents registered by the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed "Letter from the Board – Proposed Rights Issue – Rights of the Overseas Shareholders" in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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



SANERGY

SANERGY GROUP LIMITED

昇能集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2459)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (2) PROPOSED CHANGE IN BOARD LOT SIZE

Placing Agents

**Simmax Securities Ltd.**
佳富達證券

uSMART Securities
盈立證券

Unless the context requires otherwise, capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The latest time for payment and acceptance of the Rights Shares is at 4:00 p.m. on Friday, 8 August 2025. The procedures for acceptance and transfer of the Rights Shares are set out in the paragraph headed "Letter from the Board – Proposed Rights Issue – Procedures for acceptance, splitting of PAL and payment or transfer" in this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Wednesday, 16 July 2025. Dealings in the Rights Shares in their nil-paid form in the new board lot size of 20,000 Shares will take place from Tuesday, 29 July 2025 to Tuesday, 5 August 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the paragraph headed "Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue" in this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to the Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remains not placed after the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly. There are no applicable statutory requirements under the Cayman law regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Any Shareholder or other person contemplating transferring, selling, purchasing or otherwise dealing with the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue and the Placing may not become unconditional or may not proceed.

25 July 2025

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcement”	the announcement of the Company dated 7 July 2025 in relation to, among other things, the Rights Issue, the Placing Agreement, and the Change in Board Lot Size
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 20,000 Shares
“Companies (WUMP) Ordinance” or “Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Sanergy Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 2459)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agents on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“GAM”	graphite anode materials
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange as amended from time to time
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong “HKSCC” Hong Kong Securities Clearing Company Limited
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	Monday, 7 July 2025, being the last trading day of the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Practicable Date”	Wednesday, 16 July 2025, being the latest practicable date immediately before the publication of this Prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 8 August 2025, or such other time or date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares as described in the Prospectus Documents

DEFINITIONS

“Latest Time for Termination”	4:00 p.m. on Wednesday, 20 August 2025, or such later time or date as may be agreed by the Company and the Placing Agents in writing, being the latest time for termination of the Placing Agreement
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the Main Board of the Stock Exchange
“Net Gain”	any premium over the aggregate amount of (i) the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agents; and (ii) the commission and expenses of the Placing Agents (including any other related costs and expenses), that is realised from the Placing
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) (if any) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“NQS Unsold Rights Shares”	the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Letter from the Board – Proposed Rights Issue – Arrangements for the NQS Rights Shares (if any)” in this Prospectus
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional persons, institutional, corporate or individual investor(s), who and whose respective ultimate beneficial owner(s) shall be Independent Third Party(ies) and are independent of and not acting in concert with any of the connected persons of the Company and their respective associates, procured by the Placing Agents and/or their respective sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 570,000,000 Unsubscribed Rights Shares by the Placing Agents and/or their respective sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agents”	uSMART Securities Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and Sinomax Securities Limited, a licensed corporation carrying out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being the placing agents appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 7 July 2025 entered into between the Company and the Placing Agents in relation to the Placing
“Posting Date”	Friday, 25 July 2025, or such other date as the Company may determine, being the date of despatch of the Prospectus Documents
“PRC” or “China”	People’s Republic of China
“Prospectus” or “this Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)

DEFINITIONS

“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules which requires, <i>inter alia</i> , that at least 25% of the issuer’s total number of issued shares (excluding treasury shares) must at all times be held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 24 July 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to 570,000,000 new Shares (assuming no change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.08 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“UHP graphite electrodes”	ultra high power graphite electrodes, a term used in the global graphite electrode market, which can generally withstand current densities greater than 25 ampere per square centimeter
“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Unsold Rights Shares
“U.S.”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of the U.S.
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue, the Change in Board Lot Size and the Placing set out below is indicative only. The expected timetable is subject to change and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Date
Effective date of change in board lot size from 2,000 Shares to 20,000 Shares	Tuesday, 29 July 2025
First day of dealings in nil-paid Rights Shares in the new board lot size of 20,000 Shares	Tuesday, 29 July 2025
Designated broker starts to stand in the market to provide matching services for odd lots of shares	9:00 a.m. on Tuesday, 29 July 2025
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 31 July 2025
Last day of dealings in nil-paid Rights Shares in the new board lot size of 20,000 Shares	Tuesday, 5 August 2025
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Friday, 8 August 2025
Latest time for payment for and acceptance of Rights Shares	4:00 p.m. on Friday, 8 August 2025
Announcement of the number of the Unsubscribed Rights Shares subject to the Compensatory Arrangements	Tuesday, 12 August 2025
Commencement of the placing of the Unsubscribed Rights Shares by the Placing Agents.	Wednesday, 13 August 2025
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Monday, 18 August 2025

EXPECTED TIMETABLE

Event	Date
Latest time for the placing of the Unsubscribed Rights Shares by the Placing Agents	4:00 p.m. on Tuesday, 19 August 2025
Latest time for terminating the Placing Agreement	4:00 p.m. on Wednesday, 20 August 2025
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares)	Monday, 25 August 2025
Despatch of Share certificates for fully-paid Rights Shares	Tuesday, 26 August 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated	Tuesday, 26 August 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 27 August 2025
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders and net proceeds from the sale of nil-pail Rights Shares to the relevant Non-Qualifying Shareholders (if any)	Tuesday, 2 September 2025

All times and dates specified in this Prospectus refer to Hong Kong local times and dates. The dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Friday, 8 August 2025, the dates mentioned in this section above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



SANERGY

SANERGY GROUP LIMITED

昇能集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2459)

Executive Directors:

Mr. Peter Brendon Wyllie (*Chairman*)

Mr. Hou Haolong

Mr. Adriaan Johannes Basson

Non-executive Director:

Mr. Wang Ping

Independent non-executive Directors:

Ms. Chan Chore Man Germaine

Mr. Cheng Tai Kwan Sunny

Mr. Ngai Ming Tak Michael

Registered office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Headquarters and principal place of
business in China:*

3 East Industrial Road

Hongzhou Industrial Park

Huixian Industries Concentration Zone

Xinxiang, Henan

China

Principal place of business in Hong Kong:

Room 2602, 26th Floor

China Resources Building

26 Harbour Road, Wanchai

Hong Kong

25 July 2025

To the Qualifying Shareholders,

and for information purpose only, the Non-Qualifying Shareholders,

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1)
RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND
(2) PROPOSED CHANGE IN BOARD LOT SIZE**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue, the Placing and the Change in Board Lot Size.

