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GRAPHEX

GRAPHEX GROUP LIMITED

烯石電動汽車新材料控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6128)

PROFIT ALERT

This announcement is made by Graphex Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (the “**SFO**”, Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review on the unaudited management accounts of the Group for the six months ended 30 June 2021 and the information currently available to the Board, the Group recorded an increase in total revenue to approximately HK\$182.6 million for the six months ended 30 June 2021, compared with HK\$155.2 million for the same period in 2020, representing an year-on-year growth of approximately 17.7%. The growth was primarily due to the increase in revenue contributed by the graphene segment of the Group. During the reporting period, the revenue of graphene segment recorded a growth of approximately 27% from HK\$84.5 million to approximately HK\$107.3 million for the six months ended 30 June 2021.

Despite an increase in revenue and reduction of certain impairment loss on intangible assets, the Group expects to record a net loss attributable to shareholders of approximately HK\$65 million for the six months ended 30 June 2021, which represents an increase of over 30% for the same period of previous year. The increase was primarily due to (i) the net increase of share-based payment expense of approximately HK\$14 million in relation to the grant share options and share awards; (ii) the increase of research and development costs from HK\$4.1 million to

approximately HK\$12.9 million; and (iii) the increase in finance cost from HK\$25 million to approximately HK\$29.4 million arisen from convertible notes, promissory note and other borrowings principally related to the acquisition and enhancement of the Graphene segment.

The Company is still in the process of finalizing the consolidated results of the Group for the six months ended 30 June 2021. The information contained in this announcement only represents a preliminary assessment based on the unaudited management accounts for the six months ended 30 June 2021 and the information currently available to the Board which has not been reviewed or audited by the auditors of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for the six months ended 30 June 2021 which is expected to be published before the end of August 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Graphex Group Limited
Lau Hing Tat Patrick
Chairman

Hong Kong, 20 August 2021

As at the date of this announcement, the executive Directors are Mr. Lau Hing Tat Patrick, Mr. Chan Yick Yan Andross, Mr. Tian Ming, Mr. Yang Liu and Mr. Qiu Bin; the non-executive Director is Mr. Ma Lida; and the independent non-executive Directors are Ms. Tam Ip Fong Sin, Mr. Wang Yuncai, Mr. Liu Kwong Sang, Mr. Tang Zhaodong and Mr. Chan Anthony Kaikwong.

Safe Harbor

This release may contain certain forward-looking statements regarding our prospective performance and strategies within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of said safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of our company, are generally identified by use of words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “seek,” “strive,” “try,” or future or conditional verbs such as “could,” “may,” “should,” “will,” “would,” or similar expressions. The Company’s ability to predict results or the actual effects of its plans or strategies is inherently uncertain and based, in part, on third party market research which the Company’s assumed to be accurate. Accordingly, actual results may differ materially from anticipated results. Some of the factors that could cause the Company’s actual results to differ from its expectations or beliefs include, without limitation, the risks of its businesses, the assumed significant growth of graphene related products and spherical graphite products. Readers are

cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company does not undertake any obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

This communication is for informational purposes only and is neither an offer to sell nor a solicitation of an offer to purchase any securities of the Company, including but not limited to its American Depositary Receipts.

Information made available on the Company's website is not a part of any disclosure made or to be made by the Company with respect to any offer to sell or solicitation of an offer to purchase any securities of the Company and are not part of any filings by the Company with the U.S. Securities and Exchange Commission.

The financial statement information provided in this announcement has been prepared in conformity with the accounting principles of the Company and is subject to audit or review.