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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)

SUPPLEMENTARY ANNOUNCEMENT IN RELATION TO 2019 ANNUAL REPORT

Reference is made to 2019 annual report of Elate Holdings Limited (the “Company”) published on 21 April 2020. This announcement is made to provide supplementary information in relation to the use of proceeds from a convertible debenture.

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

The Company began to use the proceeds in 2019. During the financial year ended 31 December 2019, the Company used approximately HK\$43,890,000 (USD\$5,627,000). The detailed breakdown and description of the proceeds that were used in 2019 financial year are as below:

	<i>HK\$</i>	<i>US\$</i>
Plant and Warehouse	12,790,000	(1,640,000)
Production lines	18,120,000	(2,323,000)
Pipeline, transport and loading tools	12,383,000	(1,588,000)
Other	597,000	(76,000)
Total	<u>43,890,000</u>	<u>(approx. 5,627,000)</u>

The unutilized proceeds are planned to be used in the next three years (2020, 2021 and 2022). A detailed breakdown and description of the intended use of the unutilized proceeds are as below:

Year 2020

	<i>HK\$</i>	<i>US\$</i>
Plant and Warehouse	31,200,000	(4,000,000)
Production lines	74,100,000	(9,500,000)
Pipeline, transport and loading tools	50,700,000	(6,500,000)
Road building	15,600,000	(2,000,000)
Wages	7,800,000	(1,000,000)
Other	7,800,000	(1,000,000)
Sub Total	<u>187,200,000</u>	<u>(approx.24,000,000)</u>

Year 2021

	<i>HK\$</i>	<i>US\$</i>
Plant and Warehouse	28,860,000	(3,700,000)
Production lines	63,960,000	(8,200,000)
Pipeline, transport and loading tools	39,000,000	(5,000,000)
Road building	7,800,000	(1,000,000)
Wages	13,650,000	(1,750,000)
Other	14,040,000	(1,800,000)
Sub Total	<u>167,310,000</u>	<u>(approx.21,450,000)</u>

Year 2022

	<i>HK\$</i>	<i>US\$</i>
Plant and Warehouse	21,450,000	(2,750,000)
Production lines	70,200,000	(9,000,000)
Pipeline, transport and loading tools	42,120,000	(5,400,000)
Road building	7,800,000	(1,000,000)
Wages	13,650,000	(1,750,000)
Other	15,380,000	(1,972,000)
Sub Total	<u>170,600,000</u>	<u>(approx.21,872,000)</u>

During the financial year ended 31 December 2019, due to changes in worldwide economic and trade conditions, in order to play safe, the construction process of the Company's graphite production lines was slowed down for the time being. As a result, the Company did not use up all its planned funds in 2019 financial year. For the aforementioned 2020 – 2022 production line construction and investment plan and timeframe, the Company will closely monitor the economic impacts of the current global coronavirus pandemic and other factors, and make corresponding adjustments, if necessary. Except that, there were no material changes in the use of proceeds from the Company's ten-year HK\$600 million 0% interest convertible debentures issued on 25 April 2018.

By order of the board of directors
Elate Holdings Limited
Vivian Lam
Company Secretary

Hong Kong, 7 August 2020

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. Chai Woon Chew and Mr. Ng Lai Po being independent non-executive directors.