LETTER FROM THE BOARD

On 7 July 2025, the Company proposed to raise gross proceeds of up to approximately HK\$45.6 million by way of the issue of up to 570,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.08 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$44.5 million (assuming no change in the number of Shares in issue on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Any Unsubscribed Rights Shares remain not placed after the completion of the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue and the Change in Board Lot Size, including the procedures for acceptance of the Rights Shares provisionally allotted to the Qualifying Shareholders; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other information of the Group.

PROPOSED RIGHTS ISSUE

On 7 July 2025, the Company proposed to raise gross proceeds of up to approximately HK\$45.6 million by way of the issue of up to 570,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.08 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$44.5 million (assuming no change in the number of Shares in issue on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full). Further details of the Rights Issue are set out below:

Issue Statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.08 per Rights Share
Net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue):	approximately HK\$0.078 per Rights Share (on the basis of full acceptance of the Rights Shares by all Qualifying Shareholders)
Number of Shares in issue as at the Latest Practicable Date:	1,140,000,000 Shares

LETTER FROM THE BOARD

Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 570,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to US\$5,700,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 1,710,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$45.6 million before deduction of the costs and expenses which the Company will incur in the Rights Issue

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 570,000,000 Rights Shares proposed to be issued and allotted pursuant to the Rights Issue, representing: (i) approximately 50% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of 25% or more on its own.

Irrevocable Undertaking

As at the Latest Practicable Date, the Board has not received any information or undertaking from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue.

LETTER FROM THE BOARD

Non-underwritten Basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There is no minimum amount to be raised under the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under the PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to the Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remains not placed after completion of the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price is HK\$0.08 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 48.7% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 55.6% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 56.3% to the average closing price of approximately HK\$0.183 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 56.7% to the average closing price of approximately HK\$0.185 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (v) a discount of approximately 45.5% to the theoretical ex-rights price of approximately HK\$0.147 per Share, based on the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 89.0% to the latest published consolidated net asset value per Share as at 31 December 2024 of approximately HK\$0.724 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately US\$105,751,000 and 1,140,000,000 Shares in issue as shown in the annual report of the Company published on 16 April 2025); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 18.8%, represented by the theoretical diluted price of approximately HK\$0.149 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.18 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.183 per Share) of approximately HK\$0.183 per Share.

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the paragraph headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this section below.

Considering that (i) the dilution effect complies with the Listing Rules, despite being at a relatively large discount to the closing prices; (ii) the discount to the closing prices is intended to provide more flexibility so that to attract more Shareholders to participate in the Rights Issue given that the Rights Issue is conducted in a non-underwritten basis and mitigate the dilution effect on non-participation Shareholders, the Board believes that the Subscription Price is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimising possible dilution impact.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The completion of the Rights Issue is conditional upon:

- (i) the Listing Committee having granted or agreed to grant (subject to allotment) and not having withdrawn or revoked the listing of and the permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (ii) the provision to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) the Prospectus Documents be made available to the Qualifying Shareholders and the Prospectus be made available to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (iv) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect before completion of the Placing.

All the conditions precedent above cannot be waived. If the conditions precedent set out in the above paragraphs are not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, condition (v) has not been triggered and none of the other conditions above has been satisfied.

As the Rights Issue is subject to the above conditions, it may or may not proceed.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy and any other applicable fees and charges in Hong Kong.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 17 July 2025. The last day for dealing in the Shares on a cum-rights basis was Tuesday, 15 July 2025. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Latest Time for Acceptance. Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as mentioned in the paragraph headed "Fractions of Rights Shares" in this section below.

LETTER FROM THE BOARD

Rights of the Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Whether the Overseas Shareholders are eligible to take part in the Rights Issue is explained below.

As at the Record Date, based on the register of members of the Company, there were 20 Overseas Shareholders with registered address located outside Hong Kong, details of which are set out below:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregate number of Shares held by Overseas Shareholder(s) in the jurisdiction	Approximate percentage of issued share capital of the Company
The PRC	20	60,682,239	5.32%

Save for the above Overseas Shareholders with registered address located in the PRC, there was no other Overseas Shareholder based on the register of members of the Company as at the Record Date.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant overseas jurisdiction. On the basis of the results of such enquiries obtained, the Directors are of view that there are no legal restrictions on the Company under the laws of or the requirements of the relevant regulatory bodies or stock exchange in the PRC with respect to the offer of the Rights Shares to the Overseas Shareholders with registered address in such jurisdiction as at the Record Date. Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the PRC and such Overseas Shareholders are considered as Qualifying Shareholders.

LETTER FROM THE BOARD

In view of the aforesaid, there was no Non-Qualifying Shareholder on the Record Date.

It is the responsibility of any Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territories and jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

Arrangements for the NQS Rights Shares (if any)

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agents to the Placees under the Placing. Any Unsubscribed Rights Shares remains not placed after completion of the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Board pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to the Placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

LETTER FROM THE BOARD

The Company has appointed the Placing Agents to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Placees, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the commission and expenses of the Placing Agents (including any other related costs and expenses), that is realised from the Placing will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agents will procure, by not later than 4:00 p.m. on Tuesday, 19 August 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

Distribution of the Prospectus Documents

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Non-Qualifying Shareholders (if any). The Company will not send any PALs to the Non-Qualifying Shareholders (if any).

LETTER FROM THE BOARD

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of nil-paid rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with nil-paid rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of nil-paid rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid rights or fully-paid Rights Shares or to take up any entitlements to nil-paid rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

LETTER FROM THE BOARD

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained.

