ELATE HOLDINGS LIMITED
誼礫控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 076)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO REMEDIAL MEASURES KEY FINDINGS OF INTERNAL CONTROL REVIEW

Reference are made to the announcements dated 3 March 2026 and 27 May 2026 (the "**Announcements**") Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

As disclosed in the announcement of 3 March 2026, the Board had conducted a series of Acquisitions and Disposals which constituted notifiable transactions under Chapter 14 of the Listing Rules. The Company, due to the misunderstanding of the Listing Rules, unintentionally had not complied with the disclosure requirements under Chapter 14 of the Listing Rules.

The Company deeply regrets the non-compliance with Chapter 14 of the Listing Rules which was unintentional and will take the remedial measures set out below to ensure that any Acquisitions and Disposals of the cryptocurrencies by the Company in the future will comply with Chapter 14 of the Listing Rules.

On 27 March 2026, the Company further disclosed that it engaged Forvis Mazars Risk Advisory Services Limited (the "**IC Consultant**"), an independent internal control consultant, to review the Company's internal control systems in relation to notifiable transactions and regulatory compliance.

This announcement sets out the key findings of the internal control review (the "**IC Review**").

THE INTERNAL CONTROL REVIEW

A. Objective of the IC Review

The IC Review was carried out mainly for the purpose of assisting the Board and the management in to assess the procedures, systems and controls established by the Group as to whether they are inadequate to comply with Chapter 14 and 14A, as well as Appendix C1 of the Main Board Listing Rules and are able to provide a reasonable basis to enable the Directors to make proper assessment of the financial position and prospects of the Group.

B. Scope of Work

During the period from 2 April to 12 May 2026, the IC Consultant performed an internal control review which covered the documentation, testing and assessment of the effectiveness of the procedures, systems and controls established by the Group in regard to the identification and disclosure of notifiable transactions as disclosed in the Company's announcement dated 3 March 2026.

C. Findings of the IC Review

The IC Consultant has listed out the issues identified in the Group's internal control system and procedures during the IC Review. The management of the Group has reviewed such deficiency issues, and has taken appropriate actions and steps to address those internal control deficiency issues with reference to the recommendations of the IC Consultant.

Major internal control deficiency issues identified by the IC Consultant and the Company's subsequent responses are set out below:

I. Findings

Implementation of identification and disclosure procedures for notifiable transactions yet to be strengthened at the material time.

II. Risks identified by IC Consultant

i. Cases of absence of size test calculation performed over transaction involving acquisition and disposal.

ii. Cases of absence of shareholders' approval for major transaction, very substantial acquisition transaction and very substantial disposal transaction.

iii. Cases of notifiable transaction not fully complied with the disclosure requirements under the Listing Rules.

iv. "Notifiable Transaction Policy" yet to be strengthened.

III. Recommendations of IC Consultant

i. the Finance Department will compute the percentage ratios in accordance with Chapter 14 of the Listing Rules prior to the entering into any transactions involving acquisition and/or disposal of cryptocurrencies, which will be verified for accuracy by the Company Secretary. Any proposed transactions involving acquisition and/or disposal of cryptocurrencies in which any of the percentage ratios exceeds 5% on a standalone basis or as aggregated will require prior approval from the Board to proceed; *(Please refer to Part IV (1) for Management's response)*

ii. the internal team seeks to form a structured and segregated control framework that ensures proper oversight, operational integrity, and compliance in all cryptocurrency-related activities of the Company, including work under a formalized approval and reporting workflow for all digital asset transactions. Stop-loss and take-profit parameters are set up to control market risk. Access to wallet devices, passwords, and authentication tools is strictly controlled with clear segregation between custody, authentication, and transaction functions. The Company also implements enhanced reporting procedures. Any significant or urgent risk events must be escalated to senior management; *(Please refer to Part IV (2) for Management's response)*

iii. any proposed transaction involving cryptocurrencies (whether standalone or aggregated) will be reported to the Board of Directors in advance, the board of Directors will ensure any such transaction complies with the requirements under the Listing Rules before it proceeds; *(Please refer to Part IV (3) for Management's response)*

iv. to further strengthen the Company's internal control framework over transactions involving cryptocurrencies and storage of digital assets and ensure ongoing compliance with applicable Listing Rules, the Company will set up an internal team for transactions; *(Please refer to Part IV (4) for Management's response)*

