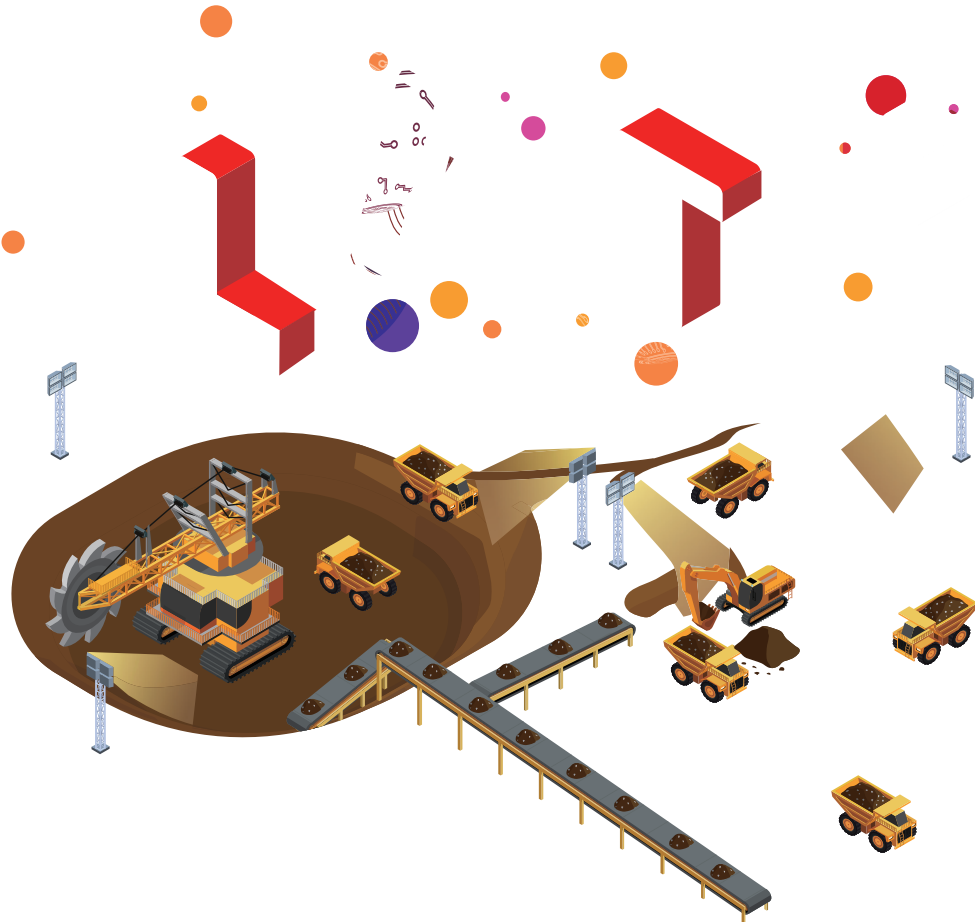


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The Board of Directors (the "Board") of Elate Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended	
		30 June 2020	30 June 2019
		Unaudited US\$'000	Unaudited US\$'000
	Notes		
Revenue	3	45,157	42,428
Cost of sales		<u>(33,678)</u>	<u>(35,133)</u>
Gross profit		11,479	7,295
Other income		599	2,200
General and administrative expenses		(9,469)	(8,909)
Fair value gain on financial assets at fair value through profit or loss		<u>1</u>	<u>54</u>
PROFIT FROM OPERATING ACTIVITIES	4	2,610	640
Finance costs		<u>(16)</u>	<u>(26)</u>
PROFIT BEFORE INCOME TAX EXPENSE		2,594	614
Income tax expense	5	<u>(1,004)</u>	<u>(419)</u>
PROFIT FOR THE PERIOD AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>1,590</u>	<u>195</u>
		US cents	US cents
Earnings per share	7		
Basic		0.023	0.004
Diluted		<u>0.023</u>	<u>0.004</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended	
	30 June	30 June
	2020	2019
	Unaudited	Unaudited
	US\$'000	US\$'000
PROFIT FOR THE PERIOD	1,590	195
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(3,126)</u>	<u>1,461</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(1,536)</u>	<u>1,656</u>
Attributable to:		
Owners of the Company	(1,536)	1,656
Non-controlling interests	<u>–</u>	<u>–</u>
Total comprehensive income for the period	<u>(1,536)</u>	<u>1,656</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
Non-current assets			
Property, plant and equipment	8	23,481	26,956
Investment properties		9,336	8,798
Right-of-use assets		944	3,634
Intangible assets		1,250	1,268
Interest in a joint venture		–	–
Deferred tax assets		191	202
Total non-current assets		35,202	40,858
Current assets			
Inventories		320,258	316,487
Trade receivables	9	12,440	12,445
Other receivables, deposits and prepayments	10	7,346	12,033
Amount due from a joint venture		2,624	684
Financial assets at fair value through profit or loss	11	237	236
Cash and bank balances		19,388	11,518
		362,293	353,403
Assets of a disposal group classified as held-for-sale		–	18,079
Total current assets		362,293	371,482
Current liabilities			
Trade payables	12	9,493	7,815
Other payables and accruals	13	10,519	12,920
Contract liabilities		–	3,508
Lease liabilities		318	384
Tax payable		1,259	249
		21,589	24,876
Liabilities of a disposal group classified as held-for-sale		–	17,300
Total current liabilities		21,589	42,176
Net current assets		340,704	329,306