Procedures for acceptance, splitting of PAL and payment or transfer

A PAL is a form of temporary document of title and will be despatched in printed form to the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 8 August 2025 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Expected Timetable – Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "SANERGY GROUP LIMITED – PROVISIONAL ALLOTMENT ACCOUNT" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 8 August 2025, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 31 July 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in this section is not fulfilled at or prior to the respective time stipulated therein or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 26 August 2025.

Cheques and cashier orders

All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares, whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to you only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any PAL and/or relevant remittance received.

LETTER FROM THE BOARD

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of HKSCC, the HKSCC Operational Procedures and any other applicable requirements of CCASS.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” in this section, share certificates for all fully-paid Rights Shares are expected to be posted on or about Tuesday, 26 August 2025 by ordinary post to the allottees, at their own risk, to their registered addresses. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

If the Rights Issue does not become unconditional, refund cheques will be posted on or before Tuesday, 26 August 2025 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. One share certificate will be issued for all the Rights Shares allotted to an applicant.

LETTER FROM THE BOARD

Application for listing of the Rights Shares

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. Nil-paid Rights are expected to be traded in new board lot size as the Shares, i.e., 20,000 shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any other stock exchange. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

On 7 July 2025 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents has agreed to, on a best effort basis, procure Placee(s) to subscribe for the Unsubscribed Rights Shares. Further details of the Placing Agreement are set out below:

Date:	7 July 2025 (after trading hours)
Placing agents:	<p>uSMART Securities Limited and Sinomax Securities Limited were appointed as the placing agents to place, or procure the placing of, up to 570,000,000 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) to the Placee(s).</p> <p>The Placing Agents and their respective ultimate beneficial owners are Independent Third Parties. The Placing Agents have also undertaken that before it engages sub-placing agent(s) to place the Unsubscribed Rights Shares, it will confirm with the Company and such sub-placing agent(s) that these sub-placing agent(s) and their ultimate beneficial owners are Independent Third Parties.</p>
Placing commission:	<p>The commission payable to the Placing Agents shall be (i) 3.5% of the actual gross proceeds from the placing of the Unsubscribed Rights Shares actually procured by them respectively; and (ii) a discretionary commission up to HK\$1.0 million. The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.</p>
Placing price of the Unsubscribed Rights Shares:	<p>The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.</p> <p>The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.</p>

LETTER FROM THE BOARD

Placees:

The Placing Agents undertakes to use its best endeavour to procure that (i) the Unsubscribed Rights Shares shall only be placed to professional persons, institutional, corporate or individual investor(s) who and whose respective ultimate beneficial owner(s) shall be Independent Third Parties and are not acting in concert with any of the connected persons of the Company and their respective associates; (ii) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.

Ranking of Unsubscribed Rights Shares:

The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Placing conditions:

The Placing is subject to and conditional upon (i) the listing of, and permission to deal in, the Rights Shares granted by the Listing Committee of the Stock Exchange; (ii) the Rights Issue having become unconditional; (iii) none of the representations, warranties or undertakings in the Placing Agreement being or having been untrue, inaccurate or misleading in any material respect; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

Placing end date:

4:00 p.m. on Wednesday, 20 August 2025 or such other date as the Company and the Placing Agents may agree.

LETTER FROM THE BOARD

Termination:

If any of the following events occur at any time prior to the Latest Time for Termination, the Placing Agents may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Latest Time for Termination, terminate the Placing Agreement without liability to the other parties hereto or any thereof, and the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agents there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

LETTER FROM THE BOARD

- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agents is material in the context of the Placing; or
- (e) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise and which in the Placing Agents' reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue.

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agents and the Company with reference to the size of the Rights Issue. The basis of the placing commission was determined with reference to: (i) the gross proceeds of the Rights Issue of up to approximately HK\$45.6 million (assuming no change in the number of Shares in issue on or before the Record Date); (ii) the existing financial position of the Group; and (iii) the prevailing market conditions of the capital market in Hong Kong.

Due to uncertainty in the subscription level of the Rights Issue, the Directors are of the view that a mixed fee structure comprising a variable component and a discretionary component is fair and reasonable as it balances the interests of the Company and the Placing Agents. The variable component incentivizes the Placing Agents to maximize the number of Shares placed by them, aligning their efforts with the Company's objective of achieving a successful fundraising outcome. The Directors are of the view that the variable component setting at 3.5% of the gross fund raised is reasonable and in line with that of the recent placing transactions in the capital market in Hong Kong from January 2025 to June 2025, where variable commissions typically range from approximately 1.0% to 5.0% of the gross funds raised. The discretionary component on the other hand provides flexibility to reward exceptional performance or additional efforts by the Placing Agents. The Directors will make reference to the market condition and market trend and the actual performance of each Placing Agent in deciding the discretionary commission in such cases. Additionally, the discretionary component serves as a compensatory mechanism in cases where the subscription level of the Rights Issue is exceptionally high, leaving only a limited number of Shares available for the Placing. In such case, the discretionary commission ensures fair remuneration for the Placing Agents, covering their operational costs and sustaining their commitment to the process.

The Directors consider that the terms of the Placing Agreement, including the placing commission, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is a global manufacturer of UHP graphite electrodes with a worldwide customer base in over 25 countries comprising major global electric arc furnace steel manufacturers in the Americas, Europe, the Middle East and Africa, Asia Pacific and the PRC that sell their products to the automotive, infrastructure, construction, appliance, machinery, equipment and transportation industries.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of graphite electrodes.

