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Elephant Holdings Group Limited

大象控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8635)

CHANGE IN USE OF PROCEEDS

References are made to the announcements of Elephant Holdings Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) dated 2 July 2025, 17 July 2025 and 22 July 2025 in relation to the placing of up to 80,000,000 new shares under general mandate (the “**Placing Announcements**”) and the interim report for the six months ended 30 September 2025 of the Company dated 27 November 2025 (the “**2025 Interim Report**”). Unless otherwise specified herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Placing Announcements and the 2025 Interim Report.

USE OF PROCEEDS

As set out in the announcement dated 22 July 2025, the Group intended to use approximately HK\$6.3 million, HK\$14.5 million and HK\$12.8 million, representing approximately 18.8%, 43.1% and 38.1% of the Net Proceeds, for (i) business development and market activities of (a) the financial trading solutions business (the “**Financial Trading Solutions Business**”); and (b) the non-financial IT solutions business (the “**Non-financial IT Solutions Business**”), (ii) development of the E-commerce Business in the PRC (including (a) business development and marketing activities, (b) development, maintenance, and regular upgrades of the e-commerce application, (c) goods logistics arrangements); and (iii) general working capital purposes, respectively.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, approximately HK\$7.2 million of the net proceeds of the Placing (the “**Net Proceeds**”) has been utilised for the intended uses and the remaining Net Proceeds amount to approximately HK\$26.4 million (the “**Unutilised Net Proceeds**”). On 27 February 2026, after careful consideration of the Group’s operations and business strategy, the Board resolved to change use of the Unutilised Net Proceeds in the manner as set out below.

Details of (i) the original allocation, (ii) the revised allocation, (iii) the utilised Net Proceeds as at the date of this announcement, (iv) the Unutilised Net Proceeds as at the date of this announcement, and (v) the expected timeline of full utilisation of the Unutilised Net Proceeds are set out below^(Note 1):

Intended use of Net Proceeds	Original allocation		Revised allocation		Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Expected timeline of full utilisation of the Unutilised Net Proceeds
	HK\$' million	%	HK\$' million	%	HK\$' million	HK\$' million	
Business development and marketing activities							
– Financial Trading Solutions Business and Non-financial IT							
– Solutions Business	6.3	18.8	2.1	6.2	0.8	1.3	2027 quarter 1
– E-commerce Business	6.8	20.2	0.6	1.8	0.6	–	Not applicable
– Artificial intelligence (“AI”)-driven solution business (the “AI Business”)	–	–	1.1	3.3	–	1.1	2027 quarter 1
Subtotal	<u>13.1</u>	<u>39.0</u>	<u>3.8</u>	<u>11.3</u>	<u>1.4</u>	<u>2.4</u>	
Development, maintenance, and regular upgrades							
– E-commerce application	4.8	14.3	0.8	2.4	0.8	–	Not applicable
– AI Business	–	–	16.2	48.2	–	16.2	2026 quarter 3
Subtotal	<u>4.8</u>	<u>14.3</u>	<u>17.0</u>	<u>50.6</u>	<u>0.8</u>	<u>16.2</u>	
Goods logistics arrangements	2.9	8.6	–	–	–	–	Not applicable
General working capital							
– Office rent	1.8	5.3	1.8	5.3	0.2	1.6	2026 quarter 4
– Salary	5.6	16.7	5.6	16.7	2.6	3.0	2026 quarter 4
– Other day-to-day operational expenses	5.4	16.1	5.4	16.1	2.2	3.2	2026 quarter 4
Subtotal	<u>12.8</u>	<u>38.1</u>	<u>12.8</u>	<u>38.1</u>	<u>5.0</u>	<u>7.8</u>	
Total	<u>33.6</u>	<u>100.0</u>	<u>33.6</u>	<u>100.0</u>	<u>7.2</u>	<u>26.4</u>	

BUSINESS DEVELOPMENT BACKGROUND AND THE AI BUSINESS

The Group has long been engaged in the provision of financial trading solutions and information technology solutions, with core technical capabilities including system architecture design, algorithm modelling, high-concurrency processing and large-scale data computation. As market and customer demand increasingly shift towards intelligent and data-driven technology services, the Group has, on the foundation of its existing financial and IT capabilities, progressively integrated AI technologies into its existing products and solutions to enhance technological value-add and business competitiveness.

