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Elate Holdings Limited

STOCK CODE : 76



2025

Interim Report

CONTENTS

Condensed Consolidated Statement of Profit or Loss	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity (UNAUDITED)	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	8
Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Corporate Information	30



The Board of Directors (the "Board") of Elate Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended	
		30 June 2025	30 June 2024
		Unaudited	Unaudited
	Notes	US\$'000	US\$'000
Revenue	3	63,109	65,821
Cost of sales		<u>(53,201)</u>	<u>(59,721)</u>
Gross profit		9,908	6,100
Other income	4	111	2,331
General and administrative expenses		(5,610)	(6,856)
Reversal of impairment loss on financial assets		801	145
Fair value gain/(loss) on			
– commodity		415	73
– financial assets at fair value through profit or loss		<u>(19,134)</u>	<u>26,825</u>
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	5	(13,509)	28,618
Finance costs		<u>(8)</u>	<u>(10)</u>
(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE		(13,517)	28,608
Income tax expense	6	<u>(1,591)</u>	<u>(891)</u>
(LOSS)/PROFIT FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		(15,108)	27,717
		US cents	US cents
(Losses)/earnings per share	7		
Basic		(3.97)	7.64
Diluted		<u>(3.97)</u>	<u>7.64</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended	
	30 June 2025 Unaudited US\$'000	30 June 2024 Unaudited US\$'000
(LOSS)/PROFIT FOR THE PERIOD	(15,108)	27,717
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	4,536	(283)
Item that will not be reclassified to profit or loss:		
Revaluation of land and buildings	-	91
Other comprehensive income for the period	4,536	(192)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	(10,572)	27,525

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		30 June 2025 Unaudited US\$'000	31 December 2024 Audited US\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	13,888	12,952
Investment properties		1,819	1,693
Right-of-use assets		258	441
Intangible assets		7,313	7,313
Interests in joint ventures		1	1
Financial assets at fair value through profit or loss	11	24,296	43,431
Total non-current assets		47,575	65,831
Current assets			
Inventories		32,263	22,279
Trade receivables	9	341,910	347,348
Other receivables, deposits and prepayments	10	8,291	2,163
Commodity		2,042	1,626
Financial assets at fair value through profit or loss	11	244	244
Cash and bank balances		12,135	12,637
Total current assets		396,885	386,297
Current liabilities			
Trade payables	12	9,279	11,410
Other payables and accruals	13	10,559	6,624
Contract liabilities		499	129
Lease liabilities		176	234
Tax payable		1,586	2,745
Total current liabilities		22,099	21,142
Net current assets		374,786	365,155
Total assets less current liabilities		422,361	430,986
Non-current liabilities			
Leases liabilities		20	77
Deferred tax liabilities		544	499
Total non-current liabilities		564	576
NET ASSETS		421,797	430,410

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		30 June	31 December
		2025	2024
		Unaudited	Audited
	<i>Note</i>	US\$'000	<i>US\$'000</i>
Capital and reserves attributable to owners of the Company			
Share capital	15	610,464	608,505
Reserves		(188,667)	(178,095)
TOTAL EQUITY		421,797	430,410

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(Expressed in US\$'000)

	Share capital	Translation reserve	Revaluation reserve	Accumulated losses	Total equity
At 1 January 2025	<u>608,505</u>	<u>(645)</u>	<u>7,270</u>	<u>(184,720)</u>	<u>430,410</u>
Total comprehensive income for the period	<u>-</u>	<u>4,536</u>	<u>-</u>	<u>(15,108)</u>	<u>(10,572)</u>
Issue of shares upon conversion of convertible debenture	<u>1,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,959</u>
At 30 June 2025	<u>610,464</u>	<u>3,891</u>	<u>7,270</u>	<u>(199,828)</u>	<u>421,797</u>
	Share capital	Translation reserve	Revaluation reserve	Accumulated losses	Total equity
At 1 January 2024	<u>608,344</u>	<u>(843)</u>	<u>7,179</u>	<u>(225,022)</u>	<u>389,658</u>
Total comprehensive income for the period	<u>-</u>	<u>(283)</u>	<u>91</u>	<u>27,717</u>	<u>27,525</u>
At 30 June 2024	<u>608,344</u>	<u>(1,126)</u>	<u>7,270</u>	<u>(197,305)</u>	<u>417,183</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended	
	30 June 2025 Unaudited US\$'000	30 June 2024 Unaudited US\$'000
NET CASH USED IN OPERATING ACTIVITIES	(2,458)	(1,180)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,524	(465)
NET CASH FROM FINANCING ACTIVITIES	56	114
NET DECREASE IN CASH AND CASH EQUIVALENTS	(878)	(1,531)
Cash and cash equivalents at beginning of period	12,637	6,056
Effect of foreign exchange rate changes	376	(85)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,135	4,440

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024.