The estimated expenses of the Rights Issue (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges but excluding the placing commission) are estimated to be approximately HK\$1.1 million and will be payable by the Company. Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, it is expected that the maximum gross proceeds and net proceeds from the Rights Issue will be approximately HK\$45.6 million and HK\$44.5 million, respectively. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$20.1 million (representing approximately 45% of the net proceeds) would be applied towards the operation of graphite electrodes business, including but not limited to (a) procurement of raw materials and/or graphite electrodes, (b) payment for subcontracting and conversion cost, and (c) other operating and overhead costs. The production of graphite electrodes has a relatively long production cycle of three to five months. Given the Group typically does not charge upfront payments from its customers, it is obliged to bear the upfront costs for certain parts of its business. As such, the graphite electrode business is generally expected to have a cash conversion cycle of up to six to eight months, depending on the customers' credit terms and geographical locations. In view of the above, the Company intends to apply the net proceeds of approximately HK\$20.1 million to fund the Group's operation costs;
- (ii) approximately HK\$11.1 million (representing approximately 25% of the net proceeds) would be applied towards the development and expansion of graphite electrodes business and/or GAM business, including but not limited to (a) upgrades and expansion of production facilities to enhance efficiency and reduce costs in the long run, and (b) investment in projects that generate strategic synergies for the Group; and
- (iii) approximately HK\$13.3 million (representing approximately 30% of the net proceeds) would be applied towards the replenishment of liquidity and general corporate purposes.

LETTER FROM THE BOARD

Assuming that (i) there is no change in the number of issued Shares on or before the Record Date; (ii) no Rights Shares to be issued under the Rights Issue were taken up; and (iii) all the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements, the maximum placing commission (including discretionary commission) would be approximately HK\$2.6 million, and the net proceeds from the Rights Issue will be reduced to approximately HK\$41.9 million. In such event and in the event that there is an undersubscription of the Rights Issue, the net proceeds from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above. The Company expects to fully utilise the net proceeds from the Rights Issue by the end of 2026.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company. In addition, bank borrowings may require the provision of security and creditors will rank before the Shareholders. Meanwhile, placing of new shares dilutes the interests of existing Shareholders without offering them the opportunity to take part in the enlarged share capital base of the Company. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders the opportunity to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue.

Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholder with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom. The Rights Issue represents a good opportunity to raise additional funds through the equity market and will enhance the Group's financial strength without the ongoing burden of interest expenses, and also offer all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company.

Having considered the above, the Directors are of the view that the Rights Issue is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Directors confirmed that the expected proceeds from the Rights Issue are sufficient to satisfy the Group's funding need and currently there will be no further fund raising plan in the next 12 months.

LETTER FROM THE BOARD

FUND RAISING ACTIVITY OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company had conducted the following equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund-raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 September 2024	Placing of existing Shares and top-up subscription of new Shares under general mandate	HK\$16.0 million	(a) approximately 50% for development of graphite electrodes business, including but not limited to (i) procurement of raw materials and/or graphite electrodes, (ii) payment for subcontracting and conversion cost and (iii) other operating and overhead costs, and (b) approximately 50% for replenishment of liquidity and general corporate purposes	Fully utilised as intended
8 October 2024	Placing of existing Shares and top-up subscription of new Shares under general mandate	HK\$30.7 million	(a) approximately 50% for development of graphite electrodes business, including but not limited to (i) procurement of raw materials and/or graphite electrodes, (ii) payment for subcontracting and conversion cost, (iii) other operating and overhead costs and (iv) production facility upgrades, and (b) approximately 50% for replenishment of liquidity and general corporate purposes	Fully utilised as intended

Save as the abovementioned, the Company had not conducted any other equity fundraising exercise in the past 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements, and there is no change to the total issued share capital of the Company from the Latest Practicable Date up to and including the date of completion of the Rights Issue (other than the issue of the Rights Shares):

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Otautahi Capital Inc. (Note)	109,212,000	9.58	163,818,000	9.58	109,212,000	6.38	109,212,000	9.58
Mr. Peter Brendon Wyllie	144,000	0.01	216,000	0.01	144,000	0.01	144,000	0.01
Other shareholders	1,030,644,000	90.41	1,545,966,000	90.41	1,030,644,000	60.27	1,030,644,000	90.41
Placees	–	–	–	–	570,000,000	33.34	–	–
Total	<u>1,140,000,000</u>	<u>100.00</u>	<u>1,710,000,000</u>	<u>100.00</u>	<u>1,710,000,000</u>	<u>100.00</u>	<u>1,140,000,000</u>	<u>100.00</u>

Note:

The Shares were held by Otautahi Capital Inc. which is wholly-owned by Otautahi Holdings Limited. Otautahi Holdings Limited is wholly-owned by Otautahi Enterprises Trust Company Limited. Otautahi Enterprises Trust Company Limited is the trustee of Otautahi Enterprises Trust, which is a discretionary trust established by Otautahi Enterprises Trust Company Limited as the trustee and Mr. Hou Haolong is one of the beneficiaries of Otautahi Enterprises Trust. Accordingly, they are deemed to be interested in the Shares held by Otautahi Capital under the SFO.

Shareholders and potential investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

Based on the public information available to the Board, as at the Latest Practicable Date, the Company's public float complies with the Public Float Requirement. To the best of the Directors' knowledge, information and belief, the Company will still meet the Public Float Requirement upon the completion of the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in the board lot size of 2,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Tuesday, 29 July 2025.

REASONS FOR AND BENEFITS OF THE CHANGE IN BOARD LOT SIZE

The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 has stated that, among others, taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

As at the Latest Practicable Date, based on the closing price per Share of HK\$0.156, the market value of each existing board lot of 2,000 Shares was HK\$312, which was below the HK\$2,000 threshold. With a view to enable the Company to comply with the trading requirements under the Listing Rules, namely, the expected value per board lot should be greater than HK\$2,000, each board lot shall increase from 2,000 Shares to 20,000 Shares. Upon the Change in Board Lot Size becoming effective, and based on the closing price per Share of HK\$0.156 as at the Latest Practicable Date, the market value of each board lot of 20,000 Shares is calculated to be HK\$3,120. Shareholders should note that Shareholders' approval is not required for the Change in Board Lot Size.

To facilitate the trading of odd lots of Shares which will arise upon the Change in Board Lot Size, the Company has appointed uSMART Securities Limited to stand in the market to provide matching services for the sale and purchase of odd lots of Shares on a best effort basis. Holders of Shares in odd lots who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Sam Chan at (852) 3018 4526 during the period from 9:00 a.m. on Tuesday, 29 July 2025 to 4:00 p.m. on Monday, 18 August 2025, both days inclusive. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its/their own professional advisers.