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

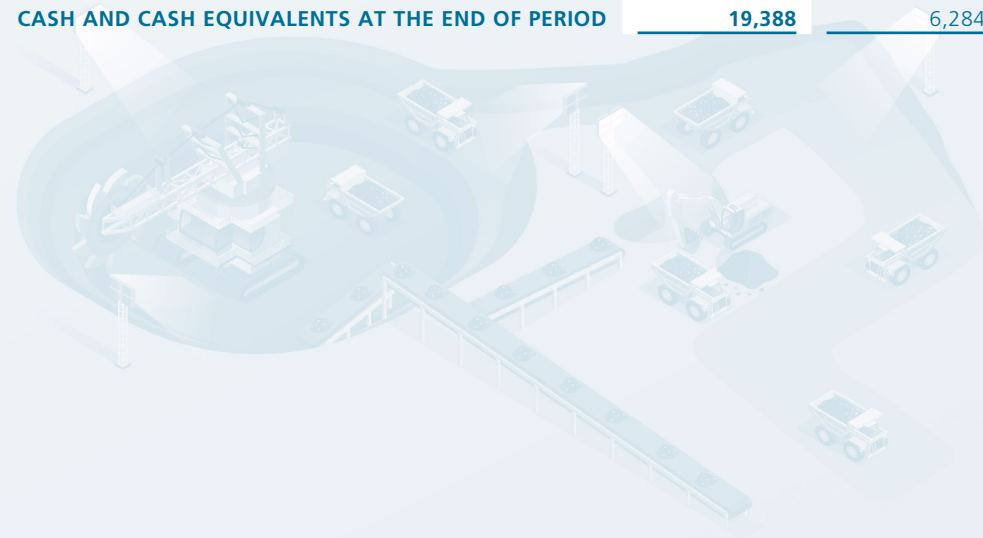
At 30 June 2020

		30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
	<i>Note</i>		
Total assets less current liabilities		375,906	370,164
Non-current liabilities			
Leases liabilities		542	725
Deferred tax liabilities		59	62
		601	787
NET ASSETS		375,305	369,377
Capital and reserves attributable to owners of the Company			
Share capital	15	607,060	599,596
Reserves		(231,761)	(230,225)
Total equity attributable to owners of the Company		375,299	369,371
Non-controlling interests		6	6
TOTAL EQUITY		375,305	369,377

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30 June 2020 Unaudited US\$'000	30 June 2019 Unaudited US\$'000
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	13,652	(11,604)
NET CASH USED IN INVESTING ACTIVITIES	(2,435)	(1,802)
CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(249)	4,483
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,968	(8,923)
Cash and cash equivalents at the beginning of period	11,518	14,369
Effect of foreign exchange rate changes	(3,098)	838
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19,388	6,284



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

(Expressed in US\$'000)