2. Changes in significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

The following amendment is effective for the period beginning 1 January 2025:

Amendments to HKAS 21 and HKFRS 1 *Lack of Exchangeability*

The adoption of these amended HKFRSs did not have any material impact on the Group’s accounting policies.

3. Revenue and segment information

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

Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment performance for the six months ended 30 June 2025 and 2024 is set out below:

For the six months ended 30 June 2025

(Unaudited and expressed in US\$’000)

	Manufacture and sales of graphite products	Manufacture and sales of electronic products	Design and manufacturing	Total
Revenue from external customers	12,069	51,040	-	63,109
Segment results	844	6,683	-	7,527
Unallocated income and expenses				(21,036)
Loss from operating activities				(13,509)
Finance costs				(8)
Income tax expense				(1,591)
Loss for the period				(15,108)

3. Revenue and segment information (Continued)

For the six months ended 30 June 2024
(Unaudited and expressed in US\$'000)

	Manufacture and sales of graphite products	Manufacture and sales of electronic products	Design and manufacturing	Total
Revenue from external customers	21,618	44,160	43	65,821
Segment results	314	3,861	(299)	3,876
Unallocated income and expenses				24,742
Profit from operating activities				28,618
Finance costs				(10)
Income tax expense				(891)
Profit for the period				27,717

4. Other income

	Six months ended 30 June 2025 Unaudited US\$'000	30 June 2024 Unaudited US\$'000
Bank interest income	3	66
Rental income	55	1,358
Realised loss on cryptocurrency	(2)	–
Sundry income	55	907
	<u>111</u>	<u>2,331</u>

5. (Loss)/profit from operating activities

(Loss)/profit from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June 2025 Unaudited US\$'000	30 June 2024 Unaudited US\$'000
Depreciation:		
– owned property, plant and equipment and investment properties	716	1,873
– right-of-use assets	192	191
Interest from amount due from a joint venture	–	(85)
	<u> </u>	<u> </u>

6. Income tax expense

For the six months ended 30 June 2025, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7. (Losses)/earnings per share

Basic and diluted (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and presented as follows.

	Six months ended	
	30 June	30 June
	2025	2024
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company for the purpose of calculating basic and diluted (losses)/earnings per share (USD'000)	<u>(15,108)</u>	<u>27,717</u>
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted (losses)/earnings per share	<u>380,222,250</u>	<u>362,844,073</u>
Basic and diluted (losses)/earnings per share (expressed in US cents)	<u>(3.97)</u>	<u>7.64</u>

Diluted (losses)/earnings per share was of the same amount as the basic (losses)/earnings per share as there were no potential dilutive ordinary shares outstanding as at 30 June 2025 and 2024.

8. Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired approximately US\$432,000 (2024: US\$243,000) of property, plant and equipment.

9. Trade receivables

The ageing analysis of the Group's trade receivables (net of impairment losses) is as follows:

	30 June	31 December
	2025	2024
	Unaudited	Audited
	US\$'000	US\$'000
0-30 days	12,798	315,720
31-60 days	9,827	12,142
61-90 days	6,765	2,446
Over 90 days	<u>312,520</u>	<u>17,040</u>
	<u>341,910</u>	<u>347,348</u>

10. Other receivables, deposits and prepayments

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

	30 June 2025 Unaudited US\$'000	31 December 2024 Audited US\$'000
Other deposits and prepayments	6,807	679
Other receivables	1,484	1,484
	8,291	2,163

11. Financial assets at fair value through profit or loss

	30 June 2025 Unaudited US\$'000	31 December 2024 Audited US\$'000
Non-current assets		
Shares traded on the OTC Pink Market in the United States	24,296	43,431
Current assets		
Hong Kong listed shares	244	244
	24,540	43,675

The Group is exposed to equity price risk through its investment in those equity securities.

12. Trade payables

The ageing analysis of the Group's trade payables is as follows:

	30 June 2025 Unaudited US\$'000	31 December 2024 Audited US\$'000
0-30 days	6,111	5,568
31-60 days	1,843	3,511
61-90 days	649	1,893
Over 90 days	676	438
	9,279	11,410

13. Other payables and accruals

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

	30 June 2025 Unaudited US\$'000	31 December 2024 Audited US\$'000
Other payables	4,323	3,809
Accruals	2,015	1,099
Other tax payable	4,221	1,716
	<u>10,559</u>	<u>6,624</u>

14. Dividend

The Directors have decided not to declare any interim dividend for the six months ended 30 June 2025 (2024: Nil).

