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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)**

- I. EXTENSION OF TERM OF PROMISSORY NOTE;**
- II. PROPOSED ISSUE OF NON-CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE;**
- III. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION;**
- IV. INCREASE IN AUTHORISED SHARE CAPITAL**

## **I. THE TERM EXTENSION**

On 9 December 2021, the Company entered into the Agreement with the Subscriber. Pursuant to the Agreement, the Company and the Subscriber, agreed to extend the maturity date of the Promissory Note from 6 August 2023 to 6 August 2026 by the Subscriber surrendering the Promissory Note to the Company and for the Company to re-issue the Extended PN to the Subscriber.

## **II. THE SUBSCRIPTION**

Pursuant to the Agreement, the Company and the Subscriber also conditionally agreed for the Company to allot and issue to the Subscriber, 323,657,534 Preference Shares at the Subscription Price of HK\$0.73 per Preference Share, with an aggregated Subscription Price of HK\$236,270,000. The aggregated Subscription Price shall be satisfied in full by setting off against the Company's obligation to repay part of the Promissory Note (i.e. the Set-off PN).

## **III. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board proposes that the Preference Shares be created and that the memorandum and articles of association of the Company be amended to, among others, incorporate the terms of the Preference Shares summarised in the paragraph headed "TERMS OF THE PREFERENCE SHARES" in this announcement.

## **IV. INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of which 509,116,921 Shares were in issue. The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 to HK\$30,000,000 by the creation of 1,000,000,000 Preference Shares in the authorised share capital of the Company.

## **GENERAL**

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the Subscription, the Specific Mandate, the proposed amendments to the memorandum and articles of association of the Company and the Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Subscription, the Specific Mandate, the proposed amendments to the memorandum and articles of association of the Company and the Increase in Authorised Share Capital; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 December 2021.

**Completion is subject to the fulfillment of the respective conditions under the Agreement. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

On 9 December 2021, the Company entered into the Agreement with the Subscriber. Pursuant to the Agreement, the Company and the Subscriber:

- (i) agreed to extend the maturity date of the Promissory Note from 6 August 2023 to 6 August 2026 by the Subscriber surrendering the Promissory Note to the Company and for the Company to re-issue the Extended PN to the Subscriber; and
- (ii) conditionally agreed for the Company to allot and issue to the Subscriber, 323,657,534 Preference Shares at the Subscription Price of HK\$0.73 per Preference Share, with an aggregated Subscription Price of HK\$236,270,000. The aggregated Subscription Price shall be satisfied in full by setting off against the Company's obligation to repay part of the Promissory Note (i.e. the Set-off PN).

## **THE AGREEMENT**

### **Date**

9 December 2021

### **Parties**

- (a) the Company (as issuer); and
- (b) Tycoon Partner Holdings Limited (as subscriber).

The Subscriber is an investment holding company owned as to 30%, 40% and 30% by Mr. Shen Taoyu, Mr. Yang Bo and Mr. Wu Wenbei respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries the Subscriber and its shareholders are Independent Third Parties and do not hold any Shares or other convertible securities in the Company as at the date of this announcement.

### **Subject matter**

Pursuant to the Agreement, the Company and the Subscriber agreed that:

- (i) the Subscriber shall surrender the Promissory Note to the Company in exchange for the Company re-issuing the Extended PN with maturity date extended from 6 August 2023 to 6 August 2026; and
- (ii) subject to fulfillment of the conditions precedent, the Company shall allot and issue to the Subscriber, 323,657,534 Preference Shares at the Subscription Price of HK\$0.73 per Preference Share, with an aggregated Subscription Price of HK\$236,270,000. The aggregated Subscription Price shall be satisfied in full by setting off against the Company's obligation to repay part of the Promissory Note (i.e. the Set-off PN).

The agreement between the Company and the Subscriber on the surrender of the Promissory Note by the Subscriber to the Company in exchange for the Company re-issuing the Extended PN under the Agreement is independent to and not subject to the conditional agreement between the Company and the Subscriber on the Subscription under the Agreement.

### **Subscription Price**

The Subscription Price of HK\$0.73 per Preference Share represents:

- (i) a discount of approximately 3.95% to the closing price per Share of HK\$0.76 as quoted on the Stock Exchange on 9 December 2021, being the date of this announcement;
- (ii) a discount of approximately 1.35% to the closing price per Share of HK\$0.74 as quoted on the Stock Exchange on 8 December 2021, being the last trading day preceding the date of this announcement;
- (iii) a discount of approximately 1.35% to the average closing price per Share of approximately HK\$0.74 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of this announcement;

- (iv) a discount of approximately 1.35% to the average closing price per Share of approximately HK\$0.74 as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of this announcement; and
- (v) the average closing price per Share of approximately HK\$0.73 as quoted on the Stock Exchange for the last 30 consecutive trading days immediately preceding the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber after taking into account the prevailing market price of the Shares.