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Translation reserve	Revaluation reserve	Accumulated losses			
At 1 January 2020	599,596	(223)	5,184	(235,186)	369,371	6	369,377
Total comprehensive income for the period	-	(3,126)	-	1,590	(1,536)	-	(1,536)
Issue of shares upon conversion of convertible debentures	7,464	-	-	-	7,464	-	7,464
At 30 June 2020	607,060	(3,349)	5,184	(233,596)	375,299	6	375,305

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Translation reserve	Revaluation reserve	Accumulated losses			
At 1 January 2019	590,430	(2,644)	4,889	(225,852)	366,823	6	366,829
Total comprehensive income for the period	-	1,461	-	195	1,656	-	1,656
Issue of shares upon conversion of convertible debentures	3,654	-	-	-	3,654	-	3,654
At 30 June 2019	594,084	(1,183)	4,889	(225,657)	372,133	6	372,139

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

The condensed consolidated financial statements for the six months ended 30 June 2020 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 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements for the six months ended 30 June 2020 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 2019.

2. Changes in Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA for the first time for the current period’s condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the Group’s interim condensed consolidated financial information.

3. Revenue and segment information

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

An analysis of the Group's revenue and other income as follows:

For the six months ended 30 June 2020

(Expressed in US\$'000)

	Manufacture and sales of graphite products	Manufacture and sales of electronic products	Trading securities	Film production	Others	Total
Revenue from external customers	<u>4,501</u>	<u>40,249</u>	–	–	<u>407</u>	<u>45,157</u>
Segment results	(1,446)	5,166	(1,222)	–	112	<u>2,610</u>
Profit from operating activities						<u>2,610</u>
Finance costs						<u>(16)</u>
Income tax expense						<u>(1,004)</u>
Profit for the period						<u>1,590</u>

For the six months ended 30 June 2019

(Expressed in US\$'000)

	Manufacture and sales of graphite products	Manufacture and sales of electronic products	Trading securities	Film production	Others	Total
Revenue from external customers	<u>9,508</u>	<u>32,713</u>	–	–	<u>207</u>	<u>42,428</u>
Segment results	(19)	2,241	(1,528)	(25)	2	<u>671</u>
Unallocated income and expenses						<u>(31)</u>
Profit from operating activities						<u>640</u>
Finance costs						<u>(26)</u>
Income tax expense						<u>(419)</u>
Profit for the period						<u>195</u>

4. Profit from operating activities

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

	Six months ended	
	30 June	30 June
	2020	2019
	Unaudited	Unaudited
	US\$'000	US\$'000
Depreciation on		
– property, plant and equipment	1,566	1,222
– right-of-use assets	190	–
Impairment of trade receivables	–	82
Interest income from loan to a joint venture	(27)	–
Gain on disposal of subsidiaries (<i>Note 6</i>)	(8)	–

5. Income tax expense

No provision for Hong Kong profits tax has been made as, in the opinion of the Company's directors, the Group did not have any estimated assessable profits in Hong Kong for both periods ended 30 June 2020 and 2019.

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

6. Disposal of subsidiaries

During the year of 2019, the Company decided to strategically restructure the companies in the Group and to make it operate more effective. The directors of the Company resolved to dispose of the entire equity interest in Global Select Limited and its seven subsidiaries (the "GS Group"). The companies in the GS Group were wholly-owned subsidiaries of the Company. Some of them have been dormant for a period of time and others were previously involved in certain graphite business in Liaoning Province and Heilongjiang Province in China, which has little operations now. In this connection, the Board resolved to dispose of the entire equity interest of the GS Group and classified them as held-for-sale at 31 December 2019, as reported in the 2019 Annual Report of the Company.

On 23 April 2020, the Company and China Graphite Limited (the "Purchaser") entered into an agreement, pursuant to which, the Purchaser agreed to acquire the entire share of the GS Group at a consideration of US\$120,000, which was determined after arm's length negotiations between the Company and the Purchaser, with reference to the net asset value of the GS Group as at 31 March 2020. On 28 April 2020, the disposal of the GS Group was completed and a gain on disposal of subsidiaries of approximately US\$8,000 was recognised in profit or loss.

