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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)

**ISSUE OF HK\$21,000,000 CONVERTIBLE DEBENTURES
UNDER GENERAL MANDATE**

The Directors are pleased to announce that on 26 April 2024 (after trading hours of the Stock Exchange), the Company entered into a Subscription Agreement with the Subscriber for HK\$21,000,000 nil interest 6-year Debentures due 2030.

The Conversion Price shall be HK\$0.30. The maximum number of 70,000,000 New Shares which are issuable pursuant to the Subscription Agreement shall be issued and allotted under the General Mandate given by the Shareholders of the Company at the annual general meeting held on 6 June 2023.

The proceeds from the issue of the Debentures will be used for the development of new artificial intelligence business of the Company.

The Subscription Agreements and the transactions contemplated therein including the issue and allotment of the New Shares under the General Mandate are not subject to Shareholders' approval. No application will be made for the listing of the Debentures on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Shares.

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Date of Subscription Agreement

26 April 2024

Parties

- The Company
- The Subscriber

Information of the Subscriber

Mr. Zhang Zheng (“Mr. Zhang”) is an individual investor. As at the date of this announcement, the Company confirms that, to the best of the directors’ knowledge, information and belief, having made all reasonable enquiry, Mr. Zhang is a third party independent of the Group and connected persons (as defined under the Listing Rules) of the Group.

Principal amount

HK\$21,000,000

Maturity Date

26 April 2030

Interest

Nil

Completion of the Subscription Agreement

Completion of the Subscription Agreement is subject to the Listing Committee of the Stock Exchange granting approval for listing of, and permission to deal in, the New Shares. Pursuant to the Subscription Agreement, no long stop date is set as a condition precedent.

Completion Date

One business day following the date on which the Stock Exchange has granted the listing approval for the New Shares.

Conversion

Debenture Holder shall have the right to convert the principal amount of the Debentures in whole or in part in multiples of HK\$10,000 into the New Shares at the prescribed Conversion Price within the Conversion Period. The New Shares will rank pari passu in all respects with the existing Shares in issue.

Conversion Price

The conversion price shall be HK\$0.30 per Share (fixed with no adjustment), which is

- (i) a premium of approximately 50% over the closing price of HK\$0.20 per Share as quoted on the Stock Exchange on 26 April 2024, being the date of this announcement;
- (ii) a premium of approximately 57.89% over the average closing price of HK\$0.190 per Share as quoted on the Stock Exchange over the five consecutive trading days immediately prior to the date of this announcement;
- (iii) a premium of approximately 53.85% over the average closing price of HK\$0.195 per Share as quoted on the Stock Exchange over the ten consecutive trading days immediately prior to the date of this announcement.

The Conversion Price was determined based on arm's length negotiations between the parties with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange.

Conversion Period

The period commencing from the day immediate after the Completion Date to 4:00 p.m. (Hong Kong time) on the Maturity Date.

Early Redemption

Pursuant to the Subscription Agreement, no early redemption is allowed. The Company will pay back to the Debenture Holder the unconverted principal (if any) within ten business days after the Maturity Date.

GENERAL MANDATE TO ISSUE AND ALLOT THE CONVERSION SHARES

At the annual general meeting of the Company held on 6 June 2023, a resolution of the Shareholders was passed to grant to the Directors the General Mandate to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorized to allot and issue a maximum of 72,568,814 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilized. Under the Subscription Agreement, a maximum of 70,000,000 New Shares can be issued and allotted. Accordingly, the Subscription Agreement and the transactions contemplated therein including the issue and allotment of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

Effect of Conversion

Assuming the Debentures are fully exercised and converted, a maximum number of 70,000,000 New Shares will be issued and allotted, which represent 19.29% of the existing issued share capital of the Company as of the date of the Subscription Agreement, and represent 16.17% of the issued shares as enlarged by the issue of the New Shares.