15. Share capital

	The Company	
	Number of ordinary shares	Amount US\$'000
Issued and fully paid:		
At 1 January 2024 (audited)	362,844,073	608,344
Issue of shares upon conversion of convertible debentures	4,200,000	161
	<u>367,044,073</u>	<u>608,505</u>
At 31 December 2024 (audited) and 1 January 2025 (audited)	367,044,073	608,505
Issue of shares upon conversion of convertible debentures	50,950,000	1,959
	<u>417,994,073</u>	<u>610,464</u>
At 30 June 2025 (unaudited)	417,994,073	610,464

16. Fair value measurement of financial instruments***Fair value of financial instruments***

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

- (i) The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- (ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.
- (iii) The carrying value of bank and cash balances, trade and other receivables, trade and other payables are assumed to approximate their fair values due to the short term maturities of these assets and liabilities.

16. Fair value measurement of financial instruments (Continued)

Fair value measurement recognised in the condensed consolidated financial statements

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

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

	Level 1	Level 2	Level 3	30 June 2025 Total Unaudited US\$'000
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	<u>24,540</u>	<u>–</u>	<u>–</u>	<u>24,540</u>
				31 December 2024
	Level 1	Level 2	Level 3	Total Audited US\$'000
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	<u>43,675</u>	<u>–</u>	<u>–</u>	<u>43,675</u>

During the period, the Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

17. Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors and certain of the highest paid employees, is as follows:

	Six months ended	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	US\$'000	US\$'000
Salaries, allowances and benefits in kind	956	1,460

18. Related party transactions

Saved as disclosed elsewhere in the condensed consolidated financial statements, the Group has not entered into other material related party transaction for the six months ended 30 June 2025 and 2024.

19. Approval of the unaudited interim condensed consolidated financial statements

The Board of Directors of the Company approved the unaudited interim condensed consolidated financial statements on 29 August 2025.

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

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

For the six months ended 30 June 2025, the revenue of the Group was approximately \$63.1 million, represented a decrease of approximately \$2.7 million, or 4.1%, as compared to approximately \$65.8 million for the same period of prior year. The net loss attributable to owners was approximately \$15.1 million, as compared to net profit of approximately \$27.7 million, for the same period of the prior year. The net loss recorded for the six months ended 30 June 2025 was mainly due to the recognition of a net unrealised loss on the financial assets at fair value through profit or loss of approximately \$19.1 million. Excluding the unrealised loss previously noted, the Group achieved a profit of approximately \$4.0 million for the six months ended 30 June 2025.

As at 30 June 2025, the total assets of the Group were approximately \$444.5 million, as compared to approximately \$452.1 million at 31 December 2024, and the net assets of the Group were approximately \$421.8 million at 30 June 2025, as compared to approximately \$430.4 million at 31 December 2024.

Business Review

The Group's businesses segments are (i) trading of graphite products worldwide, (ii) manufacture and sales of electronic products, (iii) design and manufacturing in the United Kingdom (the "UK") and (iv) developing businesses in relation to Web 3.0.

The Company is engaged in trading of graphite products worldwide. Graphite is widely used in aerospace, steel, automobile, electric vehicle, battery and lubricant industries. Our customers include steel mills, lithium battery companies, refractory material companies and users of graphite products in China and around the world. Graphite is widely used in aerospace, steel, automobile, electric vehicle, battery and lubricant industries.

The Company's electronic manufacturing services are operated by its wholly-owned subsidiary Axiom Manufacturing Services Limited ("Axiom") in the UK. Axiom offers comprehensive contract manufacturing services, from design of electronic products to manufacturing, to the medical, national defense, transportation, aerospace, security, maritime and natural gas industries and other sectors. The electronic products of contract manufacturing and design are usually labeled with customers' brand names. Axiom's customers are mainly located in the UK.

The Company, through its wholly-owned subsidiary, Elate Graphite Limited (“**EGL**”), is actively exploring new business opportunities related to Web 3.0. The Company recognizes that the integration of artificial intelligence and the growing adoption of cryptocurrencies have become significant market trends. Moving forward, Web 3.0-related ventures are expected to be introduced to the Group as one of its core business areas.