In August 2025, the Group commenced its AI Business through its subsidiary, Shenzhen Dajinxiang Artificial Intelligence Technology Co., Ltd.* (深圳市大金象人工智能科技有限公司) (“**Dajinxiang**”). This business is not a completely new or standalone business line, but a natural extension of the Group’s long-established financial system and IT capabilities, supporting a more intelligent product-and-service delivery model.

The AI Business leverages the Group’s existing high-stability system architecture and algorithmic strengths to provide customers with customised intelligent traffic-targeting^(Note 2) solutions, data analytics support and related technical services, together with model configurations and subsequent technical support tailored to customer needs. Revenue from relevant projects is primarily derived from one-off customised solution fees and subsequent technical service fees, and is recognised in accordance with Hong Kong Financial Reporting Standard 15. For the six months ended 30 September 2025, the AI Business contributed approximately HK\$22.1 million in revenue (unaudited) to the Group, accounting for approximately 69.2% of total revenue for the six months ended 30 September 2025.

The Group’s management considers that the AI Business has strong synergies with the Financial Trading Solutions Business and Non-financial IT Solutions Business of the Group and will help enhance gross profit margin and resource utilisation efficiency.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Having assessed the Group’s business development plan, the Board has conducted a strategic review of the deployment of Unutilised Net Proceeds. While the E-commerce business remains a component of our existing business, the current market landscape for E-commerce has become increasingly competitive. In contrast, the Group’s AI Business offers a more compelling opportunity for high-value growth.

The management acknowledges that the AI Business is currently in its initial stage of development. This phase necessitates significant upfront investment, particularly in the recruitment of staff and the acquisition of high-quality data for model training, and the management considers that, with the Group’s accumulated technical capabilities and the progressive advancement of AI-related applications, reallocating part of the resources originally earmarked for the E-commerce Business and logistics-related uses to the AI Business at this stage will enhance capital efficiency and yield a higher long-term return.

The Board further considers that the reallocation of the Unutilised Net Proceeds will help (i) optimise resource allocation and enhance the commercial return of the Group's existing technologies; (ii) strengthen the development and optimisation of core technology modules; (iii) improve overall profitability and cash-flow structure; and (iv) better support the implementation of future business development strategies.

Save for this change, there is no other change in the use of the Unutilised Net Proceeds. The nature of the Group's business remains unchanged from that previously disclosed. The Board considers that the change in use of proceeds is fair and reasonable, will enhance the efficiency of resource utilisation, and is in the interests of the Group and its shareholders as a whole.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Notes:

1. *Certain amounts and percentage figures included in the above table are subject to rounding adjustments.*
2. *"Traffic-targeting" refers to the use of data analytics and AI-driven algorithms to identify and recommend suitable audience groups, behavioural tags and budget-allocation parameters for merchants' advertising campaigns on e-commerce or new-media platforms. In practice, the Group provides customised AI models and configuration outputs to merchants' appointed IT or digital marketing service providers, who then implement these recommendations through the relevant platforms' advertising tools to improve the efficiency of traffic acquisition and conversion.*

* *For identification purpose only*

By order of the Board
Elephant Holdings Group Limited
Di Xiaoguang
Chairlady and executive Director

Hong Kong, 27 February 2026

As at the date of this announcement, the Board comprises Ms. Di Xiaoguang as the chairlady of the Board and an executive Director; Mr. Sen Zen as an executive Director and the chief executive officer of the Company; Ms. Qin Yue and Mr. Wong Wing Hoi as the executive Directors; Mr. Cai Yue and Ms. Jiang Yurong as the non-executive Directors; and Ms. Li Xinjuan, Ms. Lau Wai Hing and Ms. Ho Sze Man Kristie as the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and will also be published on the Company's website at www.elephant8635.com.