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China Graphite Group Limited

中国石墨集团有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2237)

ESTIMATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

This announcement is made by China Graphite Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the latest available unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (“**FY2023**”) and the information currently available to the Board, the Group is expected to record a net profit after tax in the range of approximately RMB19.0 to approximately RMB22.0 million, representing a decrease of approximately 72.2% to 75.9% as compared to the net profit after tax of approximately RMB79.0 million for the year ended 31 December 2022 (“**FY2022**”). The Board believes that the above was primarily attributable to the competition in the automobile markets, the slowdown of growth of the lithium-ion battery industry in FY2023 as compared to the rapid growth of the same in FY2022, and the strategy of our downstream customers to digest their inventory backlogs in the PRC, leading to the relative increase in market competition and decrease in price for graphite products in FY2023.

In the second half of 2023, as the natural graphite industry entered into a period of adjustment, the Group actively increased its sales while continuing to achieve cost optimisation and efficiency improvement. The performance of both revenue and profit has improved in the second half of the year compared to the first half year of FY2023, and the Group changed from a loss-incurring position in the first half of the year to a profitable position in the second half of the year of FY2023. Going forward, considering that natural graphite has the characteristics of low cost and low energy consumption, it is expected to be viewed more favourably under the PRC’s “dual carbon” policy, and can also well adapt to the market trend of cost reduction of new energy vehicles. The Group remains optimistic towards the long-term development of natural graphite, and will endeavour to seize any market opportunities, improve operating performance and create greater value for its shareholders.

The information contained in this announcement is based on the information currently available to the Company and the preliminary assessment of the Board on the management accounts prepared in accordance with applicable Hong Kong Financial Reporting Standards which have not been audited or reviewed by the independent auditors and/or the audit committee of the Company, and is therefore subject to further adjustment(s). The annual results of the Group for FY2023 is expected to be released by the end of March 2024 which may be different from the figures and information contained in this announcement.

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

By Order of the Board
China Graphite Group Limited
Zhao Liang

Chairman, executive Director and chief executive officer

Hong Kong, 8 March 2024

As at the date of this announcement, the Board comprises Mr. Zhao Liang (chairman and chief executive officer) and Mr. Lei Wai Hoi as executive Directors; Mr. Chiu G Kiu Bernard, Mr. Shen Shifu, Mr. Liu Zezheng and Ms. Zhao Jingran as independent non-executive Directors.

This announcement is prepared in English language and translated into Chinese. In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.