

CHINA GRAPHITE GROUP LIMITED 中国石墨集团有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 2237



INTERIM REPORT

2025

中期報告

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhao Liang
(Chairman and Chief Executive Officer)
Mr. Lei Wai Hoi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Shifu
Mr. Liu Zezheng
Ms. Zhao Jingran
Mr. Ho Hoi Tung

AUDIT COMMITTEE

Mr. Ho Hoi Tung (Chairman)
Mr. Shen Shifu
Mr. Liu Zezheng
Ms. Zhao Jingran

NOMINATION COMMITTEE

Mr. Zhao Liang (Chairman)
Mr. Shen Shifu
Mr. Liu Zezheng
Ms. Zhao Jingran

REMUNERATION COMMITTEE

Mr. Liu Zezheng (Chairman)
Mr. Zhao Liang
Mr. Shen Shifu
Ms. Zhao Jingran

COMPLIANCE COMMITTEE

Mr. Liu Zezheng (Chairman)
Mr. Lei Wai Hoi
Mr. Ho Hoi Tung

COMPANY SECRETARY

Mr. Lei Wai Hoi

AUTHORISED REPRESENTATIVES

Mr. Zhao Liang
Mr. Lei Wai Hoi

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1, Building 1, Graphite Development Zone
Yanjun Farm, Luobei County, Hegang City
Heilongjiang Province, PRC

COMPANY WEBSITE

www.chinagraphite.com.hk

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 1 Science Museum Road, Tsim Sha Tsui
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REGISTERED OFFICE

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INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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LEGAL ADVISER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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71 Fort Street, PO Box 500, George Town
Grand Cayman, KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
China Merchants Bank Company Limited

STOCK CODE

2237

DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“1H 2024”	for the six months ended 30 June 2024
“1H 2025”	for the six months ended 30 June 2025
“Beishan Mine”	a graphite mine located approximately 28 km northwest of Luobei County in Heilongjiang Province, the mining rights of which were obtained by us in 2019
“Board” or “Board of Directors”	our board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended and supplemented from time to time, where references to code provisions in this interim report refer to code provisions in the CG Code that came into effect on 1 January 2022
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	China Graphite Group Limited (中国石墨集团有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 3 August 2020, the Shares of which are listed on the Stock Exchange (stock code: 2237)
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “we”, or “us”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares in Hong Kong at the offer price of HK\$0.325 per Share on and subject to the terms and conditions described in the Prospectus, as further described in “Structure and Conditions of the Global Offering” in the Prospectus
“International Offer Shares”	the 360,000,000 new Shares being initially offered by our Company pursuant to the International Offering together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in “Structure and Conditions of the Global Offering” in the Prospectus
“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters on behalf of our Company to professional, institutional and/or other investors outside the United States at the Offer Price, as further described in “Structure and Conditions of the Global Offering” in the Prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange

DEFINITIONS

“Mr. Zhao”	Mr. Zhao Liang (趙亮), the chairman of the Board, executive Director, chief executive officer and the controlling shareholder of the Company
“NEV(s)”	new energy vehicles
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Prospectus”	the prospectus of the Company dated 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of HK\$0.001 each
“Shareholder(s)”	holder(s) of the Shares from time to time
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 21 June 2022, the principal terms of which are summarised in “Statutory and General Information — D. Other Information — 1. Share Option Scheme” in Appendix VI to the Prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“tonne”	metric tonne

DEFINITIONS

“Yixiang Graphite”

Heilongjiang Baoquanling Agricultural Reclamation Yixiang Graphite Co., Ltd.* (黑龍江省寶泉嶺農墾溢祥石墨有限公司), a company established under the laws of the PRC with limited liability on 26 June 2006 and is the Company’s indirect wholly-owned subsidiary

“Yixiang New Energy”

Heilongjiang Baoquanling Agricultural Reclamation Yixiang New Energy Materials Co., Ltd.* (黑龍江省寶泉嶺農墾溢祥新能源材料有限公司), a company established under the laws of the PRC with limited liability on 20 April 2011 and is the Company’s indirect wholly-owned subsidiary

“%”

per cent

The English names of the PRC entities referred to in this interim report are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese marked with “*” is for identification purposes only.

CHAIRMAN'S STATEMENT FOR THE 2025 INTERIM RESULTS

Dear Shareholders,

The rapid growth of China's new energy vehicle and new materials industries has presented substantial opportunities for the graphite sector. Conversely, this has also fueled fierce downstream competition, with cost pressures being transmitted to the upstream material suppliers. Consequently, the natural graphite industry is facing challenges such as low-price competition and inefficient utilization of resources.

