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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO REMEDIAL MEASURES

Reference is made to the announcement dated 3 March 2026 in relation to the Acquisitions and the Disposals of Cryptocurrencies during the period from 26 September 2024 to 24 June 2025. It has come to the attention of the board of Directors that certain Acquisitions and Disposals would have constituted discloseable, major transaction, very substantial acquisition and very substantial disposal on an aggregated basis on the part of the Company to which the Company had not fully complied with the disclosure requirements under the Listing Rules.

More information about the remedial measures will be disclosed in this announcement to explain how whether and how it can prevent the occurrence of similar incident in the future.

Reference is made to the announcement dated 3 March 2026 (the "**Announcement**") in relation to the Acquisitions and the Disposals of Cryptocurrencies during the period from 26 September 2024 to 24 June 2025. More information in relation to the remedial measures will be disclosed in this announcement to explain how whether and how it can prevent the occurrence of similar incident in the future. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Background

Between 2024 and 2025, the Company entered into a series of acquisitions (the "**Acquisitions**") and disposals (the "**Disposals**") of cryptocurrencies.

It has come to the attention of the Board that certain Acquisitions and Disposals, when aggregated pursuant to Rule 14.22 of the Listing Rules, would have constituted disclosable transactions, major transactions, very substantial acquisitions and very substantial disposals of the Company, in respect of which the Company had not fully complied with the applicable notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules at the relevant time.

At the time of entering into the relevant Acquisitions and Disposals, the Company considered that the cryptocurrencies involved were used as operational settlement instruments in the ordinary course of its business. Based on such understanding, the Company did not identify that the Acquisitions and the Disposals would constitute notifiable transactions under Chapter 14 of the Listing Rules.

Subsequently, the Company became aware that cryptocurrencies may not be treated as fiat currency and may instead be regarded as assets or investments for the purposes of the Listing Rules. Accordingly, the relevant Acquisitions and Disposals should have been classified as notifiable transactions under Chapter 14 of the Listing Rules.

The Company acknowledges that it had not fully complied with the requirements under Chapter 14 of the Listing Rules in respect of the Acquisitions and Disposals. The Company deeply regrets such non-compliance, which was inadvertent. The Company has since taken, and will continue to implement, remedial measures to strengthen its internal controls and ensure full compliance with the Listing Rules in future.

As disclosed in the Announcement, the Company is planning to use the cryptocurrencies to settle graphite product purchases. The Directors undertake that with any utilization of the cryptocurrencies in the future, the Company will comply with the disclosure requirements under Chapter 14 of the Listing Rules.

Failings Led to the Non-compliance

After exhaustive review, the Board has identified the following specific failings in the Company's original internal control which led to the non-compliance:

1. Insufficient understanding of the Listing Rules

The Company mistakenly regarded cryptocurrency could be used as operational settlement instruments in the ordinary course of business, failing to identify the regulatory requirements applicable to its nature as an asset;

2. Lack of a mandatory consultation mechanism

Prior to entering into the relevant transactions, there was no established procedure requiring consultation with external professional advisors or the Stock Exchange;

3. Inadequate internal audit and escalation mechanisms

When the size of the relevant transactions approaching disclosure thresholds, matters were not promptly brought to the attention of the compliance department.

In the Announcement, the Company disclosed that remedial measures (the "**Remedial Measures**") will be implemented to avoid the recurrence of similar events in the future. Further information in relation to the Remedial Measures will be disclosed below.

I Remedial Measures in Relation to the Compliance of Chapter 14 and Chapter 14A of the Listing Rules

1. Classification and Identification of Transaction Type

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 working on year strategic plan involving cryptocurrencies, and granting final approval of the proposed transactions after considering the relevant calculation results and feedbacks on compliance matter.

Managing Director: responsible for, based on the Board's year strategic plan, proposing transactions 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. Timing to Seek Professional Advice

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.

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 professional advisors and/or 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.

Consultation with professional advisors and/or the Stock Exchange, 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 investment 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 business 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.

However, the Board understands that the such consultation does not diminish the Board's responsibilities for:

- evaluating the professional advice independently;
- ensuring that the Company has adequate and effective internal controls; and
- continuously fulfilling disclosure obligations throughout the transaction process.

3. Ongoing and Regular Training

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.

4. Engagement of Internal Control Consultant

The Company has engaged Forvis Mazars Risk Advisory Services Limited ("Forvis Mazars"), an independent internal control consultant, to review the Company's internal control systems in relation to notifiable transactions and regulatory compliance. The review includes an assessment of system documentation, walk-through testing, compliance testing. Relevant documents have been submitted to Forvis Mazars for their review. It is expected that by the mid of June of 2026 an internal control review report (the "ICR Report") with improvement recommendations (if applicable) will be issued. The Company will publish an announcement in relation to the findings in the ICR Report in due course, and further action which the Company will take according to the recommendations.

II. Remedial Measures in relation to the Transactions of Cryptocurrencies

As for the transactions of cryptocurrencies, the Company's Board has resolved to adopt a standardised process, the "Internal Control System for Cryptocurrency Asset Storage and Transactions", 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 cryptocurrency investment policies, sets stop-loss and take-profit strategies, approve excessive transactions, and reviews risks
Audit Committee	Reviews internal control systems, oversees cryptocurrency asset audits, and examines major transactions and risks
Managing Director	Approves daily 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 cryptocurrency investment policy 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 for the Board 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 cryptocurrency investment policy by the Board, coupled with the Managing Director's final approval of daily cryptocurrency transactions, 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 a transaction is approved by the Managing Director, the assets cannot be transferred without the signature of another authorised signatory. This prevents any single individual from exercising sole control over the Company's cryptocurrency assets.

4. Approval system

Additionally, 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) require approval from at least two directors, one of them must be an independent non-executive director. 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.

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.

The above remedial measures have been implemented. And the Company will publish the findings in the ICR Report in due course, and will disclose further measures that the Company will take accordingly.

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

Hong Kong, 27 May 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.