All existing share certificates in board lot of 2,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 2,000 shares to new share certificate in board lot size of 20,000 shares is necessary. The Change in Board Lot Size will not affect any of the relative rights of the Shareholders. The Board considers that the Change in Board Lot Size is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period; (ii) the Rights Issue will not increase the number of issued Shares (excluding treasury shares) or the market capitalisation of the Company by more than 50%; and (iii) the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under Chapter 7 and Chapter 14A of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders should note that the Shares have been dealt in on an ex-right basis from Wednesday, 16 July 2025. Dealings in the Rights Shares in the nil-paid form in the new board lot size of 20,000 Shares will take place from Tuesday, 29 July 2025 to Tuesday, 5 August 2025 (both dates inclusive).

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Listing Committee having granted or agreed to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Rights Shares and/or the nil-paid Rights Shares.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Any Unsubscribed Rights Shares remain not placed after completion of the Placing under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board
Sanergy Group Limited
Peter Brendon Wyllie
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Company is disclosed in the annual reports of the Company for the years ended 31 December 2022 (pages 44 to 120), 2023 (pages 50 to 116) and 2024 (pages 51 to 120), which are published on 25 April 2023, 25 April 2024 and 16 April 2025 respectively. The abovementioned financial information is available on the website of the Company at www.sanergygroup.com/ and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2022 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042502783.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2023 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042503787.pdf>); and
- (c) the annual report of the Company for the year ended 31 December 2024 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0416/2025041600319.pdf>).

2. INDEBTEDNESS**Borrowings**

As of the close of business on 31 May 2025, being the Latest Practicable Date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group had outstanding borrowings of approximately US\$28,173,000. These borrowings comprised:

- (a) Secured and unguaranteed bank borrowings of approximately US\$2,500,000, of which was secured by bank deposits of US\$1,000,000;
- (b) Unsecured and guaranteed bank borrowings of approximately US\$5,630,000;
- (c) Unsecured and unguaranteed bank borrowings of approximately US\$17,705,000;
- (d) secured and unguaranteed other borrowing of approximately US\$244,000, of which was secured by certain property, plant and equipment with carrying amount of US\$1,042,000;
- (e) Unsecured and unguaranteed amount due to a shareholder of approximately US\$616,000; and
- (f) Unsecured and unguaranteed lease liabilities amounting to approximately US\$1,478,000.

As at 31 May 2025, other than bank deposits amounting to US\$1,000,000 as set out in (a), and approximately US\$4,000,000 has been pledged to secure certain notes payables. In addition, in pursuant to certain facilities arrangements entered into between the Group and an independent party, the Group pledged its 100% shares of certain subsidiaries of the Group, certain trade receivables, certain property, plant and equipment and industrial leasehold land with carrying amounts of US\$1,744,000, US\$19,680,000 and US\$3,576,000, respectively.

Contingent liabilities

As at 31 May 2025, being the Latest Practicable Date for the purpose of the indebtedness statement, the Group did not have any other material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as of the close of business on 31 May 2025, being the Latest Practicable Date for the purpose of the indebtedness statement, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees, material covenants, or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

As of the close of business on 31 May 2025, the Group had interest-bearing bank and other borrowings amounting to approximately US\$26,079,000, of which a carrying amount of approximately US\$4,758,000 is in ongoing restructuring process with the relevant bank and classified as current liabilities. In connection with this borrowing, the Company had negotiated with the relevant bank to vary the terms of the borrowing, and the bank had agreed to initiate the loan restructuring process before the original repayment schedule. As of the date of this Prospectus, the restructuring process is still ongoing. The Directors are confident that the process will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the bank borrowings, the Directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group and the Group's ability to continue as a going concern.

The Directors, after due and careful considerations, are of the opinion that, after taking into account the financial resources presently available to the Group including internally generated financial resources and presently available credit facilities, and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of publication of this Prospectus.

The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Group is a global manufacturer of UHP graphite electrodes with a worldwide customer base in over 25 countries comprising major global electric arc furnace steel manufacturers in the Americas, Europe, the Middle East and Africa, Asia Pacific and the PRC that sell their products to the automotive, infrastructure, construction, appliance, machinery, equipment and transportation industries.

Business Review

The global steel industry faced various challenges in 2024, navigating macroeconomic headwinds and geopolitical uncertainty. The world's crude steel production for the 71 countries reporting to the World Steel Association (which accounted for approximately 98% of total world crude steel production) during 2024 demonstrated an overall decreasing trend and recorded a decrease of 0.9% as compared to 2023, among which North America and the PRC decreased by 4.2% and 1.7%, respectively. The overall slowdown in steel production suppressed the downstream demand for graphite electrode products. Against this backdrop, the Group recorded revenue of approximately US\$57.0 million during FY2024, representing a decrease of approximately 21.2% as compared to FY2023 due to global economic uncertainties and heightened competitive pressures throughout FY2024. The Group achieved a commendable sales volume growth of over 6%, increasing from 17,015 MT in FY2023 to 18,141 MT in FY2024. This achievement reflects the Group's commitment to maintaining market competitiveness despite global economic uncertainties and heightened competitive pressures. Additionally, our proactive efforts to reduce inventory levels have strengthened our working capital position. The Group has been able to reduce the average unit cost of sales by 2.6% as compared to FY2023, primarily driven by our production cost control measures.

However, due to the problems primarily in the European market as a result of the uncertainty and disruption caused by the Ukrainian/Russian conflict to extant supply chains to the Group's Italian factory, the pricing dynamics observed across most regions resulted in a significant decrease of 26.1% in the average selling price of graphite electrodes. Additionally, the continuation of high energy costs in the European market has eroded any potential gross profit from cost control measures, which is at least partially attributable to the ongoing Ukrainian/Russian conflict.

While the increase in sales volumes contributed to a higher total cost of sales, the Group also recorded an inventory provision of approximately US\$4.2 million for FY2024 (as compared to US\$3.3 million in FY2023). Consequently, our gross margin declined from a gross profit margin of approximately 1.2% in FY2023 and turned to a gross loss margin of approximately 30.3% in FY2024. Coupled with the net revaluation loss on property, plant and equipment of approximately US\$4.5 million, these factors collectively contributed to the loss for the Group in FY2024.