In response to the adverse situation in the industry, after the seasonal production suspension period, the Group took the initiative to adjust its production strategy, focused on product quality and continued to push forward cost reduction and efficiency enhancement initiatives. Despite the combined impact of the industrial landscape and market environment, the Company recorded a reduction in loss in the first half of the year compared to 1H 2024. With the efforts of our sales team and cost control measures, both revenue and profit performance improved compared with the corresponding period of the previous year, and the gross profit margin also increased.

Interim Results Performance

For 1H 2025, the total revenue of the Group was approximately RMB39.8 million, representing a year-on-year increase of 9.3%. Among which, revenue from the sale of spherical graphite and by-products was approximately RMB4.8 million, representing a year-on-year decrease of 52.9%; and revenue from the sale of flake graphite concentrate was approximately RMB30.3 million, representing a year-on-year increase of 20.7%. Sales of unprocessed marble of approximately RMB4.6 million also contributed to our total revenue in 1H 2025.

As of 30 June 2025, the Group's gross profit was approximately RMB6.0 million, representing a year-on-year increase of 106.9%; the gross profit margin was 15.0%, representing a year-on-year increase of 7.0 percentage points; the Group recorded a net loss of approximately RMB11.9 million, compared with a net loss of approximately RMB16.2 million in the corresponding period of the previous year.

Production and Operations

In the first half of 2025, the first quarter marked the traditional shutdown period for graphite enterprises in Luobei County. Coupled with the substantial expansion of production capacity in some key domestic graphite-producing areas and intensified homogeneous competition, the Group, after resuming production, rationally adjusted its operational strategies, actively enhanced product quality and maximized cost reduction. The overall sales performance improved slightly, and certain results were achieved in cost control.

CHAIRMAN'S STATEMENT FOR THE 2025 INTERIM RESULTS

For 1H 2025, the sales volume of spherical graphite was 705 tonnes, representing a year-on-year decrease of 23.6% and it remained affected by the adverse factors such as tepid demand and price competition for downstream anode materials. For 1H 2025, the sales volume of flake graphite concentrate was 12,409 tonnes, representing a year-on-year increase of 22.8%. In light of these challenges, the Group strategically reallocated resources to the flake graphite concentrate business.

Prudent Development with a Future-Focused Vision

In 2019, the Group obtained the mining right for the Beishan Mine. The Beishan Mine is rich in graphite resources with high grade. The use of ores from the Group's own mine can achieve upstream-downstream synergy, ensuring the continuous and stable supply of high-quality graphite while reducing costs, and safeguard our profitability.

At the present stage, the mining permit of our Beishan Mine is with elevations ranging from 150 to 274 metres above sea level. As at 30 June 2025, the reserves of graphite ore within this elevation was approximately 7.0 million tonnes. Currently, the Group is applying for the mining right for resources below 150 meters above sea level, and has engaged third-party mining consultants to complete the relevant resource report. The Group is preparing other necessary documents to submit to the relevant government authorities, with a view to increasing the mining volume of graphite ore and ensuring the Group's future development.

The Group is advancing the construction of its new Beishan beneficiation and processing plant, a project funded by the proceeds from the Group's initial public offering on the Hong Kong Stock Exchange. This critical infrastructure will ensure the Group's long-term production capacity. On 21 February 2024, the wholly-owned subsidiary of the Group acquired a piece of forest land near the Beishan Mine, which is intended for the construction of the new beneficiation and processing plant.

Although the anode materials and graphite industry is currently in a period of adjustment, the Group remains optimistic about the future of the industry. At the present stage, we will, in light of changes in the market environment, adjust our development pace with a prudent attitude to adapt to the changing trends of the market.

CHAIRMAN'S STATEMENT FOR THE 2025 INTERIM RESULTS

Continuously Improving Our Research Capabilities

The Group has been deeply engaged in the natural graphite industry for over 20 years. We have always adhered to the philosophy that “only through profound accumulation can there be breakthroughs, and only with sufficient accumulation can innovation be achieved (先厚積才能薄發·有積聚方可創新)”. We continue to deepen innovation-driven development and have collaborated with a number of well-known domestic universities and research institutions over the years, undertaking and completing multiple major scientific research projects, thus building up strong product R&D capabilities.