The closing price of the Shares as quoted on the Stock Exchange on the date of this announcement was HK\$0.76 per Share. For illustration purpose, the total market value of the Preference Shares is approximately HK\$246.0 million by reference to the closing price per Share as quoted on the Stock Exchange as at the last trading day preceding the date of this announcement.

### **Conditions precedent**

Completion is conditional upon certain conditions precedent having been fulfilled and remaining fulfilled, including:

- (a) the Subscription and the transactions contemplated hereunder, including the amendments to the memorandum and articles of association of the Company to increase the authorised share capital of the Company from HK\$20,000,000 to HK\$30,000,000 by the creation of 1,000,000,000 Preference Shares in the authorised share capital of the Company, the Specific Mandate, are being approved by the Shareholders at the EGM;
- (b) all other necessary consents and approvals required to be obtained from the relevant governmental authorities and regulatory bodies on the part of the Company and/or the Subscriber, if any, for the Subscription and the transactions contemplated hereunder, having been obtained and remain in full force and effect; and
- (c) there is no material breach of any terms and conditions of the Agreement by the Company or the Subscriber prior to Completion.

None of the Conditions is capable of being waived.

The Company and the Subscriber shall each use their respective best endeavours to procure the fulfilment of the Conditions and in particular shall furnish such information, supply such documents, pay such fee, give such undertakings and do all such acts and things as may reasonably be required by each other and/or the Stock Exchange in connection with the fulfilment of such Conditions.

If the Conditions are not fulfilled by 4:00 p.m. (Hong Kong time) on or prior to the Long Stop Date, save and except for the obligations of the parties to the Agreement under the Term Extension, the Agreement shall be terminated and neither party to the Agreement shall have any claim against the other for costs, damages, compensation or otherwise save in respect of any antecedent breach of the Agreement which shall remain in full force and effect.

For the avoidance of doubt, non-fulfilment of the Conditions on or prior to the Long Stop Date shall not affect the parties to the Agreement to perform their respective obligations relating to the Term Extension.

### **Completion**

Subject to the fulfilment of the Conditions and subject to the performance by the Subscriber of its obligations in relation to settlement of the aggregated Subscription Price, Completion shall take place at the office of the Company at or before 3:00 p.m. (Hong Kong time) on the date of Completion or such other time as the Company and the Subscriber may agree.

### **Specific Mandate**

The Preference Shares will be allotted and issued under the Specific Mandate to be proposed for passing by the Shareholders at the EGM.

### **TERMS OF THE PREFERENCE SHARES**

Principal terms of the Preference Shares are set out below:

**Par value:** HK\$0.01 each

**No conversion:** The Preference Shares are not convertible into Shares.

**Redemption:** The Preference Shares are perpetual and have no maturity date.

The Preference Shares are not redeemable at the option of the Preference Shareholders.

The Company may, in each case as permitted by and in accordance with applicable law, at any time upon giving not less than 7 nor more than 14 days' notice to the Preference Shareholders ("**Redemption Notice**"), redeem in whole or in part the Preference Shares, until all the Preference Shares have been redeemed.

The redemption price ("**Redemption Price**") for each Preference Share so redeemed shall be the higher of (a) the Subscription Price; and (b) the price equivalent to 10% discount on the benchmarked price (which has the meaning ascribed to it under Note 1(b) to Rule 7.27B of the Listing Rules) for the Shares on the date of the Redemption Notice.

The Company shall pay the Redemption Price subject to the requirements under the memorandum and articles of association of the Company and the relevant laws and regulations of the Cayman Islands.

In the case of a partial redemption of the Preference Shares, the Preference Shares shall be redeemed by the Company (i) on a pro rata basis; or (ii) by such other method and in such place as the Company may at its sole discretion deems fit and proper.

**Dividend:**

Each Preference Shareholder shall have the right to receive out of the profits of the Company available for distribution and resolved to be distributed by the Board, a fixed cumulative preferential cash dividend ("**Preferred Dividend**") at the rate of 3.6% per annum on the Subscription Price payable annually in arrears, subject to annual review by the Board.

Preferred Dividend shall accrue with respect to each Preference Share from the date on which such share is issued and shall be payable in cash to the Preference Shareholder(s) within 90 calendar days after the end of each financial year of the Company.