To navigate through the challenging market conditions, our Group prioritized operational flexibility, optimizing inventory levels and preserving liquidity to mitigate downside risks. The Group will monitor any change of positive momentum in the steelmaking industry and adjust our production volume accordingly to align with demand recovery.

Trading Prospects

While near-term market conditions remain subdued, the Group anticipates a gradual recovery in graphite electrode demand in 2025. This optimism is supported by a projected growth of 1.9% in developed-world steel demand, driven by a long-awaited upturn in steel demand in the European Union and modest recoveries in the US and Japan. Additionally, upward price adjustments announced or proposed by industry peers further bolster this expectation.

To capitalize on this potential business momentum, the Group remains cautious despite the anticipated rebound. We are closely monitoring market dynamics and strategically implementing our business plan to achieve significant improvements in gross margin and profitability. Our strategic focus includes prioritizing key customer portfolios, securing profitable orders, expanding our customer base and continuing to implement production cost control measures. We are dedicated to supporting routine operational needs and have implemented effective cost and resource optimization management.

Despite prevailing softness in the commercial landscape, the global context of carbon neutrality continues to be the Group's growth driver in the mid-to-long term. The Group remains optimistic about its future business outlook and continues to pursue its business plan with a view to better position itself for business opportunities once the industry picks up its momentum. In connection with the graphite electrode business, the Group will strive for improvement and a rebound in the operational and financial performance in the near short term. With the backdrop of dual carbon goals of carbon peaking before 2030 and carbon neutrality before 2050, the continuous adoption of electric arc furnace steelmaking will drive long-term growth in the demand for ultra-high power graphite electrodes.

The Group is confident in its ability to navigate the industry headwinds and emerge stronger as industry conditions improve. By maintaining operational efficiency and reinforcing customer relationships, we aim to position the business as a resilient partner in the global sustainable steel value chain.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information. Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to illustrate the effects of the proposed rights issues to be issued at the subscription price of HK\$0.08 per rights share on the basis of one rights share for every two existing shares held on the record date (the “**Proposed Rights Issue**”) on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Proposed Rights Issue had taken place on 31 December 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately or any future date after completion of the Proposed Rights Issue.

The following Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as extracted from the published annual report of the Company for the year ended 31 December 2024, after incorporating the adjustments described in the accompanying notes.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

			Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 December 2024 immediately after completion of the Proposed Rights Issue US\$'000 (Note 1)	Unaudited estimated net proceeds from the Proposed Rights Issue US\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 December 2024 immediately after completion of the Proposed Rights Issue US\$'000 (Note 3)	Audited consolidated net tangible assets attributable to owners of the Company per Share immediately before completion of the Proposed Rights Issue US\$ (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share at 31 December 2024 immediately after completion of the Proposed Rights Issue US\$ (Note 5)	HK\$ (Note 5)
Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 US\$'000 (Note 1)								
Based on 570,000,000 Rights Shares to be issued at Subscription Price of HK\$0.08 per Rights Shares	105,175	5,667	110,842	0.09	0.06	0.51		

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 is extracted from the published annual report of the Company for the year ended 31 December 2024, which is based on the audited consolidated net assets of the Group attributable to owners of the Company of approximately US\$105,751,000, less intangible assets of approximately US\$576,000 as at 31 December 2024.
2. The estimated net proceeds from the Proposed Rights Issue is approximately HK\$44,486,000 (equivalent to approximately US\$5,667,000) are based on 570,000,000 Rights Shares to be issued at HK\$0.08 per rights share and after deducting estimated directly related expenses of approximately HK\$1,114,000 (equivalent to approximately US\$142,000), in which the amount stated in United States dollars ("US\$") is converted into Hong Kong dollars ("HK\$") at the rate of US\$1 to HK\$7.85.
3. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share before the completion of the Proposed Rights Issue are calculated based on 1,140,000,000 existing shares which were the share in issue as at 31 December 2024.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Proposed Rights Issue per share are calculated based on 1,710,000,000 shares, comprising 1,140,000,000 existing shares and 570,000,000 rights shares to be issued as described in note 2 above.
5. For the purpose of presenting the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Proposed Rights Issue, the amount stated in US\$ is converted into HK\$ at the rate of US\$1 to HK\$7.85.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

The following is the text of a report received from Moore CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

**Moore CPA Limited**

1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

大華馬施雲會計師事務所有限公司

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**(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF SANERGY GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sanergy Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2024 and related notes as set out on pages II-1 and II-2 of Appendix II to the prospectus issued by the Company dated 25 July 2025 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue to be issued at the subscription price of HK\$0.08 per rights share on the basis of one rights share for every two existing shares held on the record date (the “**Proposed Rights Issue**”) on the Group's financial position as at 31 December 2024 as if the Proposed Rights Issue had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated statement of financial position as at 31 December 2024, included in the annual report of the Group for the year ended 31 December 2024 which has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore CPA Limited
Certified Public Accountants

Hong Kong
25 July 2025

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; and (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full) were/will be as follows:

(i) as at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares (US\$)
<i>Authorised:</i>		
Ordinary Shares of US\$0.01 each	<u>5,000,000,000</u>	<u>50,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of US\$0.01 each	<u>1,140,000,000</u>	<u>11,400,000</u>

- (ii) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares have been placed by the Placing Agents)

	Number of Shares	Nominal value of ordinary Shares (US\$)
<i>Authorised:</i>		
Ordinary Shares of US\$0.01 each	<u>5,000,000,000</u>	<u>50,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of US\$0.01 each	1,140,000,000	11,400,000
Rights Shares to be issued pursuant to the Rights Issue of US\$0.01 each	570,000,000	5,700,000
Shares in issue immediately after completion of the Rights Issue	<u>1,710,000,000</u>	<u>17,100,000</u>

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

As at the Latest Practicable Date, the Company had no treasury shares or other derivatives, outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option. Furthermore, as at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) were as follows:

Long position in the Shares and underlying shares of the Company:

Name of Director	Capacity	Number of Shares interested	Approximate percentage of the issued share capital of the Company (Note 1)
Mr. Hou Haolong	Founder of a discretionary trust (Note 2)	109,212,000	9.58%
Mr. Peter Brendon Wyllie	Beneficial owner	144,000	0.01%

Notes:

- (1) Based on 1,140,000,000 Shares in issue as at the Latest Practicable Date.
- (2) The Shares were held by Otautahi Capital Inc. which is owned as to 100% by Otautahi Holdings Limited. Otautahi Holdings Limited is in turn wholly owned by Otautahi Enterprises Trust Company Limited. Otautahi Enterprises Trust Company Limited is the trustee of the Otautahi Enterprises Trust, which is a discretionary trust established by Otautahi Enterprises Trust Company Limited as the trustee and Mr. Hou Haolong is one of the beneficiaries. Accordingly, Mr. Hou Haolong is deemed to be interested in the Shares held by Otautahi Capital Inc. under the SFO.

(b) Substantial Shareholders' and other persons' interests or short position in the securities of the Company and its associated corporations

As at the Latest Practicable Date, so far as known to the Directors, the following parties (not being the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long position in the Shares and underlying shares of the Company:

Name of Shareholders	Nature of interest	Approximate percentage of the issued share capital of the Company	
		Number of Shares interested	(Note 1)
Otautahi Capital Inc. (Note 2)	Beneficial owner	109,212,000	9.58%
Otautahi Holdings Limited (Note 2)	Interest in controlled corporations	109,212,000	9.58%
Otautahi Enterprises Trust Company Limited (Note 2)	Trustee	109,212,000	9.58%

Notes:

- (1) Based on 1,140,000,000 Shares in issue as at the Latest Practicable Date.
- (2) The Shares were held by Otautahi Capital Inc. which is wholly owned by Otautahi Holdings Limited. Otautahi Holdings Limited is wholly owned by Otautahi Enterprises Trust Company Limited. Otautahi Enterprises Trust Company Limited is the trustee of Otautahi Enterprises Trust, which is a discretionary trust established by Otautahi Enterprises Trust Company Limited as the trustee and Mr. Hou Haolong is one of the beneficiaries of Otautahi Enterprises Trust. Accordingly, they are deemed to be interested in the Shares held by Otautahi Capital Inc. under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware that there is any other party (other than the Directors or chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group, since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice contained in this Prospectus:

Name	Qualification
Moore CPA Limited	Certified Public Accountants

Moore CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Moore CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Moore CPA Limited did not have any direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being a contract in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date:

- (i) the placing and subscription agreement entered into between the Company, Otautahi Capital Inc., and China Sunrise Securities (International) Limited on 20 September 2024 in relation to the placement and subscription of a maximum of 50,000,000 Shares;
- (ii) the placing and subscription agreement entered into between the Company, Otautahi Capital Inc., and China Sunrise Securities (International) Limited on 30 September 2024 in relation to the placement and subscription of a maximum of 80,000,000 Shares; and
- (iii) the Placing Agreement.

11. EXPENSES

The expenses in connection with the Rights Issue, including printing, registration, translation, legal and accountancy fees but excluding placing commission are estimated to be approximately HK\$1.1 million, which are payable by the Company.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in China	3 East Industrial Road Hongzhou Industrial Park Huixian Industries Concentration Zone Xinxiang, Henan China
Principal place of business in Hong Kong	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Authorised representatives	Mr. Lam Lok Fung Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai Mr. Wang Ping Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Company secretary	Mr. Lam Lok Fung, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants
Legal advisers to the Company as to Hong Kong Laws	DeHeng Law Offices (Hong Kong) LLP 28/F., Henley Building No. 5 Queen's Road Central Hong Kong
Independent reporting accountant/ auditors	Deloitte Touche Tohmatsu <i>Registered Public Interest Entity Auditor</i> <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong

Placing agents

uSMART Securities Limited
Unit 2606, 26/F
308 Des Voeux Road Central
Hong Kong

Sinomax Securities Limited
28th Floor, Shun Feng International Centre
No.182 Queen's Road East
Wai Chai
Hong Kong

Principal share registrar

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Hong Kong branch share registrar
and transfer office**

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

Principal bankers

Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco
CA 94104 U.S.

Credit Suisse (Switzerland) Ltd.
Uetlibergstrasse 231
Zurich 8070
Switzerland

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**(i) Name and business address**

Name	Business address
Executive Directors	
Mr. Peter Brendon Wyllie	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Mr. Hou Haolong	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Mr. Adriaan Johannes Basson	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Non-executive Director	
Mr. Wang Ping	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Independent Non-executive Directors	
Ms. Chan Chore Man Germaine	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Mr. Cheng Tai Kwan Sunny	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai
Mr. Ngai Ming Tak Michael	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai

Senior management

Mr. Feng Jianguo	3 East Industrial Road Hongzhou Industrial Park Huixian Industries Concentration Zone Xinxiang, Henan China
Mr. Lam Lok Fung	Room 2602, 26th Floor China Resources Building 26 Harbour Road, Wanchai

(ii) Profiles of Directors and senior management***Executive Directors*****Mr. Peter Brendon Wyllie (“Mr. Wyllie”)**

Mr. Wyllie, aged 56, joined the Group in January 2014 and was a Director of the Company from June 2018 to June 2020. He is the General Counsel of the Group and a director of Gosource (China) Limited* (高碩(中國)有限公司), Gosource Capital Limited, GoSource Group Limited, Grafworld International Inc., Grafworld Macau Commercial Offshore Limited (also known as Grafworld Commercial Offshore De Macau Limitada), Sanergy Asia Ltd, Sanergy Europe Inc, Sanergy Global Ltd, Sanergy Group (Hong Kong) Limited, Sanergy Holding International Inc, Sangraf Global Inc, Sangraf International (Hong Kong) Limited and Sanode International Co., Limited, all being wholly-owned subsidiaries of the Company. Mr. Wyllie is primarily responsible for overseeing, identifying, developing and directing the implementation of business strategies and legal advisory work.