The net assets of the GS Group at the date of disposal were as follows:

	<i>US\$'000</i>
Property, plant and equipment	2,539
Right-of-use asset	2,390
Inventories	133
Account receivable	3,716
Other receivables, deposits and prepayments	14,094
Cash and bank balances	107
Trade payables	(36)
Other payable and accruals	(107)
Contract liabilities	(5,424)
Tax payable	(17,300)
	<hr/>
Net assets disposed of	112
	<hr/>
Cash consideration	120
Less: Net assets disposed of	(112)
	<hr/>
Gain on disposal	8
	<hr/>

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the net profit attributable to the owners of the Company for the six months ended 30 June 2020 of US\$1,590,000 (2019: US\$195,000), and 6,865,645,214 (2019: 5,313,206,316) weighted average ordinary shares in issue during the period.

8. Property, plant and equipment

During the six months ended 30 June 2020 the Group acquired approximately US\$644,000 (2019: US\$1,575,000) of property, plant and equipment.

9. Trade receivables

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

	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
0-30 days	8,056	6,885
31-60 days	3,441	4,020
61-90 days	913	1,438
Over 90 days	30	102
	<hr/>	<hr/>
	12,440	12,445
	<hr/>	<hr/>

10. Other receivables, deposits and prepayments

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

	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
Purchase deposits	–	4,011
Other deposits and prepayments	240	294
Other receivables	7,106	7,728
	7,346	12,033

As at 30 June 2020, other receivables included a loan with a principal amount of US\$3,240,000 (31 December 2019: US\$3,600,000) which was unsecured, interest bearing at 5% per annum and repayable within 1 year.

11. Financial assets at fair value through profit or loss

	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
Hong Kong listed shares	237	236

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 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
0-30 days	6,340	3,593
31-60 days	2,403	2,475
61-90 days	724	1,279
Over 90 days	26	468
	9,493	7,815

13. Other payables and accruals

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

	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
Other payables	2,891	7,454
Accruals	5,316	3,579
Other tax payable	2,312	1,887
	<u>10,519</u>	<u>12,920</u>

14. Dividend

The Directors have decided not to declare any interim dividend for the six months ended 30 June 2020 (2019: Nil).

15. Share capital

	30 June 2020 Unaudited US\$'000	31 December 2019 Audited US\$'000
Issued and fully paid: 7,006,631,478 ordinary shares (31 December 2019: 5,985,131,478 ordinary shares)	<u>607,060</u>	<u>599,596</u>

During the six months ended 30 June 2020, 1,021,500,000 ordinary shares were issued by exercising the convertible debentures for an aggregate principal amount, net of expenses, of approximately HK\$58,225,500 (equivalent to approximately US\$7,464,000).

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 (including derivative instruments) 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 cash and bank balances, trade and other receivables, amount due from a joint venture and trade and other payables are assumed to approximate their fair values due to the short term maturities of these assets and liabilities.

Fair value measurement recognised in the 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 2020 Total Unaudited
	US\$'000	US\$'000	US\$'000	US\$'000
Recurring fair value measurements: Financial assets at fair value through profit or loss	<u>237</u>	-	-	<u>237</u>

	Level 1	Level 2	Level 3	31 December 2019 Total Audited
	US\$'000	US\$'000	US\$'000	US\$'000
Recurring fair value measurements: Financial assets at fair value through profit or loss	<u>236</u>	-	-	<u>236</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. Related party transactions

During the period, the remuneration of Directors and other member of key management was as follows:

	Six months ended 30 June 2020 Unaudited US\$'000	30 June 2019 Unaudited US\$'000
Salaries, allowances and benefits in kind	<u>275</u>	<u>270</u>

18. Approval of the Condensed Consolidated Interim Financial Statements

The Board of Directors of the Company approved the condensed consolidated interim financial statements on 28 August 2020.

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 2020, the revenue of the Group was \$45.2 million, an increase of \$2.8 million, or 6.6%, as compared to \$42.4 million for the same period of prior year. The net profit attributable to owners was \$1.6 million, as compared to net profit of \$195,000, for the same period of the prior year. As at 30 June 2020, the total assets of the Group were \$397.5 million, as compared to \$412.3 million at 31 December 2019, and the net assets of the Group were \$375.3 million at 30 June 2020, as compared to \$369.4 million at 31 December 2019.

