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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)

BUSINESS UPDATE

This is a voluntary announcement made by Graphex Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

Reference is made to the Company’s announcement dated 19 July 2023 (the “**Announcement**”) relating to the entering into of the Cooperation Agreement between the Company and the Nanshu Town Government regarding the Graphite Anode Material Project (the “**Project**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to inform Shareholders and potential investors of the Company that Graphex (Shandong) New Energy Technologies Limited (烯石(山東)新能源科技有限公司) (the “**Project Company**”), being an indirect wholly-owned subsidiary of the Company established for the purpose of operating the Project in Nanshu Town, has on 26 October 2023 received a letter of intent (“**LOI**”) issued by one of the four major banks of the PRC (the “**Bank**”) to the Project Company, whereby the Bank has indicated an intention of providing banking facilities of Renminbi 400 million to the Project Company for the Project (the “**Proposed Loan**”). The LOI is non-legally binding and the granting of the Proposed Loan is subject to, amongst other things, the Bank’s further evaluation on the Proposed Loan, finalization of the terms and conditions of the Proposed Loan and compliance with the relevant banking and other laws and regulations of the PRC.

The Company will have sufficient funding to build and implement phase 1 of the Project if successfully secure the Proposed Loan. Phase 1 of the Project involves a production facility of 20,000 metric tons of natural graphite anode material which will increase the Group’s production capacity of natural graphite anode material by 2 times to 30,000 metric tons per year. The Project is comprised of 3 phases and a total of 100,000 metric tons of natural graphite anode material production capacity. The Company intends to complete phase 1 of the Project by Q3 2024, phase 2 within 2025, and phase 3 before 2030.

The Company will make further announcements to keep Shareholders and potential investors of the Company abreast of the progress and development of the Project and/or the Proposed Loan as and when necessary and in compliance with the Listing Rules.

WARNING

As the granting of the Proposed Loan by the Bank to the Project Company may or may not be materialized, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 30 October 2023

As at the date of this announcement, the executive Directors are Mr. Lau Hing Tat Patrick, Mr. Chan Yick Yan Andross 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.