v. for any transaction where a percentage ratio under the size test exceeds 5% or above, the Company will seek a formal opinion from legal or financial adviser to ensure timely escalation and advice before any transaction is executed; *(Please refer to Part IV (5) for Management's response)*

vi. consult with the Stock Exchange (by its own staff or through its advisers) if the Company is in doubt as to any requirement under the Listing Rules; *(Please refer to Part IV (6) for Management's response)*

vii. Company to issue relevant guidance and training materials on the transaction involving cryptocurrencies and its implications under the Listing Rules including Chapter 14 regarding (i) how to define a transaction; (ii) how to properly calculate the percentage ratios; (iii) how to categorise a notifiable transaction under Chapter 14 of the Listing Rules to all the Directors, senior management members and the Finance Department of the Group; *(Please refer to Part IV (7) for Management's response)*

IV. Management response to the recommendations of the IC Consultant

In response to the recommendations of the IC Consultant, the Company has implemented the following actions which have been reviewed and considered effective by the IC Consultant:

1. Strengthen the Board's approval authority

The Company has updated the Notifiable Transaction Policy, to refine the procedures for size test calculation and strengthen the escalation mechanisms for potential notifiable transactions.

The calculation of the percentage ratio will be used for classification and identification of the transaction type under Chapter 14/14A of the Listing Rules, the relevant division of responsibilities is as follows:

Board of Directors: responsible for formulating the Company's overall business strategy, including but not limited to the utilization of cryptocurrencies. The utilization of the cryptocurrencies will be based on the Company's actual needs and in line with its business plan. When the proposed use of cryptocurrencies meets this criteria, together with the relevant calculation results and feedbacks on compliance matter are considered, the Board will grant its final approval for the proposed transactions.

Managing Director: responsible for, based on the Board's strategic plan, proposing transactions to the Board for its final approval, and instruct the Finance Department to conduct the relevant calculations of the percentage ratio.

Finance Department: responsible for calculating the applicable percentage ratios in accordance with Chapter 14 of the Listing Rules; if any of the percentage ratios exceeds 5% on a standalone basis or in aggregate with a series of transactions within a 12 month period, will seek for board approval prior to proceeding any transaction;

Company Secretary: responsible for reviewing the results of the relevant calculation and providing compliance advice on whether a transaction constitutes a notifiable transaction and/or connected transactions, including identifying key triggers:

- Transactions with the same connected party/parties or associates.
- Acquisitions/disposals of securities in one company/group or parts of one asset.
- A series of transactions leading to a substantial business involvement.
- Continuing connected transactions with a single person/company/group.

Upon identifying that a proposed transaction under any percentage ration exceeds 5% on a standalone basis or as aggregated may trigger the threshold for a notifiable transaction under Chapter 14/14A of the Listing Rules, the Managing Director must immediately report to the Board of Directors. The Board shall consider to approve such transactions only after obtaining the analysis and opinions in relation to Listing Rules compliance from the Finance Department and the Company Secretary. No transaction may proceed or any legally binding agreement regarding such transaction shall be entered into prior to obtaining the Board's approval.

2. Establish a cryptocurrency management team

To enhance internal control in relation to the utilization of cryptocurrencies, a team of five members has been established as follows:

- The Executive Director and Managing Director, Mr. Feng Zhong Yun ("**Mr. Feng**"), holds overall supervisory authority for the Company's digital asset management framework. He is responsible for, according to the Board's decisions of how and when to utilize the cryptocurrencies, overlooking proposed cryptocurrency transactions request submitted by the Finance Department; and submit the transaction requests for the Board's final approval. He is also responsible for maintaining custody of the Company's cold wallets, ensuring that cold storage devices are kept in secure and access-controlled environments, and overseeing the implementation of multi-signature arrangements to prevent any single individual from unilaterally executing high-value transfers;

- Mr. Feng is supported by Mr. Vitor Lo ("**Mr. Lo**"), the Finance Manager, who safeguards all passwords and authentication credentials associated with the Company's hardware wallets and cryptocurrency exchange accounts. He performs hardware wallet transfer operations strictly in accordance with Board approved instructions, maintains and updates the Company's cryptocurrency asset ledgers, and conducts periodic checks on wallet devices to ensure their security and proper functioning;