The Board may within 90 calendar days after the end of each financial year of the Company, in its sole discretion, elect to defer or not to pay the Preferred Dividend to Preference Shareholder(s) in whole or in part, and in such event, no interest shall be accrued on any deferred or unpaid Preferred Dividend, and irrespective of whether dividend in respect of the Shares is paid, accrued or deferred prior to the date of election by the Board. To the extent that any Preferred Dividend that are deferred in the previous year(s), such amount shall accumulate and be payable together with the Preferred Dividend to the Preference Shareholder(s) in the year which the Board elects neither to defer nor not to pay the Preferred Dividend. For the avoidance of doubt, (i) there shall not be any limitation to the amount of cumulative Preferred Dividend; and (ii) any Preferred Dividend which the Board elects not to pay shall be cancelled and shall not accumulate to the Preferred Dividend payable in the forthcoming year(s) (if any).

The Company shall pay the Preferred Dividend subject to the requirements under the memorandum and articles of association of the Company and the relevant laws and regulations of the Cayman Islands.

**Restrictions following  
non-payment or deferral  
of dividends:**

From the day immediately following the date of election by the Board of non-payment or deferral of any Preferred Dividend in respect of a financial year, the Company shall not:

- (a) make any discretionary distribution or dividend in cash or otherwise on, and will procure that no distribution or dividend in cash or otherwise is made on, any Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations of the Company, where such distribution or dividend is made on a pro rata basis with payment on the Preference Shares) in respect of the same financial year; or



- (b) redeem, reduce, cancel, buy-back or acquire at its discretion for any consideration any Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations of the Company, where such redemption, reduction, cancellation or buy-back is made on a pro rata basis with purchase of the Preference Shares), provided that such restriction shall not apply to an exchange or conversion of any Parity Obligations in whole for Junior Obligations,

unless or until the earlier of:

- (i) the dividend scheduled to be paid on any subsequent dividend payment date, and all outstanding Preferred Dividend is paid in full to the Preference Shareholders;
- (ii) the Company being permitted to do so by a special resolution passed at a class meeting of the Preference Shareholders; or
- (iii) the redemption and cancellation of all outstanding Preference Shares.

**Status and rights upon  
liquidation:**

Upon the liquidation of the Company, the rights and claims of the Preference Shareholders shall rank in priority to holders of Junior Obligations and equally in all respects with each other and with the holders of any Parity Obligations, but shall be subordinated in right of payment to Senior Obligations, where:

- (a) “Junior Obligations” means (i) the Shares, and (ii) any other instrument or security issued, entered into or guaranteed by the Company which ranks or is expressed to rank, by its terms or by operation of law, junior to the Preference Shares;
- (b) “Parity Obligations” means any instrument or security issued, entered into or guaranteed by the Company which ranks or is expressed to rank, by its term or operation of law, *pari passu* with the Preference Shares; and

- (c) “Senior Obligations” means (i) any unsubordinated instrument or other obligation issued, entered into or guaranteed by the Company, and (ii) any other instrument or obligation issued, entered into, or guaranteed by the Company that ranks or is expressed to rank, by its terms or by operation of law, senior to the Preference Shares.

**Limited voting rights:**

Preference Shareholders shall not be entitled to convene, attend or vote at any Shareholders’ general meeting, other than when the business of the Shareholders’ general meeting is to consider any resolution to (a) amend the memorandum and articles of association of the Company to modify the rights and privileges attached to the Preference Shares, or (b) adversely modify any of the special rights and privileges attached to the Preference Shares, or (c) convene proceedings in respect of the Company for reconstruction, consolidation, amalgamation, merger, reorganisation or winding-up of the Company (the “**Variation Resolution**”), in which case the Preference Shareholders will be entitled to attend the Shareholders’ general meeting and vote only upon such Variation Resolution, and the Preference Shareholders will be entitled to one vote in respect of each outstanding Preference Share and vote together with other preference shareholders as a separate class from the Shareholders. The Preference Shares held by, or on behalf of, the Company shall have no voting rights.

**Transferability:**

- (a) The Preference Shares may be sold, transferred, pledged or otherwise disposed at any time and the provisions in the memorandum and articles of association of the Company relating to the transfer of Shares and certificate for Shares shall apply in relation to the Preference Shares; and

- (b) Registration of transfer of Preference Shares will be effected by or on behalf of the Company but upon payment (or on such indemnity (if any) as the Directors may require) in respect of any taxes levied or other governmental, regulatory or administrative charges which may be charged in relation to such transfer.

**Non-listing:**

The Preference Shares will not be listed on the Stock Exchange or any other securities exchange. So long as any Preference Share remains outstanding, it shall not be capable of being listed on the Stock Exchange or any other securities exchange or cleared through any clearing system.

**REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND TERM EXTENSION**

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of manufacturing and sale of graphene products and landscape architecture business.

The development and expansion of the Group's businesses require working capital and investment from time to time. The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and reduce the cost of capital, while maximizing the return to the Shareholders through improving the debt and equity balance.

Set out below are certain financial figures as extracted from the Company's interim report for the six months ended 30 June 2021:

	<b>As at 30 June 2021</b>
Net current liabilities	Approximately HK\$14 million
Current ratio	0.95 times
Gearing ratio	383%
Total cash and bank balances	Approximately HK\$28 million
	<b>For the six months ended 30 June 2021</b>
Net cash flows used in operating activities	Approximately HK\$12 million

Given the Group's net current liabilities position, current ratio of less than one and high gearing ratio as set out above, the Directors consider that it is to the benefit of the Company to reduce its liabilities and gearing ratio.

With reference to the Company's announcement dated 5 August 2021, the Company submitted a draft registration statement on Form F-1 on a confidential basis with the U.S. Securities and Exchange Commission on 4 August 2021 (U.S. time) in relation to the proposed initial public offering of its American Depository Shares representing its ordinary shares in the United States (the "**Proposed Offering**").

The Directors consider that the Subscription can improve the Group's financial position by reducing its gearing ratio and the Group's improved financial position may facilitate the solicitation of potential investors under the Proposed Offering. The Directors also consider that the Term Extension will allow the Group to retain its fund for business development by extending the time of the Group's repayment obligation.

In light of the above, the Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

As the aggregated Subscription Price for the Preference Shares will be satisfied by setting off against the Company's obligation to repay part of the Promissory Note (i.e. the Set-off PN), there will be no cash proceeds from the Subscription.

The related professional fees and all related expenses of about HK\$0.82 million will be borne by the Company. The net Subscription Price (calculated as the aggregated Subscription Price (after deducting related professional fees and all related expenses) divided by the number of Preference Shares) is approximately HK\$0.727 per Preference Share.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save as and except for the equity fund raising activity set out below, the Company had not conducted any other equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

<b>Date of initial announcement</b>	<b>Equity fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
19 January 2021	Issue and subscription of convertible notes in the principal amount of US\$15 million at the initial conversion price of HK\$0.65 per conversion share and warrants in the amount (assuming full exercise) of US\$7.5 million at the initial exercise price of HK\$0.65 per warrant share (Note 1)	Approximately HK\$61 million (Note 2)	(i) Redemption of the Company's outstanding debt securities issued to any third party; and (ii) the Group's working capital.	(i) Approximately HK\$52 million was applied for redemption of the Company's outstanding debt securities issued to any third party; and (ii) approximately HK\$9 million was applied for the Group's working capital.

### Notes:

- As at the date of this announcement, the convertible notes in the principal amount of approximately US\$6.9 million and the warrants in the amount of approximately US\$3.5 million are pending for subscription.
- The expected net proceeds from the transaction is approximately HK\$173 million (including proceeds of approximately HK\$58 million to be received by the Company upon full exercise of the warrants). Given that as at the date of this announcement, (i) the convertible notes in the principal amount of approximately US\$6.9 million and the warrants in the amount of approximately US\$3.5 million are pending for subscription; and (ii) none of the warrants was exercised, only net proceeds of approximately HK\$61 million was raised as at the date of this announcement.

## CHANGES TO THE SHAREHOLDING AS A RESULT OF THE SUBSCRIPTION

The Preference Shares are not convertible into Shares, hence the Subscription will not affect the holdings of the Shares. For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming there are no other changes in the issued share capital of the Company):

Name of Shareholders	At the date of this announcement		Immediately upon Completion			
	No. of Shares	%	No. of Shares	%	No. of Preference Shares	
					Shares	%
Mr. Chan Yick Yan Andross (Note 1)	97,920,887	19.23	97,920,887	19.23	—	—
PBLA Limited	75,223,669	14.78	75,223,669	14.78	—	—
Mr. Lau Hing Tat Patrick (Note 2)	55,215,444	10.85	55,215,444	10.85	—	—
Mr. Tian Ming (Note 3)	4,930,000	0.97	4,930,000	0.97	—	—
The Subscriber	—	—	—	—	323,657,534	100
Public Shareholders	275,826,921	54.17	275,826,921	54.17	—	—
<b>Total</b>	<b>509,116,921</b>	<b>100</b>	<b>509,116,921</b>	<b>100</b>	<b>323,657,534</b>	<b>100</b>

### Notes:

1. Mr. Chan Yick Yan Andross, an executive Director and the chief executive officer of the Company, holds 4,204,000 Shares by himself and 93,716,887 Shares through CY Y Holdings Limited, a company wholly owned by him.
2. Mr. Lau Hing Tat, Patrick, the chairman and an executive director of the Company, holds 7,232,000 Shares by himself, 46,003,444 Shares through LSBJ Holdings Limited, a company wholly owned by him and is interested in 1,980,000 Shares held by his spouse.
3. Mr. Tian Ming, an executive Director, holds 4,930,000 Shares by himself.