In the natural graphite industry, the Group actively positions itself at the forefront of development by leading technological innovation, and developed short-flow beneficiation process for graphite with the application of flotation column technique, process for processing graphene with micronized graphite and fluorine-free purification process.

Looking ahead, the Group will continue to further implement the “innovation-driven development” strategy, establish long-term and stable strategic cooperative partnerships with upstream and downstream enterprises in areas such as mining, deep processing, and application sectors. It will focus on key fields, accelerate the transformation of scientific and technological achievements, enhance industrial technical standards, actively develop high value-added products, and continuously consolidate its core competitiveness.

Corporate Governance

The Group always upholds the principles of openness, transparency and efficiency in corporate governance in compliance with the Listing Rules to achieve high standards of corporate governance.

We followed our Board Diversity Policy and Director Nomination Policy, fully leveraging on the experience and expertise of our independent non-executive Directors, so as to further improve our corporate governance structure and decision-making mechanism. We adhered to compliant operation, enhanced our compliance management capabilities, and strengthened the construction of a compliance culture for all staff. Focusing on key areas such as graphite mining, product research and development, production safety and product sales, we continued to conduct compliance checks and provide guidelines. We are committed to refining our risk control systems to enhance our ability in detecting risks, and have strengthened our supervision over key areas from mines to factories and plugged management loopholes to ensure healthy business operation.

CHAIRMAN'S STATEMENT FOR THE 2025 INTERIM RESULTS

Social Responsibility and Company Honors

As the first listed company in Hegang City, Heilongjiang Province, the Group believes that employees are the foundation of the Company and strives to create a safe and healthy working environment. The Group is also committed to safeguarding the rights and interests of employees, advocating a diverse and equal work culture, and ensuring that employees are not discriminated against on the basis of gender, age, race, family status or physical disability.

The Group attaches great importance to the impact of its business operations on the environment and nature, and has also integrated environmental protection concepts into its daily internal management and work to achieve its development vision of harmonious coexistence between man and nature. The Group also won the honorary title of "Green Factory in Non-Metallic Minerals Industry*" (非金屬礦行業綠色工廠)" awarded by the China Non-Metallic Minerals Industry Association.

Annual and Future Prospects

In the first half of 2025, China's auto production and sales both exceeded 15 million units for the first time, achieving double-digit year-on-year growth. Among them, the production and sales of new energy vehicles were approximately 7.0 million units and 6.9 million units respectively, increasing by approximately 41.4% and 40.3% year-on-year, and the vitality of the new energy vehicle industry continued to be released. Looking ahead to the second half of the year, the "two new" policies will continue to be implemented in an orderly manner, and with the continuous enrichment of new product supplies from enterprises, it will help drive the continuous growth of auto consumption.

Looking back at the first half of the year, issues such as overcapacity and homogeneous competition in the industry still await improvement. After a period of rapid growth, the natural graphite industry is currently in a phase of periodic adjustment. However, in the medium to long term, as the country's "dual carbon" policies continue to be deeply implemented and China attaches increasing importance to natural graphite as a strategically significant non-metallic mineral resource, the Group remains optimistic about the market prospects of natural graphite. Facing this period of industry volatility, we will adjust our development pace in response to market changes at any time. The Group will also establish interdependent and mutually beneficial cooperative relationships with upstream and downstream enterprises in the industry, build a new, standardised, orderly, and win-win graphite industry ecosystem, and create greater value for all shareholders.

CHAIRMAN'S STATEMENT FOR THE 2025 INTERIM RESULTS

Acknowledgement

To conclude, I would like to extend the Board's sincere appreciation to our shareholders and customers for their continued confidence, and to all sectors of society for their invaluable support. Meanwhile, I would like to extend my deep appreciation to all employees of the Group for their dedication and contribution.

Zhao Liang

Chairman, executive Director and chief executive officer

Hong Kong, 29 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

During 1H 2025 and up to the date of this report, the Group had not conducted any exploration drilling works in Beishan Mine and we had not entered into any contracts or commitments in respect of the development activities including mining structure or infrastructure. During 1H 2025, we focused on the extracting activities and removing the waste rocks from our Beishan Mine for our access to the unprocessed graphite ore. The following table illustrates the extraction costs (including the capitalised amount) incurred for 1H 2025 and 1H 2024:

	1H 2025 (RMB'000)	1H 2024 (RMB'000)
Depreciation	961	966
Blasting services	4,349	3,620
Fuel costs	1,894	861
Salaries and benefits	1,534	1,150
Machinery expenses	2,856	1,880
Amortisation of mining rights	662	356
Raw materials	1,022	977
Repairs and maintenance	24	61
Others	697	579
Total	13,999	10,450
Portion capitalised	4,622	6,973
Portion accounted for as cost for the extraction of graphite ore	4,882	2,435
Portion accounted for as cost for the extraction of marble	4,495	1,042
Total	13,999	10,450

MANAGEMENT DISCUSSION AND ANALYSIS

The extraction of our Beishan Mine is split into two phases. Phase one covered an area of approximately 0.10 km² and phase two covered an area of approximately 0.25 km². During 1H 2025, extraction works for removing the waste rocks and unprocessed marble in phase one had been conducted and approximately 1,806,000 tonnes (1H 2024: approximately 1,385,000 tonnes) of materials including approximately 1,585,000 tonnes (1H 2024: approximately 1,256,000 tonnes) of unprocessed marble and wastes rocks and approximately 221,000 tonnes (1H 2024: approximately 129,000 tonnes) of unprocessed graphite ore were extracted. The Group subcontracted certain mining production activities to independent third parties including blasting activities, graphite product processing services, logistic and transportation of the unprocessed graphite ore to our production site and finished graphite products to our customers and the leasing of equipment and machinery to assist with our mining operations amounting to approximately RMB11.0 million in total (1H 2024: RMB8.4 million). Increase of the above expenses was mainly attributable to the increase of the extraction activities during the period.

Extraction cost

The extraction cost consisted of primarily blasting services expenses, fuel costs, salaries and benefits and machinery expenses. Extraction costs increased from approximately RMB10.5 million for 1H 2024 to approximately RMB14.0 million for 1H 2025, which was mainly due to the increase of the total materials extracted during 1H 2025 (approximately 1,806,000 tonnes) as compared to that during 1H 2024 (approximately 1,385,000 tonnes), leading to the increase of blasting services expenses, rentals expense of the machineries and the fuel cost of the mining equipment of approximately RMB0.7 million, RMB1.0 million and RMB1.0 million respectively.

FINANCIAL REVIEW

REVENUE

During 1H 2025, the Group generated the revenue primarily from (i) the sale of spherical graphite and its by-products; (ii) the sale of flake graphite concentrate; and (iii) the sale of unprocessed marble. The following table sets forth the revenue generated from each business segment for the periods indicated:

	1H 2025		1H 2024	
	(RMB'000)	(%)	(RMB'000)	(%)
Sale of spherical graphite and its by-products	4,836	12.2	10,233	28.1
Sale of flake graphite concentrate	30,323	76.2	25,107	68.9
Sale of unprocessed marble	4,636	11.6	1,097	3.0
Total	39,795	100.0	36,437	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from the sale of spherical graphite and by-products

The revenue generated from the sale of the spherical graphite represented approximately 12.2% and 28.1% of the total revenue for 1H 2025 and 1H 2024, respectively. The Group have been selling spherical graphite since September 2012. We mainly sell models SG-9 and SG-17 during 1H 2025. Model numbers of the spherical graphite (i.e. SG-9 and SG-17 being the spherical graphite with a diameter of 9 µm and 17 µm respectively) are designated according to the size of the spherical graphite processed, and additional specifications to spherical graphite may include designated density, purity or shapes of such spherical graphite. As by-products of processing the spherical graphite, we also produce and sell micro graphite powder. The following table summarises the revenue generated, the sales volume and the average selling prices of the spherical graphite and its by-products during 1H 2025.

	1H 2025			1H 2024		
	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	(RMB'000)	(Tonnes)	(RMB/tonne)	(RMB'000)	(Tonnes)	(RMB/tonne)
Spherical graphite						
SG-10	–	–	–	4,867	423	11,506
SG-9	3,328	418	7,962	4,204	500	8,408
SG-17	1,272	287	4,432	–	–	–
Subtotal	4,600	705	6,525	9,071	923	9,828
Micro graphite powder	236	206	1,146	1,162	986	1,178
Total	4,836	911		10,233	1,909	

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from the sale of flake graphite concentrate

The revenue generated from the sale of the flake graphite concentrate accounted for approximately 76.2% and 68.9% of the total revenue for 1H 2025 and 1H 2024, respectively. The Group have been selling flake graphite concentrate since the business was founded in 2006. For 1H 2025 and 1H 2024, sales from the flake graphite concentrate, mainly included types, “193” (indicating a carbon content of 93% or from 93% to less than 94%), “194” (indicating a carbon content of 94% or from 94% to less than 95%) and “195” (indicating a carbon content of 95% or from 95% to less than 96%). The following table summarises the revenue generated by, the sales volume and the average selling prices of our flake graphite concentrate during 1H 2025 and 1H 2024:

	1H 2025			1H 2024		
	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	(RMB'000)	(Tonnes)	(RMB/tonne)	(RMB'000)	(Tonnes)	(RMB/tonne)
193	2,451	1,029	2,382	4,284	1,704	2,514
194	18,376	7,415	2,478	12,379	4,570	2,709
195	7,310	2,770	2,639	4,297	1,524	2,820
Others ⁽¹⁾	2,186	1,195	1,829	4,147	2,311	1,794
Total	30,323	12,409	2,444	25,107	10,109	2,484

Note:

(1) Others primarily include flake graphite concentrates of other carbon content specifications.

The revenue generated from the sales of spherical graphite and by-products decreased to approximately RMB4.8 million for 1H 2025 compared to approximately RMB10.2 million for 1H 2024.

The revenue generated from the sale of flake graphite concentrate increased to approximately RMB30.3 million for 1H 2025 compared to approximately RMB25.1 million for 1H 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Total revenue from the sale of our graphite products was approximately RMB35.2 million for 1H 2025 compared to approximately RMB35.3 million for 1H 2024. During 1H 2025, the natural graphite market was undergoing intense competition and the decreasing demand from the downstream customers. In order to overcome the difficult period, the Group adopted attractive pricing policies while ensuring our high-quality products. The competition for the spherical graphite market was even serious. Thus, the Group adjusted our production and sales strategies in 1H 2025 and more efforts were put in the flake graphite concentrate market to retain our revenue and profit.

Revenue generated from the sales of unprocessed marble

For 1H 2025, the revenue generated from the sales of unprocessed marble amounted to approximately RMB4.6 million as compared to approximately RMB1.1 million for 1H 2024. Increase of the unprocessed marble sale was due to the increasing demand of certain customers for their construction projects in the nearby area and our sales team's effort to acquire new customers in this market.

COST OF SALES

The cost of sales consisted of primarily raw materials and consumables, electricity fees, extraction costs, labor costs and depreciation.

The cost of sales increased to approximately RMB33.8 million for 1H 2025 compared to approximately RMB33.5 million for 1H 2024, representing an increase of approximately 0.9%. Such increase was in line with the increase of revenue during 1H 2025. Despite the increase of the cost of sales, the production in 1H 2025 was more efficient compared to 1H 2024 as the Group recorded a higher gross profit margin in 1H2025. For 1H 2025, We saved utilities during production by approximately RMB1.7 million, partially offset by the increase of the maintenance cost for the production machineries and workplace of approximately RMB0.9 million. The remaining increase of production cost mainly represented the increase of the extraction expenses such as the rental cost of the mining equipment and their fuel cost with the increasing extraction activities in 1H 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

For 1H 2025 and 1H 2024, the Group's gross profit amounted to approximately RMB6.0 million and RMB2.9 million, representing a gross profit margin of approximately 15.0% and 8.0%, respectively. The following table summarises the gross profit and gross profit margin breakdown by business segment for 1H 2025 and 1H 2024:

	1H 2025		1H 2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)
Sale of spherical graphite and its by-products	(352)	(7.3)	(2,172)	(21.2)
Sale of flake graphite concentrate	6,196	20.4	5,040	20.1
Sale of unprocessed marble	141	3.0	55	5.0
Gross profit/gross profit margin	5,985	15.0	2,923	8.0

Gross loss and gross loss margin from the sales of spherical graphite and its by-products were approximately RMB0.4 million and 7.3% for 1H 2025 compared to gross loss and gross loss margin of approximately RMB2.2 million and 21.2% for 1H 2024.

Gross profit and gross profit margin from the sales of flake graphite concentrate increased to approximately RMB6.2 million and 20.4% for 1H 2025 from approximately RMB5.0 million and 20.1% for 1H 2024.