- Board approved transactions are carried out by the Company's Digital Asset Transaction Processing Officer, Mr. Du Yi ("**Mr. Du**"), who executes acquisition and/or disposal of cryptocurrencies in accordance with Board approved execution instructions and within authorised limits. He monitors market conditions, prepares preliminary action proposals, maintains detailed transaction records, and reports any unusual market movements or operational issues encountered during transactions;

- Mr. Chen Yaofei, the Chief Technical Officer has over 15 years of experience in trading-related technology, quantitative research, and large-scale financial architecture across equities, fixed income, foreign exchange, commodities, derivatives, hedge funds, and structured products, and will assist with the due diligence on the proposed cryptocurrency trades and compiling relevant reports for Mr. Feng or the Board's consideration prior to execution; and

- Ms. Vivian Lam, the Company Secretary, will ensure any proposed cryptocurrency transaction complies with applicable Listing Rules and where necessary, seek external legal and/or financial advisers for assistance.

Internal control mechanism to be taken in cryptocurrency transactions:

- stop-loss and take-profit parameters are set for acquisition and/or disposal of cryptocurrencies, which is conducted according to the annual digit asset allocation plan formulated and approved by the Board, to control market risk. The Company maintains systems for monitoring market, liquidity, operational, and legal risks, and employees involved in cryptocurrency related activities receive ongoing training on compliance, risk awareness, and operational procedures. Access to wallet devices, passwords, and authentication tools is strictly controlled, with clear segregation between custody, authentication, and transaction functions; and

- the Company has implemented enhanced reporting procedures, which the Finance Department will provide regular reports to the Managing Director on cryptocurrency holdings, risk exposures, and any irregularities identified. Any significant or urgent risk events must be escalated immediately to senior management.

- the team will work under a formalized approval of the Board and reporting workflow for all digital asset transactions. Before any transaction is executed, the Finance Department will, according to the annual digital asset allocation plan of the Board, prepares an execution request and submit for the Managing Director's consideration. Such request must specify the proposed cryptocurrency, transaction size, price parameters, and rationale. The request will then be reviewed by the Managing Director, who will consider market conditions, risk exposures, and the Company's risk tolerance. If the Managing Director agrees with such request, he will submit to the Board for its final approval. No transaction may be executed without such final approval of the Board. Following execution, the Finance Department will record the transaction details, update the cryptocurrency asset ledger, and reconcile the balances with the Company's financial records;

3. Set up formal approval authority matrix for cryptocurrency transactions

The Company has updated the Cryptocurrency Asset Storage and Transaction Policy, to incorporate a formal approval authority matrix for cryptocurrency transaction requests. Under the updated policy, the Board formulates and approves an annual digital asset allocation plan. Before any transaction is executed, the Finance Department will, according to Board approved annual digital asset allocation plan, prepare an execution request and submit for the Managing Director's consideration. After the Managing Director submits the request to the Board for its final approval, the Digital Asset Transaction Processing Officer will process the execution.

The Company has established oversight mechanisms involving the Board and independent non-executive directors. Under the Company's internal control system, cryptocurrency transactions exceeding thresholds (including any single transaction exceeding 20% of the Company's cryptocurrency asset value or surpassing a monetary threshold set by the Board) requires review by at least two directors, one of them must be an independent non-executive director. If two directors agree with the transaction, they will submit for the Board's final approval. The Finance Department must regularly submit cryptocurrency asset holding and transaction reports to the Board and independent non-executive directors. Independent non-executive directors conduct quarterly reviews of the Company's cryptocurrency asset management and related internal controls.

4. Set up an execution team

As for the transactions of cryptocurrencies, the Company's Board has resolved to adopt a standardised process, the "Cryptocurrency Asset Storage and Transaction Policy", to ensure the Company strictly complies with its disclosure obligations under the Listing Rules.

