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## **ELATE HOLDINGS LIMITED**

**誼礫控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 076)**

### **BUSINESS UPDATE**

The board of directors of Elate Holdings Limited is pleased to inform the market of the latest business development of the Group.

This is a voluntary announcement made by Elate Holdings Limited (the “Company”) for keeping its shareholders and potential investors informed of the latest business development of the Company and its subsidiaries (together, the “Group”).

On 6 November 2019, Global Select Limited (“GSL”), a wholly-owned subsidiary of the Company, has entered into a “Swap of Graphite Ore and Semi-finished Graphite Contract” ( the “Contract”) with Madagascar Graphite Limited (“MGL”), a supplier of graphite materials of the Company.

### **PRINCIPAL TERMS OF THE CONTRACT**

1 ) GSL shall, from its inventory of semi-finished graphite purchased from MGL (the “Semi-finished Graphite”), according to 1:11 proportion, swap 5,000 tons of the Semi-finished Graphite with 55,000 tons graphite ore exploited from the mines owned by MGL in Madagascar (the “Graphite Ore”);

2 ) GSL, according to its needs, has right to swap in 1:11 proportion of all the Semi-finished Graphite in its inventory with MGL’s Graphite Ore. Time, quantity and ore types of swapping are in sole discretion of GSL.

### **BASE OF SWAP**

The Graphite Ore and the Semi-finished Graphite are materials with carbon content. Their value is determined by its carbon content percentage. Carbon content of the Graphite Ore is 5% in average, while the average carbon content of the Semi-finished Graphite is 50%. In principle every 20 tons of the Graphite Ore can produce 1 ton of finished graphite product, and every 2 tons of the Semi-

finished Graphite can produce 1 ton of finished graphite product. As such, the proportion of swap of the Semi-finished Graphite and the Graphite Ore is 1:10. To take into account of wastage and other factors, both parties agreed to adopt a risk management approach of 1:11 proportion.

## **PURPOSE OF ENTERING INTO THE CONTRACT**

Recently the Company, based on its large scale production experience gained from Heilongjiang District in China, is expanding its graphite production lines and increasing production in Madagascar. Since the Company has entered into the graphite industry for years, we know how significant the supply of graphite ore to the production lines. By swapping of the Semi-finished Graphite in its inventory with the Graphite Ore guarantees the supply of raw materials for the expansion of production lines for over ten-year, which is beneficial to the development of the Company and in the interest of shareholders.

By Order of the Board  
**Elate Holdings Limited**  
Vivian Lam  
*Company Secretary*

Hong Kong, 6 November 2019

*As at the date of this announcement, the board of directors comprises of Mr. Feng Zhong Yun and Ms. Zhang Xue, being executive directors; Mr. Han Zhi Jun, Mr. Lu Ren Jie, Mr. Chai Woon Chew and Mr. Ng Lai Po being independent non-executive directors.*