Business Review

The Group's businesses primarily consist of (i) manufacture and sales of graphite products worldwide, (ii) manufacture and sales of electronic products in the United Kingdom, and (iii) development of multi-media production and movie making.

The Company has been engaged in the manufacture and sales of graphite products worldwide for more than a decade. The graphite business operations are considered as the Company's main path for profit growth. The customers include steel mills, lithium battery companies, refractory material companies and users of graphite products in China and around the world.

The Company's electronic manufacturing services are operated by its wholly-owned subsidiary Axiom Manufacturing Services Limited in the United Kingdom ("Axiom"). 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 and North America.

The Company's cultural and multi-media business operations include motion picture production, television and online programming, and introduction of valuable foreign movies to Mainland China, etc. The production of the Company's first movie, "Pegasus", a black-humor feature film with an anti-war and anti-nuclear weapons theme, has been completed.

Graphite Production

The Company has been engaged in graphite business for more than a decade. Graphite is widely used in aerospace, steel, automobile, electric vehicle, battery and lubricant industries. On the one hand, as a nonrenewable mineral resource, graphite deposits in the world are limited and diminishing. On the other hand, since Andre Geim and Konstantin Novoselov received their Nobel Prize in 2010 for their discovery of the unique properties of graphene, the demand for graphite as a strategic material has been increased. Fourteen materials including graphite and rare earth elements are viewed as key materials.

As its main development focus for profit growth, the Company seized an opportunity of purchasing a large amount of semi-finished graphite as its strategic reserve in 2016, just like land reserves for real estate developers. The purchased graphite reserve was mainly used as the Company's raw material for high-grade graphite products, which laid the foundation for the Company to further grow its graphite business. In 2017, the Company's graphite production lines and a warehouse were built in Madagascar, Africa. The newly built graphite production lines started to produce graphite products in January 2018. Currently, the Company is in the process of building an additional graphite production line, which is expected to be completed in the fourth quarter of this year. Upon its completion, it is anticipated that the Company's graphite production will increase.

Semi-finished Graphite Swap

The Company held a large amount of semi-finished graphite in inventory. In 2019, the Company 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. Pursuant to the Contracts, (1) the Company 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 of graphite ore exploited from the mines owned by MGL in Madagascar (the "Graphite Ore"); and (2) the Company 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 the Company.

The swap brings two significant benefits but no harm to the Company. First of all, the swap increases the Company's flexibility of using of raw material, because all finished products that can be produced by the Semi-finished Graphite can also be produced by graphite ore. However, certain orders with specific requests for certain volume density or grain size cannot be produced from the Semi-finished Graphite, only particular types of graphite ore can meet the requirements. Secondly, before the swap, every ton of finished products needs approximately 20 tons of graphite ore as raw materials, which costs about US\$300. By swapping in 1:11 proportion, the graphite ore costs for producing each ton of finished products can be reduced from US\$300 to US\$200.

The swap ratio (1:1) was determined by both parties by the respective average carbon contents of the Semi-finished Graphite and the Graphite Ore, plus 10% of allowance for wastage and other loss factors. During the year ended 31 December 2019, all Semi-finished Graphite the Company owned have been swapped into Graphite Ore.

In connection with the swap, the Company engaged an independent professional mineral valuer with the Australian Institute of Mineral Valuers and Appraisers, who is also a JORC & KCMI accredited expert, to assist the swap inspection and conduct graphite ore stocktaking, carbon content verification, volume and tonnage estimate, and valuation on the Graphite Ore swapped in Madagascar.


Film Production

The Company's cultural and multi-media business operations include motion picture production, television and online programming, and introduction of valuable foreign movies to Mainland China, etc. The production of the Company's first movie, "Pegasus", a black-humor feature film with an anti-war and anti-nuclear weapons theme, has been completed.

Disposal of the GS Group

During the year of 2019, the Company decided to strategically restructure the companies in the Group and to make it operate more effective. The directors of the Company resolved to dispose of the entire equity interest in Global Select Limited and its seven subsidiaries (the "GS Group"). The companies in the GS Group were wholly-owned subsidiaries of the Company. Some of them have been dormant for a period of time and others were previously involved in certain graphite business in Liaoning Province and Heilongjiang Province in China, which has little operations now. In this connection, the Board resolved to dispose of the entire equity interest of the GS Group and classified them as held-for-sale at 31 December 2019, as reported in the 2019 Annual Report of the Company.