1) Division of responsibilities

The transaction process is primarily managed by five units:

Board of Directors	Formulates annual digital asset allocation plan, sets stop-loss and take-profit strategies, approves transactions, and reviews risks
Audit Committee	Reviews internal control systems, oversees audits, and cryptocurrency asset, examines major transactions and risks
Managing Director	Supervises Board approved transactions, oversees asset management, authorises new transaction platforms and wallet addresses
Finance Manager	Maintains asset ledgers, executes wallet transfer operations, conducts periodic asset reconciliations and cooperates with audits
Transaction Officer	Executes approved transaction instructions, maintains transaction records and submits transaction data

2) Steps for conducting transactions

The transaction procedure is as follows:

i) Transaction Application: The Finance Department submits a transaction application in accordance with the annual digital asset allocation plan approved by the Board, specifying the purpose of the transaction, the type of transaction, quantity, estimated price, and take-profit/stop-loss positioning price.

ii) Approval of Transaction-Compliance with Disclosure Requirements: Upon receiving the application, the Managing Director instructs the Company Secretary to calculate the relevant percentages for the transaction under Chapter 14 of the Listing Rules. The calculation results will be submitted to the Board for approval of the transaction.

iii) Confirmation of Transaction Application: After obtaining the Board approval of the transaction, the Managing Director will confirm the transaction application.

iv) Transaction Execution: Executed by the Transaction Officer.

v) Transaction Documentation: Upon completion, transaction screenshots, transaction IDs, and platform transaction records must be retained and submitted to the Finance Department for accounting purposes.

The Company considers that the collective determination of its digital asset allocation plan approved by the Board, coupled with the Managing Director's final approval of the execution of the transactions of cryptocurrencies establishes a multi-layered control mechanism within its overall internal control system. This ensures appropriate oversight and management of relevant transactions, thereby adequately safeguarding shareholders' interests. The Company has implemented a system of segregation of duties. Within the cryptocurrency transaction process, distinct functions are assigned to different personnel, encompassing stages such as transaction application, approval, execution, and record-keeping. Accordingly, no single individual can simultaneously complete the entire process encompassing transaction request, approval, execution, and recording.

3) Custody of cryptocurrency assets

The Company employs multiple security controls for the custody of cryptocurrency assets. The cold wallet utilises a multi-signature wallet (2-of-3) mechanism, wherein any asset transfer requires the joint signatures of at least two out of three authorised signatories. The three authorised signatories are the Managing Director, the Finance Manager, and an independent non-executive director. Consequently, even if the execution of a transaction is approved by the Board, the assets cannot be transferred without the signatures of all authorised signatories. This prevents any single individual from exercising sole control over the Company's cryptocurrency assets.

4) Risk control measures

The Company has also implemented the following risk control measures:

- Monthly reconciliation of cryptocurrency assets against physical holdings;

- Maintenance of complete transaction records and blockchain transaction data;

- Annual audit by external auditors of relevant assets and internal controls, including verification of wallet control and asset existence.

5) Continuous risk monitoring

The Company has established corresponding risk monitoring and management mechanisms to ensure that the market risks of relevant assets are appropriately monitored and managed.

To begin with, the Finance Department continuously monitors the prices and volatility of major cryptocurrency markets. The Finance Department regularly reviews the market prices, transaction volumes, and price fluctuations of relevant cryptocurrencies through mainstream transaction platforms and market information sources, while recording changes in the market value of the Company's held cryptocurrency assets.

Subsequently, the Company has established a regular monitoring and reporting mechanism. The Finance Department shall periodically compile cryptocurrency asset reports, which shall include:

- The types and quantities of cryptocurrencies held by the Company;
- The latest market value of the relevant assets;
- Price fluctuations compared to the previous reporting period;
- Market volatility and associated risk assessments.

Such reports shall be submitted to the Managing Director and the Board for review, forming part of the Company's risk management framework.

Furthermore, the Company maintains a supervisory mechanism involving the Board of Directors and independent non-executive directors. Pursuant to the Company's internal control system, independent non-executive directors are required to review the Company's cryptocurrency holdings, market value fluctuations, and associated market risks on a quarterly basis. This ensures the Company appropriately monitors relevant market factors and volatility risks.

The Company also implements the following risk control measures to mitigate the impact of market volatility on its financial position:

- Regularly assessing the proportion of the Company's cryptocurrency holdings and risk exposure;
- Evaluating market prices and volatility conditions prior to undertaking significant transactions;
- Maintaining a reasonable asset allocation to avoid excessive concentration in any single cryptocurrency asset.