Pursuant to the Agreement, none of the Debenture Holder shall be allowed to own, directly or indirectly, 5% or more of the Shares in the Company's issued share capital from time to time under any circumstances. If any Debenture Holder's Shares in the Company shall have exceeded 5% or more of the Company's issued share capital as enlarged by the issue of the New Shares after any conversion of New Shares, they are obliged to sell their Shares to independent third parties or sell the Shares in the open market before they convert any Debentures into additional New Shares, to maintain their shareholding level always being below 5% in the Shares of the Company after conversion. In each conversion, the Debenture Holder is required to provide an undertaking letter to the Company informing the Company of their shareholding immediately before and after such conversion, and undertaking that they will be holding less than 5% of the Company's Shares after such conversion. Therefore no substantial shareholder, as defined under the Listing Rules, will be introduced to the Company as a result of the conversion of the New Shares.

As at the date of this announcement, the Company has no substantial shareholder.

An application for the listing of and permission to deal in the New Shares will be made to the Stock Exchange.

Voting Rights of Debenture Holder

Debenture Holder does not have any voting rights in Shareholders' meetings of the Company.

Transfer of Debentures

The Debentures will not be listed on the Stock Exchange or any other stock exchanges outside Hong Kong. It may only be assigned or transferred to associates of the Subscriber or such other transferees approved in advance by the Company. The Company will disclose to the Stock Exchange should any Debentures be transferred to any connected persons (as defined under the Listing Rules) of the Group immediately upon the Company becoming aware of such transfer.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that the Company will disclose to the Stock Exchange any dealings in the Debentures made by any connected persons of the Group (as defined under the Listing Rules) immediately upon the Company becoming aware of such dealing.

Reasons for Issue of Debentures and Use of Proceeds

In May 2023, the Company established a subsidiary GoMeta Limited to explore the new business direction of combining artificial intelligence with the cultural industry in Web 3.0. The Company intends to find partners at the appropriate time to jointly establish a studio by using artificial intelligence technology to produce productions (including but not limited to) videos and micro-films, or to cooperate with well-known painters to generate animated videos from their works, etc. The new business is still in exploratory stage and the Company will announce all progress in due course.

The proceeds (after deducting the basic administrative cost) from the issue of the Debentures will be used for the development of the artificial intelligence business of the Company. The Directors (including the independent non-executive directors of the Company) consider the issue of HK\$21,000,000 6-year nil interest Debentures appropriate, fair, reasonable and in the best interest of the Company. The Directors consider that the Subscription Agreement is fair and reasonable as far as the Company and its Shareholders are concerned, and the Subscription Agreement is in the best interest of the Company and its Shareholders as a whole.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

In the past twelve months immediately preceding the date of the Subscription Agreement, the Company did not have any equity fund-raising activities.

Information of the Company

The principal activities of the Company are investment holding, and through its subsidiaries, the Group's businesses segments are (i) manufacture and sales of graphite products worldwide, (ii) manufacture and sales of electronic products, and (iii) design and manufacturing in the United Kingdom.

DEFINITIONS

“Board” or “Directors”	the board of directors of the Company
“Company”	Elate Holdings Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Completion Date”	one business day following the date on which the Stock Exchange has granted the listing approval for the New Shares
“Conversion Period”	the period commencing from the day immediate after the Completion Date to 4:00 p.m. (Hong Kong time) on the Maturity Date
“Conversion Price”	HK\$0.30 per Share
“Debentures”	an aggregate of HK\$21,000,000 nil interest convertible debentures due 2030
“Debenture Holder”	the Subscriber or any debenture transferees who hold the Debentures issued pursuant to the Subscription Agreement dated 26 April 2024
“General Mandate”	a general mandate granted by the Shareholders on the annual general meeting held on 6 June 2023, which allowed the Board to issue and allot a maximum of 72,568,814 Shares
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“New Shares”	a maximum of 70,000,000 New Shares issuable upon the exercise of the conversion rights attached to the Debentures
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	holder(s) of the existing shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Zhang Zheng, an individual investor who subscribed an aggregate of HK\$21,000,000 nil interest Debentures pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 26 April 2024 entered into between the Company and the Subscriber for an aggregate of HK\$21,000,000 nil interest Debentures due 2030

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

Hong Kong, 26 April 2024

As at the date of this announcement, the board of directors 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.