On 23 April 2020, the Company and China Graphite Limited (the "Purchaser") entered into an agreement. Under the agreement, the Purchaser agreed to acquire the entire share of a total of the GS Group at a consideration of US\$120,000, which was determined after arm's length negotiations between the Company and the Purchaser, with reference to the net asset value of the GS Group as at 31 March 2020. As at 31 March 2020, the unaudited consolidated net assets of the GS Group were approximately US\$111,900. The Board believed the consideration was fair and reasonable.



The disposal did not constitute a discontinued operation as it did not represent a separate major line of business or a geographical area of the Group, and would not have any significant impact on overall business operations of the Group. On one hand, the companies in the GS Group were either without businesses or whose business, if any, were transferred to other business entity of the Group; on the other hand, pursuant to the Agreement, the Purchaser shall purchase assets and assume, be responsible for and pay, perform and discharge when due to assume, any and all of the liabilities of the GS Group.

The sale proceeds of approximately US\$120,000 were used as general working capital of the Company. As a result of this disposal, the Group recorded a gain on disposal of approximately US\$8,000. Such gain was based on the consideration receivable from the disposal, i.e. US\$120,000, less approximately US\$111,900, being the unaudited net asset value of the GS Group as at 31 March 2020. Since the completion of the disposal, each of the subsidiaries of the GS Group was ceased as a subsidiary of the Company.

COVID-19 Disruption Impact

COVID-19 has emerged as a global pandemic causing disruption to businesses all around the world. Due to outbreak of COVID-19, many countries have implemented emergency public health measures and taken various actions to prevent the spread of the COVID-19 pandemic including travel restriction and lockdown measures. Such measures resulted in general disruption of production, supply chain and logistic of services. For the Company, in response to the impact of the COVID-19 pandemic, some of our customers have curtailed or modified their business activities, which resulted in a downturn in customer demand for our graphite products. Although some countries gradually ceased the lockdown measures, the global market remains challenging, and the Company will closely monitor the economic impacts of the current global coronavirus pandemic and other factors, and make corresponding adjustments, if necessary.

Results of Operations

For the six months ended 30 June 2020, the Group's revenue was \$45.2 million, an increase of \$2.8 million, or 6.6%, as compared to \$42.4 million for the same period of the last year. The increase in Group's revenue was mainly from the Company's electronics manufacturing service in the UK.

For the six months ended 30 June 2020, the Group's turnover of graphite operations was \$4.5 million, a decrease of 52.6%, as compared to \$9.5 million for the same period of 2019. The decrease in sales of our graphite products was primarily due to the global outbreak of the COVID-19 pandemic. In response to the impact of the COVID-19 pandemic, certain of our customers have curtailed or modified their business activities, which resulted in a downturn in customer demand for our products.

For the six months ended 30 June 2020, the turnover of the Company's electronics manufacturing service operation was \$40.2 million, representing an increase of \$7.5 million, or 22.9%, as compared to \$32.7 million for the same period of the prior year. The increase in electronics manufacturing service revenue was primarily due to an increase in its product sales, plus urgent demand for ventilators produced to support the UK government in its battle against the COVID-19 pandemic.

The production of the Company's first movie, "Pegasus", was completed. However, for the six months ended 30 June 2020, the Company's cultural operations generated no revenues because, as at 30 June 2020, the Company did not obtain the approval for the film release, while the Company was actively looking for potential buyers for the film production during the period.

Liquidity and Financial Resources

The Group's operations are primarily funded by cash flows from its operations and from issuance of convertible debentures of the Company. At 30 June 2020, the Group's cash and cash equivalents were \$19.4 million as compared to \$11.5 million as at 31 December 2019. As at 30 June 2020, the Group recorded net current assets of approximately \$340.7 million (31 December 2019: \$329.3 million). The Group had no bank borrowings as at 30 June 2020. As at 30 June 2020, the Group's gearing ratio, calculated as the finance lease on lease liabilities divided by the amount of total equity, was 0.2% (31 December 2019: 0.3%).

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. For the detailed breakdown and description of the proceeds that have been used and the intended use of the unutilized proceeds, please see the Company's supplementary announcement dated on 7 August 2020.