5. Update Notifiable Transaction Policy for seeking professional advice

For any transactions, where the Company identifies any applicable percentage ratio for a proposed transaction exceeds 5%, whether on a standalone basis or in aggregate with a series of transactions within a 12 month period, the Board, prior to entering into any legally binding agreement, shall instruct the Company Secretary, in conjunction with the Finance Department, to seek advice from external professional advisors (financial and/or legal advisors); such consultation shall cover the classification of the proposed transaction, applicable Listing Rules, disclosure obligations, and potential compliance risks. No transaction may proceed until the relevant consultation has been completed and advice has been obtained.

Consultation with professional advisors, when in doubt, can prevent the reoccurrence of similar non-compliance:

i) Transaction Classification Confirmation Mechanism

For transactions involving new types of assets (for example, cryptocurrencies) or where there is uncertainty regarding classification, consultation prior to the execution of a transaction ensure correct classification and application of the Listing Rules.

ii) Aggregation Assessment Mechanism

When a series of related transactions are involved, the Company must confirm with the Stock Exchange whether aggregation is required in order to avoid non-compliance resulting from misjudgments.

iii) Pre-execution Compliance Screening Mechanism

The pre-execution consultation prevents non-compliance in advance.

iv) Avoiding pushing regulatory limit

As for transaction of cryptocurrencies, pre-execution consultation ensure the Company will not fall into cash company under Rule 14.82 of the Listing Rules. Investment of cryptocurrencies is not one of the principal businesses of the Group. Based on the understanding that cryptocurrencies could be used as operational settlement instruments in the ordinary course of business, the Board had anticipated that the Acquisitions and the Disposals form part of the Group's long-term development strategy, aimed at diversifying business risks and seizing opportunities in emerging industries.

6. Update Notifiable Transaction Policy for seeking advice from the Stock Exchange

The Company, when considers any transaction which is complicated in structure (involving connected persons as defined under Chapter 14A of the Listing Rules) or business of any innovation nature and, in cases of doubt, will consult with the Stock Exchange at an early stage, i.e. upon completion of preliminary percentage ratio calculation and if in doubt as to the application of the requirements under Chapter 14 or Chapter 14A of the Listing Rules. No entering into any legally binding agreement may proceed unless the classification of a proposed transaction is clearly defined.

7. **Conduct on-going and regular training for Directors and management of the Company**

To strengthen ongoing training programmes for Directors and relevant personnel to reinforce their understanding of regulatory requirements and the importance of compliance with the Listing Rules. The total 4-hours targeted training is organized by Hong Kong Institute of Directors, a renowned organization dedicated to provide professional development to directors of Hong Kong companies, listed or private. The first 2-hours training has been completed on 17 April 2026, conducted by a Hong Kong lawyer, with training topic on "Discloseable Transactions, Chapter 14 of the Listing Rules", a general introduction to the definitions of discloseable transaction, size test, assessment and reasonableness of the consideration and disclosure requirements, discloseable requirements of circular, reverse takeover and case studies. The second 2-hours training has been carried out on 8 May of 2026, with topic "Establishment of Effective Internal Control System and the Updated Requirements of the Relevant Listing Rules", conducted by a partner of a management consultancy service under one of the Big 4 accounting firm in Hong Kong. The content was focused on requirements of internal control in the Listing Rules, case study and how to establish an effective internal control system. Regular targeted trainings to be provided by Hong Kong Institute of Directors or any renowned training institutions in relation to the updated disclosure requirements in the Listing Rules will be given to all directors, the Company Secretary and staff of managerial level in the Finance Department on semi-annual basis.

Conclusion

As at the date of this announcement, the Group has adopted and implemented the relevant remedial measures in accordance with the Recommendations as detailed above. The Company confirms that adequate internal controls and procedures have been in place.

Having considered the report of the Internal Control Review and the remedial measures taken by the Group, both the audit committee of the Company and the Board (including the independent non-executive Directors) are of the view that the enhanced internal control measures implemented by the Group are adequate and sufficient to address the key findings of the report of the Internal Control Review in order to prevent, monitor and detect occurrence of similar incidents as disclosed in the announcement dated 3 March 2026. The Company will continue to enhance its internal control systems. Target trainings focused on Chapter 14 and Chapter 14 A of the Listing Rules for Directors and senior management will be conducted in a semi-annual manner.

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

Hong Kong, 21 July 2026

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. Ng Lai Po, Ms. Ye Yi Fan and Dr. Yan Shao Shi being independent non-executive directors.