Exchange of Production Lines and Graphite Ore for Graphite Product

On 21 May 2024, EGL, an indirectly wholly-owned subsidiary of the Company, entered into an agreement (the “**Agreement**”) with Aspect Group Limited (“**AGL**”). Pursuant to the Agreement, EGL conditionally agreed to dispose of and AGL agreed to acquire two production lines in Madagascar and 390,000 tons graphite ore (the “**Assets**”) at a consideration of US\$21,045,651, by using graphite product (the “**Graphite Product**”) as payment. Pursuant to the Agreement, EGL shall exchange the Assets for 30,109 tons of the Graphite Product (graphite product with carbon content over 93%) produced by AGL (the “**Transaction**”). As agreed by both parties, the price for each ton of Graphite Product was fixed at US\$699; the total price for 30,109 tons of the Graphite Product was US\$21,046,191. AGL agreed to adjust the total price to US\$21,045,651 to match the total price of the Assets to be disposed. Based on the financial information as at 31 December 2024, the Group recorded a gain before taxation and transaction costs of approximately US\$537,000, being the difference between the fair value of the Graphite Product of approximately US\$19,178,000 which was based on the valuation conducted by the independent valuer and the carrying value of the Assets of approximately US\$18,641,000, being the entire production lines of US\$15,096,000 and the 390,000 tons graphite ore of US\$3,545,000. The Transaction was completed on 18 December 2024.

To ensure stable supply of graphite product, AGL, the long-term supplier of graphite product, negotiated with the Company to purchase sufficient graphite ore as raw materials for timely production and supply of graphite products. After negotiations, the Company sold the remaining graphite ore inventory in stock (with reference to the market price of graphite ore in Madagascar over the past three years) to AGL in December 2024. AGL shall pay the consideration of US\$296,433,000 in installments before 30 September 2025 and provide collateral to the Company. Under the current arrangement, the Company will save the storage and management cost together with better product supply by AGL for a period of ten years, which is beneficial to the development of graphite business.

Under the current arrangement, the Company will save the storage and management cost together with better product supply by AGL for a period of ten years, which is beneficial to the development of graphite business. The Company plans to operate the graphite product business in a “light asset” manner. After the disposal of the entire production lines, there will be no production lines or any relevant fixed assets in Madagascar. However, trading of graphite product will remain unchanged.

Web 3.0 Related Business

The Board believes that the combination of artificial intelligence and business, and the use of cryptocurrency is an inevitable trend. Therefore, the Company, through EGL, its wholly-owned subsidiary, will look for business opportunities in relation to Web 3.0.

On 20 May 2025, EGL entered into a business partnership agreement with Goldpay Limited (“**Goldpay**”) and Macau Lotus TV Media via Satellite, Ltd (“**Lotus TV**”). Under this agreement, EGL will act as a consultant, and Goldpay will issue utility tokens to be used by Lotus TV’s users in the broadcast areas it covers. Users can use the utility tokens to redeem Lotus TV’s advertising time, to sponsor a 24-hour web3 program. and to purchase goods in the Lotus Club mall.

On 12 June 2025, EGL entered into a business partnership agreement with Goldpay. Under this agreement, EGL will act as a consultant, and Goldpay will act as an issuer, to issue various utility tokens for suitable companies with relevant needs. Both parties will treat the aforementioned business as primary focus of their Web 3.0 project initiatives. EGL, as a consultant, will limit its advisory role to blockchain-related technical issues and application scenarios of utility tokens.

On 18 June 2025, EGL entered into a “AOMI White Paper” (the “**White Paper**”) with Goldpay and Macao E-Media Development Company Limited (owner of AOMI APP, hereinafter referred to as “**AOMI Co**”). Pursuant to the White Paper, EGL will serve as the consultant and Goldpay will serve as the issuer to issue a cryptocurrency called “AOMI” in the form of a utility token. The service objects of this utility token are the registered users of AOMI APP. AOMI Co is the largest local lifestyle service platform in Macau, offering a comprehensive range of services including food delivery, group purchasing, supermarket and convenience store services, e-commerce, hotel bookings, tourism, laundry, and on-demand errand service. As of the end of 2024, AOMI Co’s mobile application has had over 1.8 million registered users, with monthly active users exceeding 350,000. In Macau, the platform recorded over 27,400 daily orders; with an annual revenue of approximately USD43,518,000 (approximately USD140 million in Gross Merchandise Volume) and a net profit of approximately USD5.66 million for the year 2024. AOMI can be used as cash on the AOMI APP to purchase goods and services, or to redeem AOMI vouchers and points. Additionally, users enjoy an extra 5% discount based on AOMI’s market price from the previous day, i.e. AOMI with a market value of 100 dollars can be used as 105 dollars.