Indebtedness

As at 30 June 2020:

- 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 2020 and up to the date of this report, there has been no material adverse change to the indebtedness of the Group.

Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2020, there was no capital commitments to the Group related to the purchase of fixed assets (31 December 2019: Nil).

Significant Investments Held

As at 30 June 2020, the Group has held no significant investments.

Material Acquisitions and Disposals

Other than disclosed in “Disposal of the GS Group” above in the section of Business Review, for the six months ended 30 June 2020, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

Capital Structure

There has been no change in capital structure of the Company for the six months 30 June 2020. The capital of the Company comprises ordinary shares and reserves.

Interim Dividend

The Directors have decided not to declare any interim dividend for the six months ended 30 June 2020 (2019: Nil).

Share Capital

As at 30 June 2020, the Company’s issued share capital was US\$607,060,000 and the number of its issued ordinary share was 7,006,631,478.

During the six months ended 30 June 2020, 1,021,500,000 ordinary shares were issued by exercising the convertible debentures for an aggregate principal amount, net of expenses, of approximately HK\$58,225,500 (equivalent to US\$7,464,000).

Employees and Remuneration Policies

As at 30 June 2020, the Group had 339 (2019: 348) employees in the United Kingdom, China, Madagascar and Hong Kong. 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, respectively. For the six months ended 30 June 2020, the Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against the risk incurred from its currency exposure. The Group manages its currency risk by closely monitoring the movement of foreign currency rates and may consider hedging significant foreign currency exposure should the need arise.

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.

Events after the Reporting Period

There is no subsequent event after the reporting period which has material impacts on the unaudited condensed consolidated financial statements of the Group.

ADDITIONAL INFORMATION

Compliance with the Code of Corporate Governance Practices

The Company has complied with all code provisions of the code provisions as set forth in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the period covered by the interim report, except for the deviations as stated below:

Code Provision A.2.1: The roles of chairman and chief executive should be separate

Code provision A.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 in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Group to make and implement decisions promptly and effectively. After taking into account the overall circumstances of the Group, the Board will continue to review and consider the separation of the duties of the chairman and chief executive if and when appropriate.

Code Provision A.4.1: Non-executive Directors should be appointed for a specific term

Under the code provision A.4.1 of the Code, non-executive directors (including independent non-executive directors) shall be appointed for a specific term and subject to re-election. None of the Company’s existing independent non-executive directors was appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, the Company’s Articles of Association stipulate that all independent non-executive directors shall retire and be re-elected at least once every three years, which is an adequate measure to ensure that the Company’s corporate governance complies with the same level to that required under the Code on Governance Practices and Corporate Governance Code.

On 4 June 2020, Ms. Zhang Xue was re-elected as an executive director; and Mr. Han Zhi Jun was re-elected as an independent non-executive director.

Code Provision A.6.7: Independent non-executive directors and non-executive directors should attend general meeting

Mr. Chai Woon Chew and Mr. Han Zhi Jun, being independent non-executive directors, were not able to attend the annual general meeting of the Company held on 4 June 2020 due to other business engagements.

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 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. All Directors have confirmed that, following specific enquiry by the Company, they fully complied with Model Code throughout the six-month period ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company, nor any of its subsidiaries, has purchased, sold, or redeemed any of the Company's securities.

Director's and Chief Executives' Interests in Shares

At 30 June 2020, none of the Directors and chief 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.

Directors' Interests in Contracts

During the six months ended 30 June 2020, none of the Company's Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party.

At no time during the period under the review was the Company or any of the Company's subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

Substantial Shareholders and Other Person's Interest in Shares

As at 30 June 2020, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short position in the shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest *
Zhao Jie	Beneficial Owner	1,125,000,000	16.06%

* Based on a total of 7,006,631,478 issued shares of the Company as at 30 June 2020.

Review of the Consolidated Interim Financial Statements

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2020.

Publication of Results

The Interim Report will be published in due course on website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and website of the Company (<http://www.elate.hk>), and will be dispatched to shareholders who selected to receive the printed version of the Company's corporate communication on or before 30 September 2020.

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

Hong Kong, 28 August 2020

As at the date of this report, 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.