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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)

VOLUNTARY ANNOUNCEMENT FRAMEWORK AGREEMENT IN RELATION TO PROPOSED INVESTMENT AND PROPOSED BUSINESS COOPERATION

This announcement is issued by China Graphite Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on a voluntary basis.

FRAMEWORK AGREEMENTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 17 June 2024, Heilongjiang Baoquanling Farmland Yixiang New Energy Materials Company Limited* (黑龍江省寶泉嶺農墾溢祥新能源材料有限公司) (“**Yixiang New Energy**”), the Company’s indirect wholly-owned subsidiary, entered into four non-legally binding framework agreements (the “**Framework Agreements**”) with Qingdao Xintaihe Nano Technology Co., Ltd* (青島新泰和納米科技有限公司) (“**Qingdao Xintaihe**”), Beijing Chuangshi Hongjing Investment Consulting Co., Ltd* (北京創世宏景投資諮詢有限公司) (“**Beijing Chuangshi**”), Beijing Zhongjing Ruiji Biotechnology Co., Ltd* (北京中晶瑞吉生物科技有限公司) (“**Beijing Zhongjing**”) and AST (Hong Kong) Technologies Limited (“**AST**”), respectively, in relation to the potential investment in production facilities and operation of the graphite mine located approximately 28 km northwest of Luobei County in Heilongjiang Province, the mining rights of which were obtained by us in 2019 (the “**Beishan Mine**”) (the “**Proposed Investment**”) and the potential business cooperation to supply graphite products to Qingdao Xintaihe (the “**Proposed Business Cooperation**”).

Pursuant to the Framework Agreements and subject to the Formal Agreements to be entered into by the parties, each of Qingdao Xintaihe, Beijing Chuangshi, Beijing Zhongjing and AST or their designated parties proposed to invest RMB10 million (RMB40 million in aggregate) in Yixiang New Energy, by means of debt or equity or other methods to be separately agreed by the parties for the construction of the production facilities and operation of the Beishan Mine. Furthermore, in order to further enhance the business relationship between Yixiang New Energy and Qingdao Xintaihe, Yixiang New Energy would supply graphite products to Qingdao Xintaihe with the proposed quantity of not less than 10,000 tonnes annually, the selling price of which shall be determined by both parties based on market conditions.

All parties to the Framework Agreements shall further negotiate and confirm the terms and conditions in relation to the Proposed Investment and Proposed Business Cooperation by entering into formal and legally binding agreements on or before 30 September 2024 (the “**Formal Agreements**”).

Save for the terms relating to confidentiality, the governing law and dispute resolutions, the Framework Agreements do not constitute any legally binding commitment in respect of the Proposed Investment and Proposed Business Cooperation. The Proposed Investment and Proposed Business Cooperation will only become legally effective and enforceable after the conclusion of negotiation and execution of the Formal Agreements.

INFORMATION ON THE PARTIES

Yixiang New Energy is principally engaged in the processing and sales of the spherical graphite and the development and extraction of the Beishan Mine.

Qingdao Xintaihe is a company incorporated in the People’s Republic of China, and is a high-tech enterprise principally engaged in the research and development and production of anode materials including natural graphite, artificial graphite, the next generation of new anode materials hard carbon and silicon carbon. Qingdao Xintaihe is our existing downstream customer.

Beijing Chuangshi is a company incorporated in the People’s Republic of China, and is principally engaged in the investment, trade and business management consulting and business planning.

Beijing Zhongjing is a company incorporated in the People’s Republic of China, and is principally engaged in the medical research, health consulting and sales of medical equipment.

AST is a company incorporated in Hong Kong with limited liability, and is principally engaged in the research, development and sales of water purification equipment.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Qingdao Xintaihe, Beijing Chuangshi, Beijing Zhongjing and AST and their ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Board considers that it is beneficial for the Group to seek external funding from time to time to ensure that there are adequate funds for the development of mines and the construction of production facilities to capitalize on the market opportunities. Besides, the Proposed Investment and Proposed Business Cooperation with our existing downstream customer, Qingdao Xintaihe, will also create synergies to secure our external sales and the supply of the graphite products for their production.

The Directors are of the view that the Proposed Investment and/or Proposed Business Cooperation between Yixiang New Energy and Qingdao Xintaihe, Beijing Chuangshi, Beijing Zhongjing and AST, if materialised, represents the capital strength of the Group for development and secures the business cooperation with our downstream customer, Qingdao Xintaihe, which is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Board wishes to emphasise that no formal or legally binding agreement in relation to the Proposed Investment and Proposed Business Cooperation has been entered into between the Yixiang New Energy and Qingdao Xintaihe, Beijing Chuangshi, Beijing Zhongjing and AST as at the date of this announcement. As such, the Proposed Investment and Proposed Business Cooperation may or may not be materialised. In the event that Yixiang New Energy enters into any formal agreement in relation to the Proposed Investment and Proposed Business Cooperation, further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

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

By order of the Board
China Graphite Group Limited
Zhao Liang

Chairman, executive Director and chief executive officer

Hong Kong, 17 June 2024

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

* *For identification purpose only*