On 29 July 2025, EGL, Goldpay and Madagascar Graphite Limited (“**Madagascar Graphite**”) entered into a cooperation agreement. Under this agreement, EGL will perform research for building a platform for trading of mineral products, commodities and provision of relevant pay to use services, where global suppliers can display their products and product prices. The platform plays an advisory and supervisory role in referral, payment and delivery. Graphite products produced by Madagascar Graphite will be the first item to be introduced to the platform. At the same time, global customers can use the platform’s universal vouchers “Token76”, or US dollar and Hong Kong dollar stablecoins to pay their graphite suppliers, which simplify the payment process. Upon requested by the suppliers, the platform can also specifically accept and redeem vouchers issued by the suppliers. EGL will, as needed, apply for the Web 3.0 related license step by step. After obtaining relevant licenses, the platform will further provide 24/7 exchange services between gold stablecoins, US dollars and Hong Kong dollar stablecoins, and cryptocurrencies such as Bitcoin and Ethereum; transactions can be done by just one click. These features will allow suppliers and customers to exchange goods and vouchers for gold and leading cryptocurrencies on the platform. Goldpay will provide, for free, the relevant technologies and experience of Goldpay APP and Goldbid APP, which have been in operation for many years. EGL will refer customers to Goldpay without referral fee, for goods and services that EGL does not provide.

Impact of Inflation and Climate Change on Our Business Operations

As tariff wars escalate and trade barriers are imposed on multiple sides, global trade faces great uncertainty. Supply chain uncertainty and trade barriers have affected the production of our customers, which indirectly affects their order needs for our graphite products. As for Axiom, the direct result of the global supply chain issues and the increased lead times being quoted by their key suppliers who in turn source components from the original manufacturers. Working capital requirements increased during the year due to the increase in inventory.

Climate change is the most pressing global challenge. Against the background of global climate actions, the Group has implemented measures to conserve energy and reduce greenhouse gas emissions. The Group is conscious that the frequency of extreme weather is increasing, which could impact its business operations. Managing the possible impact of extreme weather on human security and infrastructure, precautionary measures have been taken by the Group, including work arrangements in the case of adverse weather conditions such as Black Rainstorm Warning and Typhoon Signal No. 8. During the six-month period ended 30 June 2025, the Group was not affected materially by any climate-related issues.

Results of Operations

For the six months ended 30 June 2025, the Group's turnover was approximately \$63.1 million, a decrease of approximately \$2.7 million, or 4.1%, as compared to approximately \$65.8 million for the same period of the last year.

The turnover of the Group's graphite operations for the six months ended 30 June 2025 was approximately \$12.1 million as compared to approximately \$21.6 million for the same period of the last year, a decrease of 44.2%. During the same period in 2024, the Company increased sales of small-scale graphite products, most of which were resold as processed graphite-related products in China. The global trade tariff war erupted in the first half of 2025 led to heightened trade tensions. Due to China's export restrictions on graphite-related products, the Chinese graphite processing industry faced a shortage of orders from overseas buyers, resulting in a decline in market demand for small-scale graphite products, and this oversupply led to a significant price drop. In the first half of 2025, the Group's orders for small-scale graphite products decreased significantly compared to the same period in 2024, while orders for large-scale graphite products remained flat. Despite the decline in sales volume and revenue, the weighted average selling price per unit and gross profit margin for the products were both higher than the same period last year.

For the six months ended 30 June 2025, the turnover of the Group's electronics manufacturing service operation was approximately \$51.0 million, representing an increase of approximately \$6.9 million, or 15.6%, as compared to approximately \$44.2 million for the same period of the last year. Axiom's profits also grew compared to last year, from \$3.9 million for the first 6 months of 2024 to \$6.7 million for the same period in 2025, reflecting the stronger sales revenue and re-aligned pricing across key customers.

Outlook

For the year of 2025, the global economy is expected to see uneven growth, with persistent challenges from trade conflicts and rising tariffs. Escalating protectionism, particularly between major economies, could disrupt supply chains, raise costs, and dampen business confidence. Emerging markets may outperform, benefiting from diversification efforts, while advanced economies face slower growth due to geopolitical risks, high debt, and restrictive trade policies. The technology and green energy sectors will remain key drivers, though tariffs on critical materials could hinder progress. Central banks may cautiously ease monetary policy if inflation stabilizes, but trade tensions will likely keep economic recovery fragile and uneven.

