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ELATE HOLDINGS LIMITED

誼礫控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 076)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

The Board announces that on 23 April 2020, the Company and the Purchaser entered into the Agreement. Pursuant to which the Purchaser agreed to acquire the entire share of the Disposal Group at a consideration of US\$120,000.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The board of directors (the “**Board**”) of Elate Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) announces that on 23 April 2020, the Company and China Graphite Limited (the “**Purchaser**”) entered into an agreement (the “**Agreement**”). Pursuant to which the Purchaser agreed to acquire the entire share of a total of eight held-for-sale wholly-owned subsidiaries of the Company (the “**Disposal Group**”) at a consideration of US\$120,000 (the “**Disposal**”).

SALE AND PURCHASE AGREEMENT

Date: 23 April 2020

Parties: (i) The Company
(ii) The Purchaser

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

Disposal Group

Pursuant to the Agreement, Global Select Limited, a wholly-owned subsidiary of the Company, together with the following seven wholly-owned subsidiaries of which, are to be sold to the Purchaser:

- (1) Seaunion Development Limited
- (2) China Resources Development Group Limited
- (3) South Sea Graphite (Luobei) Co. Limited
- (4) Moderation Limited
- (5) Liaoning Sinorth Resources Co. Limited
- (6) Unicorn (Beijing) Culture and Arts Limited
- (7) Easton Technologies Corporation

Consideration

The total consideration is US\$120,000 (the “**Consideration**”) payable by the Purchaser to the Company by way of cash within 7 (seven) days after the signing of the Agreement.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser, with reference to the net asset value of the Disposal Group as at 31 March 2020. The Board believes the Consideration is fair and reasonable.

The Completion of the Agreement

Completion of the Disposal shall take place upon the paying up of the full Consideration on or before 30 April 2020 (the “**Completion**”).

INFORMATION RELATING TO THE GROUP AND THE PURCHASER

The Company is an investment holding company through its subsidiaries engages in the businesses of manufacture and sales of graphite products; provision of electronic manufacturing services in the United Kingdom and multi-media development and motion picture production.

The Purchaser is a Cayman Islands incorporated company, the main business of which is graphite trading.

INFORMATION ABOUT DISPOSAL GROUP

The eight companies in the Disposal Group are wholly-owned subsidiaries of the Company. Some of them were 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, during the year ended 31 December 2019, the Board resolved to dispose of the entire equity interest in Disposal Group and classified as held-for-sale as at 31 December 2019, as reported in the Annual Report of the Company for the year ended 31 December 2019.

The Company received several expressions of interest in the acquisition of the Disposal Group. The disposal of the Disposal Group does not constitute a discontinued operation as it does not represent a separate major line of business or a geographical area of the Group but assets and liabilities of the Disposal Group were classified as held for sale as at 31 December 2019.

The following is a summary of the financial information of the Disposal Group as extracted from its audited financial statements for the two financial years ended 31 December 2018 and 2019:

	For the year ended	
	31 December 2018 (audited) US\$'000	31 December 2019 (audited) US\$'000
Net profit/(loss) before taxation	18,605	(3,676)
Net profit/(loss) after taxation	16,804	(3,676)

As at 31 March 2020, the unaudited consolidated net assets of the Disposal Group were approximately US\$111,900.

FINANCIAL EFFECT OF THE DISPOSAL

The Disposal will not have significant financial impact on the Group. On one hand, the companies in the Disposal 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 Disposal Group. The Consideration for the Disposal Group was determined at arm's length based on the net asset value of the Disposal Group as at 31 March 2020.

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately US\$8,100. Such gain is estimated 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 Disposal Group as at 31 March 2020. The Directors do not anticipate that the Completion of the Disposal will have a significant effect on the business and performance of the Group.

REASONS FOR THE DISPOSAL

In 2019, the Board decided to strategically restructure companies in the Group, to take steps to streamline the operating structure of various business units and to focus on the production lines in Madagascar. The Board believes that the Disposal would not have any significant impact on overall business operations of the Group.

Accordingly, the Directors consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, which is on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 23 April 2020

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