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

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

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

Mr. Hou Haolong (侯皓瀟) (“Mr. Hou”)

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

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

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

Mr. Adriaan Johannes Basson (“Mr. Basson”)

Mr. Basson, aged 69, joined the Group in November 2014. He was appointed as a Director in January 2020 and was re-designated as an executive Director on 11 June 2020. He retired as an executive Director after the conclusion of the annual general meeting on 19 May 2023 and was appointed as an executive Director on 4 October 2024. He is as a director of certain subsidiaries of the Company. Mr. Basson is primarily responsible for providing strategic recommendations to optimise processes and costs in manufacturing, maintenance and operations of the Group.

Mr. Basson has over 46 years of experience in the graphite electrode industry and in the manufacturing, maintenance and operation of graphite electrode manufacturing equipment. Prior to joining the Group, Mr. Basson was employed by GrafTech South Africa Proprietary Limited in Meyerton, a company primarily engaged in the manufacturing and supply of carbon and graphite products, from October 1974 to March 2014 with his last role as a customer technical service engineer. His major duties included maintenance and operation of all the graphite electrodes manufacturing process, design, construction and commissioning of necessary equipment to increase and maximise product manufacturing output, customising and optimising product application based on customers’ needs. Mr. Basson studied at the Vaal Triangle College for Advanced Technical Education, South Africa and obtained his national certificate for technicians (electrical) in May 1979. He became a member of The Chamber of Engineering Technology in April 1996. He was a registered engineering technician of the Engineering Council of South Africa in November 1984.

*Non-executive Director***Mr. Wang Ping (王平) (“Mr. Wang”)**

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

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

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

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

*Independent non-executive Directors***Mr. Cheng Tai Kwan Sunny (鄭大鈞) (“Mr. Cheng”)**

Mr. Cheng, aged 52, was appointed as an independent non-executive Director on 19 December 2022. He is also the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Cheng has years of experience in management, financial reporting and management accounting. Mr. Cheng is an independent non-executive director of Bojun Education Company Limited (stock code: 1758).

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

Mr. Cheng received a bachelor of business administration in accounting from the Hong Kong University of Science and Technology in November 1996. In December 2006, Mr. Cheng received a master of science from The Chinese University of Hong Kong. Mr. Cheng was awarded the Master of Business Administration degree jointly by the Kellogg School of Management of Northwestern University and the School of Business and Management of the Hong Kong University of Science and Technology in December 2009. In November 2017, Mr. Cheng obtained the degree of Juris Doctor from The Chinese University of Hong Kong.

Mr. Ngai Ming Tak Michael (魏明德 (名成)) (“Mr. Ngai”)

Mr. Ngai, aged 57, was appointed as an independent non-executive Director on 19 December 2022. He is also the chairman of the ESG Committee and a member of each of the Audit Committee and the Remuneration Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Ngai is the chairman of The Red Group and the chairman of Asia GreenTech Fund. Mr. Ngai is an independent non-executive director of (i) True Partner Capital Holding Limited (stock code: 8657); (ii) China Longyuan Power Group Corporation Limited (stock code: 916); and (iii) CRRC Corporation Limited (stock code: 1766). Mr. Ngai is also an external director of China COSCO Shipping Corporation Limited.

Mr. Ngai is a member of the 12th, 13th and 14th National Committee of the Chinese People’s Political Consultative Conference, the Chairman of the Hong Kong Finance Association, the Council Chairman of City University of Hong Kong, a Fellow Commoner of Clare Hall, University of Cambridge, Honorary Fellow of Lingnan University, Honorary Citizen of Harbin City, Heilongjiang Province.

Mr. Ngai graduated from the University of Cambridge.

Ms. Chan Chore Man Germaine (陳楚雯) (“Ms. Chan”)

Ms. Chan, aged 45, was appointed as an independent non-executive Director on 19 December 2022. She is a member of each of the Audit Committee, the Nomination Committee and the ESG Committee. She is primarily responsible for providing independent advice to the Board.

Ms. Chan has over 19 years of professional experience in accounting and corporate finance ranging from financial advisory to IPOs. Ms. Chan is a director of Innovax Capital Limited, a wholly-owned subsidiary of Innovax Holdings Limited (stock code: 2680). From July 2010 to June 2021, she served as the chief financial officer and company secretary of Shirble Department Store Holdings (China) Limited (stock code: 312).

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

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

*Senior management***Mr. Feng Jianguo (馮建國) (“Mr. Feng”)**

Mr. Feng, aged 59, joined the Group in March 2016 and is the chief technology officer. He is the brother-in-law of Mr. Hou Haolong, one of the executive Directors. Mr. Feng is primarily responsible for overseeing project implementation and providing technical support.

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

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

Mr. Lam Lok Fung (林洛鋒) (“Mr. Lam”)

Mr. Lam, aged 37, joined the Group in June 2023 and is the chief financial officer of the Group and the company secretary of the Company. Mr. Lam is primarily responsible for overseeing the financial management and corporate governance matters of the Group. He has over 10 years of experience in corporate finance, financial management, accounting and audit assurance. Mr. Lam previously served as a vice president at the investment banking department of Alliance Capital Partners Limited, where he had handled cases related to financial advisory, compliance advisory and IPOs for PRC and Hong Kong companies. Mr. Lam was also a senior manager at Deloitte Touche Tohmatsu, managing the audit and listing of several Hong Kong public companies.

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

14. LEGAL AND BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. DOCUMENTS REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “9. Expert and consent” in this appendix have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iii) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business.
- (iv) The English text of the Prospectus Documents shall prevail over the respective Chinese text in the case of inconsistency.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (<http://www.sanergygroup.com/>) for a period of 14 days from the date of this Prospectus:

- (a) the report from Moore CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent of the expert as referred to in the paragraph headed “9. Expert and consent” in this appendix; and
- (c) the material contracts as referred to in the paragraph headed “10. Material contracts” in this appendix.