The Company has made proactive adjustments in its graphite business, using an “asset-light” approach to reduce sales costs and strive to open up more small flake graphite markets. The Company is going to develop a graphite trading platform, aimed at enhancing global graphite product trading experience and leveraging synergies of the Company existing business segments.

Looking ahead, the Company remains committed to strategically positioning itself within the evolving Web 3.0 landscape. While no revenue has been generated to date, the Company has taken initial steps by entering into several collaboration agreements aimed at jointly developing Web 3.0-related business opportunities. These efforts reflect the Group’s proactive approach to innovation and diversification, with a focus on leveraging emerging technologies such as artificial intelligence and blockchain. As the ecosystem matures, the Company anticipates that these early-stage initiatives will lay the foundation for future growth and revenue generation, and intends to continue identifying and investing in opportunities that align with its long-term strategic objectives.

Axiom continued its good performance in 2025. Material purchase price variances were positive and favourably influenced by the strength of sterling against the US dollars. The business also continues to invest in capital equipment and the latest technology, as this will give greater manufacturing capacity, capability and service offering moving forward. Since 2022, Axiom has been distributing cash dividends to Great Admirer Limited, its parent company, every year, which has become a regular income for the parent company.

Liquidity and Financial Resources

The Group’s operations are primarily funded by cash flows from its operations. At 30 June 2025, the Group’s cash and bank balances were approximately \$12.1 million as compared to approximately \$12.6 million as at 31 December 2024. As at 30 June 2025, the Group recorded net current assets of approximately \$374.8 million (31 December 2024: \$365.2 million). The Group had no bank borrowings as at 30 June 2025. As at 30 June 2025, the Group’s gearing ratio, calculated as the lease liabilities divided by the amount of total equity, was 0.05% (31 December 2024: 0.07%).

(I) 2018 Convertible Debentures

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 “**2018 Convertible Debentures**”)

Up to the publication of this report, the Company had received approximately HK\$102,115,500 (equivalent to US\$13,091,600) from the 2018 Convertible Debentures. Of this amount, approximately HK\$90,134,000 (equivalent to US\$11,555,600) had been utilized. The detailed breakdown of the net proceeds that were used are as below:

	Amount of net proceeds allocated as of		Amount of net proceeds utilised as of		Amount of net proceeds utilised during the six months ended 30 June 2025		Balance of net proceeds unutilised as of	
	31 December 2024		31 December 2024		30 June 2025		30 June 2025	
	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$
Plant and Warehouse	21,796,600	2,794,400	21,796,600	2,794,400	-	-	-	-
Production line	39,747,000	5,095,600	32,227,000	4,131,600	-	-	7,520,000	964,000
Pipeline, transport and loading tools	33,484,500	4,293,000	29,023,000	3,721,000	-	-	4,461,500	572,000
Wages	1,560,000	200,000	1,560,000	200,000	-	-	-	-
Other	5,527,400	708,600	5,527,400	708,600	-	-	-	-
Total	102,115,500	13,091,600	90,134,000	11,555,600	-	-	11,981,500	1,536,000

The utilization of proceeds amounted to approximately HK\$90,134,000 (equivalent to US\$11,555,600) was consistent with the purposes outlined in the circular dated 23 October 2018. For the six month ended 30 June 2025, no proceeds of the 2018 Convertible Debentures were utilized.

As disclosed in the circular dated 23 October 2018, the subscriber has the right at any time during the conversion period to subscribe and convert, in whole or in part, the convertible debentures, i.e. to subscribe and convert in tranches, at various times and in amounts determined at the subscriber's discretion. Based on the above, and unless the Company publish a new announcement to construct new production lines, the remaining amounts of the 2018 Convertible Debentures are not expected to be subscribed prior to their maturity on 25 April 2028.

Change in Use of Proceeds

Up to the date of this report, a total of approximately HK\$90,134,000 (equivalent to US\$11,555,600) had been utilized, the unutilized net proceeds from the 2018 Convertible Debentures amounted to approximately HK\$11,981,500 (equivalent to US\$1,536,000) (the **"2018 Unutilized Net Proceeds"**).

On 21 May 2024, the Company disposed of two production lines in Madagascar, with shareholders' approval obtained at the extraordinary general meeting held on 22 July 2024. Since then, the Company has planned to operate its graphite business under a light-asset model. Hence, the Company planned to develop a graphite trading platform, aimed at enhancing global graphite product trading experience and leveraging synergies of the Company existing business segments.