## **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board proposes that the Preference Shares be created and that the memorandum and articles of association of the Company be amended to, among others, incorporate the terms of the Preference Shares summarised in the paragraph headed “TERMS OF THE PREFERENCE SHARES” in this announcement. The amendments to the memorandum and articles of association of the Company are subject to the approval of the Shareholders by way of a special resolution at the EGM. Further details of the proposed amendments to the memorandum and articles of association of the Company will be set out in the circular to be despatched to the Shareholders.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of which 509,116,921 Shares were in issue. The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 to HK\$30,000,000 by the creation of 1,000,000,000 Preference Shares in the authorised share capital of the Company (the “**Increase in Authorised Share Capital**”). Immediately after the completion of the Increase in Authorised Share Capital and assuming no new Share is issued and no Share is repurchased from the date of this announcement up to the EGM, the authorised share capital of the Company will be HK\$30,000,000 divided into 2,000,000,000 Shares (with 509,116,921 Shares in issue and 1,490,883,079 Shares remaining unissued) and 1,000,000,000 Preference Shares (all being unissued before Completion).

### **Reasons for the Increase in Authorised Share Capital**

In order to accommodate future issues of Preference Shares which shall include but not limited to the possible issue of new Preference Shares in relation to the Subscription, the Board proposed the Increase in Authorised Share Capital.

### **Condition of the Increase in Authorised Share Capital**

The Increase in Authorised Share Capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

## EGM

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the Subscription, the Specific Mandate, the amendments to the memorandum and articles of association of the Company and the Increase in Authorised Share Capital.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the Subscription, the Specific Mandate, the amendments to the memorandum and articles of association of the Company and the Increase in Authorised Share Capital, and is required to abstain from voting on the resolutions to approve the aforesaid matters at the EGM.

A circular containing, among other things, (i) further details of the Subscription, the Specific Mandate, the amendments to the memorandum and articles of association of the Company and the Increase in Authorised Share Capital; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 December 2021.

**Completion is subject to the fulfillment of the Conditions. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Agreement”	the agreement dated 9 December 2021 entered into between the Company and the Subscriber in respect of the Term Extension and the Subscription
“Board”	the board of Directors



“business day”	any day (other than a Saturday or Sunday and any day on which a tropical cyclone warning signal No. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon and is not discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“Company”	Graphex Group Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6128)
“Completion”	the performance and completion by the Company and the Subscriber of their respective obligations in relation to the Subscription in accordance with the Agreement
“Condition(s)”	the condition(s) precedent to the Completion as stipulated under the Agreement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of approving the Agreement and the transactions contemplated thereunder, the Specific Mandate, the proposed amendments to the memorandum and articles of association of the Company and the increase in authorised share capital of the Company
“Extended PN”	the promissory note in principal amount of HK\$348,080,000 with maturity date extended from 6 August 2023 to 6 August 2026 to be re-issued by the Company to the Subscriber in consideration of the Subscriber’s surrendering the Promissory Note to the Company pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2022, or such other date as may be agreed between the Company and the Subscriber
“PRC”	the People’s Republic of China
“Preference Share(s)”	the new non-voting and non-convertible preference share(s) of HK\$0.01 each in the share capital of the Company to be subscribed by the Subscriber pursuant to the Agreement
“Preference Shareholder(s)”	the holder(s) of the Preference Share(s)
“Promissory Note”	the outstanding promissory note in principal amount of HK\$348,080,000 issued by the Company to the Subscriber which will be matured on 6 August 2023
“Set-off PN”	part of the Extended PN in an aggregate principal amount of HK\$236,270,000 to be set-off for satisfying the aggregated Subscription Price
“Share(s)”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the issued Shares for the time being
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM for the allotment and issuance of the Preference Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Tycoon Partner Holdings Limited, an investment holding company incorporated in the BVI with limited liability

“Subscription”	the subscription of the Preference Shares pursuant to the Agreement
“Subscription Price”	HK\$0.73 per Preference Share
“Term Extension”	extension of the maturity date of the Extended PN from 6 August 2023 to 6 August 2026 pursuant to the Agreement
“%”	per cent

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

Hong Kong, 9 December 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.*