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SANERGY

SANERGY GROUP LIMITED

昇能集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2459)

PROFIT WARNING

This announcement is made by Sanergy Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance, Chapter 571, the Laws of Hong Kong (“**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the Company and the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group of the financial year ended 31 December 2023 (“**FY2023**”), the Group expects to record in FY2023 (i) a net loss attributable to the owners of the Company of not more than US\$18 million, as compared to a net profit attributable to the owners of the Company for the year ended 31 December 2022 (“**FY2022**”) of approximately US\$7.5 million; and (ii) an adjusted net loss of not more than US\$13.3 million, as compared to an adjusted net profit for FY2022 of US\$8.7 million, which in effect excluded the non-recurring listing expenses of approximately US\$1.7 million in FY2023 (FY2022: approximately US\$1.2 million) and the discretionary bonus for employees of US\$3.0 million declared and paid after the Company’s listing in FY2023 (FY2022: Nil) (the “**Non-HKFRS Adjustments**”).

The Board considers that the expected financial results mentioned above were primarily due to the combined effects of the factors disclosed in the Company’s profit warning announcement dated 9 August 2023 having continued to impact the operations of the Company in the second half of FY2023 and an inventory provision expected to be made of approximately US\$3.4 million for FY2023 (FY2022: Nil) due to the decrease in the net realisable value of the inventory as assessed based on the market prices of graphite electrodes.

During the second half of FY2023 despite the challenging business environment, the Group continued to pursue its business plan with a view to better position itself for business opportunities once the industry picks up its momentum. Upon commencement of production, the newly acquired graphite electrodes (“GE”) production facilities of the Group in Taigu County, Shanxi Province, the PRC (as announced by the Company on 6 July 2023) have increased the Group’s total annual effective production capacity from 35,000MT to 46,000MT, which demonstrated the Group’s commitment to the core GE business and its confidence in the resurgence of the GE market. In view of the potential growth of the graphite anode materials (“GAM”) market and to leverage on the first-mover advantage, in December 2023, the Group has embarked on a brownfield GAM project to build a European GAM manufacturing plant with an annual synthetic GAM production capacity of 20,000MT. The Board believes that the GE and GAM projects would become the long-term growth drivers and will contribute positively to the Group’s business as a whole.

The Board wishes to remind the Shareholders and the potential investors that the Non-HKFRS Adjustments were not required to be made under Hong Kong Financial Reporting Standards and its sole purpose is to give the Shareholders and the potential investors a comprehensive and complete picture of the Group’s operating performance, net of the non-recurring impact from the listing expenses and the discretionary employee bonus declared and paid after the Company’s listing in FY2023, and provide them with an additional parameter for comparison purpose. The Shareholders and the potential investors should not solely rely on the financial figures adjusted and presented in this manner and should consult their advisers as and when appropriate.

As the Group’s audited financial results for FY2023 have not yet been finalised, the information contained in this announcement is based on information currently available to the Company and the preliminary assessment by the Board of unaudited consolidated management accounts which have not yet been reviewed or confirmed by the external auditors nor approved by the audit committee of the Company, and may be subject to adjustments or amendments. The audited financial results of the Group for FY2023 are expected to be published in late March 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and should consult their advisers as and when appropriate.

By Order of the Board
SANERGY GROUP LIMITED
Mr. Peter Brendon Wyllie

Executive Director and chairman of the Board

Hong Kong, 23 February 2024

As at the date of this announcement, the Board comprises (i) Mr. Peter Brendon Wyllie (chairman of the Board), Dr. Wei-Ming Shen, Mr. Yan Haiting and Mr. Hou Haolong as executive Directors; (ii) Mr. Wang Ping as non-executive Director; and (iii) Mr. Cheng Tai Kwan Sunny, Mr. Ngai Ming Tak Michael and Ms. Chan Chore Man Germaine as independent non-executive Directors.