Having considered the above, the Board has planned to change the use of the 2018 Unutilized Net Proceeds to the working capital for the platform (a trading platform for mineral products (including graphite) with the technology of Web 3.0), including regular system maintenance and updates of the platform, ongoing cybersecurity and fraud prevention, ongoing compliance cost etc. The Company expected to utilize the 2018 Unutilized Net Proceeds before 31 December 2028.

(II) 2024 Convertible Debentures

On 26 April 2024, the Company entered into a subscription agreement with Mr. Zhang Zheng for an aggregate amount of HK\$21,000,000 convertible debentures (the “**2024 Convertible Debentures**”).

As at 30 June 2025, the Group has received the net proceeds of HK\$16,545,000 (equivalent to US\$2,120,000). The detailed breakdown of the net proceeds that were used are as below:

	Amount of net proceeds allocated		Amount of net proceeds utilised during the six months ended 30 June 2025		Balance of net proceeds unutilised as of 30 June 2025	
	HK\$	US\$	HK\$	US\$	HK\$	US\$
	Development of the artificial intelligence business	16,545,000	2,120,000	-	-	16,545,000
Total	16,545,000	2,120,000	-	-	16,545,000	2,120,000

Change in Use of Proceeds

Up to the date of this report, the Group has received the net proceeds of HK\$21,000,000 and has not utilised any of the net proceeds from the 2024 Convertible Debentures. The original intended use of the net proceeds from the 2024 Convertible Debentures was to explore the new business direction of combining artificial intelligence with the cultural industry in Web 3.0. by its joint venture, GoMeta Limited, including but not limited to videos and microfilms making, or to cooperate with well-known painters to generate animated videos from their works, etc. However, after entering the subscription agreement of 2024 Convertible Debentures, the Company still could not reach consensus in certain commercial terms with the potential partners for cooperation of videos and microfilms productions. Hence, GoMeta Limited has not commenced any operations in relation to artificial intelligence business since establishment and will not further develop the business in relation to artificial intelligence. In view of that, the Company has planned to shift the development focus of Web 3.0 to the Company’s existing graphite business to develop a graphite product trading platform, aimed at enhancing global graphite product trading experience and leveraging synergies of the Company existing business segments.

Having considered the above, the Board has planned to change the use of the unutilized net proceeds from the 2024 Convertible Debentures (the “**2024 Unutilized Net Proceeds**”). The detailed breakdown for using the 2024 Unutilized Net Proceeds is as follows:

	<i>HK\$</i>
Research and development of graphite and various commodities trading platform	9,000,000
Marketing and brand building by organizing marketing campaigns and advertisements, etc.	5,500,000
Working capital for the trading platform such as regular system maintenance and updates of the platform, ongoing cybersecurity and fraud prevention and scaling cost, etc.	<u>6,500,000</u>
Total	<u>21,000,000</u>

The Company expected to utilize all 2024 Unutilized Net Proceeds before 31 December 2027.

Indebtedness

As at 30 June 2025:

The Company did not have any bank borrowings or committed bank facilities;

The Company did not have any borrowing from any related parties; and

The Company did not have any bank overdrafts.

As at 30 June 2025 and up to the date of this report there has been no material adverse change to the indebtedness of the Group.

Contingent Liabilities and Pledge of Assets

The Group did not have any material contingent liabilities and did not pledge any assets as at 30 June 2025.

Capital Commitments

As at 30 June 2025, there were no capital commitments to the Group related to the purchase of fixed assets (2024: Nil).

Significant Investments Held

As at 30 June 2025, the Group has no significant investment held.

Material Acquisitions and Disposals

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

Capital Structure

For the six months ended 30 June 2025, there were no change in capital structure of the Company. The capital of the Company comprises ordinary shares and other reserves.

Employees and Remuneration Policies

As at 30 June 2025, the Group had 338 (2024: 325) employees in Hong Kong, U.K., and Macau. The Group believes that its relationship with its employees is satisfactory.

The remuneration policy of the Group employees is set by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Remuneration Committee. No share option scheme is in operation.

Foreign Exchange Exposure

The Group's principal operating subsidiaries earn revenues and incur costs in Hong Kong Dollars, US dollars, Chinese Renminbi and British pounds, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. The Group manages its currency risk by closely monitoring the foreign exchange exposure in order to keep the net exposure to an acceptable level, and may consider hedging significant foreign currency exposure should the need arise.

Interim Dividend

The Directors have decided not to declare any interim dividend for the six months ended 30 June 2025 (2024: Nil).

Share Capital

As at 30 June 2025, the Company's issued share capital was US\$610,464,921 and the number of its issued ordinary share was 417,994,073.

During the six months ended 30 June 2025, 50,950,000 ordinary shares were issued by exercising the convertible debentures for an aggregate principal amount, net of expenses, of approximately HK\$15,285,000 (equivalent to US\$1,959,615).

Material Uncertainties

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Legal Proceedings

The Group is not aware of any pending or threatened legal proceeding that, if determined in a manner adverse to us, could have a material adverse effect on the business and operations of the Group.

Significant Events after the Reporting Period

On 17 July 2025, the Company entered into a subscription agreement with Mr. Zhang Yi, an individual investor, for HK\$24,339,000 nil interest 6-year Debentures due 2031. The conversion price is HK\$0.305. The maximum number of 79,800,000 new shares which are issuable will be issued and allotted under the general mandate given by the Shareholders of the Company at the annual general meeting held on 6 June 2025. The proceeds from the issue of the debentures will be used for the development of business related to Web 3.0. As at the date of this report, no subscription and hence no conversion was made.

BDO Limited resigned as the auditor of the Company with effect from 1 August 2025, as the Company and BDO Limited could not reach a consensus on the audit fee for the audit of the Group for the financial year ended 31 December 2025. The Board resolved to appoint McMillan Woods (Hong Kong) CPA Limited as the new auditor of the Company with effect from 4 August 2025 to fill the casual vacancy resulted from the resignation of BDO Limited and to hold office until the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 4 August 2025.

Save as the above, there were no significant events after the reporting period.

ADDITIONAL INFORMATION

Compliance with the Code of Corporate Governance Practices

The Company has complied with all the code provisions of the prevailing Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2025, except for one deviation as below:

Code provision C.2.1: The roles of chairman and chief executive should be separate

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Mr. Feng Zhong Yun currently performs these two roles. The Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Feng provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board will continue to review and consider the separation of the duties of the Chairman and Chief Executive if and when appropriate.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that all the Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2025.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the six months ended 30 June 2025, neither the Company, nor any of its subsidiaries, purchased, sold, or redeemed any of the Company’s securities.

Directors' and Chief Executives' Interests in Shares

At 30 June 2025, none of the Directors and executive officers of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders and Other Person's Interest in Shares

As at 30 June 2025, no person had registered an interest, short position, or lending pool in the shares or underlying shares or debentures of the Company that was required to be kept by the Company pursuant to Section 336 of the SFO.

Review of the Unaudited Consolidated Interim Financial Statements

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system.

The Audit Committee of the Company consists of three independent non-executive directors: Mr. Ng Lai Po, Ms. Ye Yi Fan and Dr. Yan Shao Shi. Mr. Ng is the Audit Committee's Chairman, who has appropriate professional qualifications or accounting or related financial management expertise as set forth in 3.10(2) of the Listing Rules. The Audit Committee has adopted the terms of reference which are in line with Corporate Governance Code as set forth in Appendix C1 to the Listing Rules.

The Audit Committee has reviewed with the Company's management the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters, including the review of this unaudited interim results of the Company for the six months ended 30 June 2025.

Publication of Interim Results

The Interim Report will be dispatched to its shareholders who elected to receive the printed version of the corporate communications of the Company and published on the Hong Kong Exchanges and Clearing Limited's website (<https://www.hkex.com.hk>) and the Company's website (<https://www.elate.hk>) in due course.

On behalf of the Board of
Elate Holdings Limited
Feng Zhong Yun
Managing Director

Hong Kong, 29 August 2025

As at the date of this report, the Board of Directors is comprised of Mr. Feng Zhong Yun and Ms. Zhang Xue being executive directors, Mr. Ng Lai Po, Ms. Ye Yi Fan and Dr. Yan Shao Shi being independent non-executive directors.

CORPORATE INFORMATION

DIRECTORS

Mr. Feng Zhong Yun, *Executive Director and Managing Director*

Ms. Zhang Xue, *Executive Director*

Mr. Ng Lai Po, *Independent Non-Executive Director*

Ms. Ye Yi Fan, *Independent Non-Executive Director*

Dr. Yan Shao Shi, *Independent Non-Executive Director*

COMPANY SECRETARY

Lam Lee Yu

REGISTERED OFFICE

Unit 1002, 10/F., Euro Trade Centre

13-14 Connaught Road Central and 21-23 Des Voeux Road Central

Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd.

AUDITOR

BDO Limited (Resigned on 1 August 2025)

Registered Public Interest Entity Auditor

McMillan Woods (Hong Kong) CPA Limited (Appointed on 4 August 2025)

Registered Public Interest Entity Auditor

STOCK CODE

76