Despite the general increase of the gross profit margin of the Group, the price of our graphite products was still under pressure in 1H 2025. Our management adjusted the production strategies and implemented certain cost control measures by improving utility efficiency, streamlining labor force and strengthening equipment maintenance, which relatively reduced the production cost of our products and increased the gross profit margin of the Group as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME AND OTHER GAINS

Our other income and gains, which primarily consist of government grants, decreased to approximately RMB0.5 million for 1H 2025 from RMB1.3 million in the same period of 2024. Such decrease was mainly due to the decrease of government grants to approximately RMB0.5 million for 1H 2025 from approximately RMB1.6 million for 1H 2024.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses primarily consisted of the transportation fee to deliver our products to the customers, the marketing expenses and the labor cost of the selling department. They increased to approximately RMB3.3 million for 1H 2025 compared to approximately RMB2.5 million for 1H 2024, representing an increase of approximately 32.0%. The rise in selling and distribution expenses was primarily driven by an increase in transportation costs of approximately RMB0.9 million, attributable to the delivery of our products to major customers who are geographically remote from our operations during 1H 2025 compared to those in 1H 2024.

GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses primarily consisted of the labor cost of the administrative department, professional fee and office expenses. They decreased to approximately RMB12.0 million for 1H 2025 compared to approximately RMB13.1 million for 1H 2024, representing a decrease of approximately 8.4%. The decrease was mainly due to the cost control measures/policies of the Group, including the decrease of the salaries of approximately RMB0.5 million, decrease of utilities used in the administrative office of approximately RMB0.2 million and the decrease of the office expenses of approximately RMB0.3 million compared to those in 1H 2024.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses primarily consisted of the raw materials and labor cost used in the research and development activities. They maintained at approximately RMB3.2 million for 1H 2025 compared to approximately RMB3.2 million for 1H 2024. Our research and development activities for 1H 2025 mainly represented our projects to continuously improve our production efficiency and to adjust our products specifications to cater to/satisfy the customers' needs and requirements.

FINANCE COSTS, NET

Our finance costs, net, primarily consisted of interest income and interest expenses from bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Our finance cost, net decreased to approximately RMB1.1 million for 1H 2025 from approximately RMB2.6 million for 1H 2024. The decrease was mainly due to the decreasing use of discounted bills financing during 1H 2025, resulting in a decrease of corresponding interest expense of approximately RMB0.5 million compared to 1H 2024 and we had incurred an interest expense of approximately RMB1.1 million in the acquisition of a land by instalments for 1H 2024 and there was no such expense in 1H 2025.

INCOME TAX CREDIT

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, companies in the PRC are subject to income tax of 25% unless preferential rate is applicable. The Group's major operating subsidiary, Yixiang New Energy and Yixiang Graphite are subject to a tax rate of 15% during the period of 1H 2025 and 1H 2024 as they are eligible for the tax concession granted by the PRC government as a high-tech enterprise.

No Hong Kong profits tax has been provided for 1H 2025 and 1H 2024 since there was no tax assessable profit generated from Hong Kong. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the regions/countries in which the companies operate.

In the first half of 2025, the Group recognised an income tax credit of approximately RMB11,000. This was primarily due to operating losses at the subsidiary level, which resulted in no taxable income for the period, coupled with the reversal of an over-provision of income tax expense from the prior year.

LOSS FOR 1H 2025

Loss after tax amounted to approximately RMB11.9 million and RMB16.2 million for 1H 2025 and 1H 2024 respectively.

The natural graphite market was still under pressure in 1H 2025 due to the shrinking market demand and relatively low prices. With the cost control policies in 1H 2025, our production was more efficient compared to 1H 2024. As a result, our gross profit margin increased to approximately 15.0% compared to approximately 8.0% in 1H 2024 and our gross profit increased to approximately RMB6.0 million from approximately RMB2.9 million in 1H 2024. Our administrative expenses decreased to approximately RMB12.0 million from approximately RMB13.1 million in 1H 2024 as a result of the streamline of the administrative employee structure and the decrease of office expenses. All these measures mentioned above reduced our loss of approximately RMB4.3 million in 1H 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

The Group requires a substantial amount of capital to fund the working capital requirements and business expansion. Our operation and growth have been primarily been financed by cash generated from our operating activities and loans from the banks. The Group's financial position remains healthy and stable. It is anticipated that the Group has sufficient working capital to fund its future operation. In 1H 2025, we did not use any financial instruments for hedging purpose.

As at 30 June 2025, the capital structure of the Group is comprised of share capital and reserves amounting to approximately RMB424.4 million (31 December 2024: RMB436.3 million).

As at 30 June 2025, the Group's net current assets were approximately RMB72.1 million (31 December 2024: approximately RMB90.1 million).

The Group's cash and cash equivalents as at 30 June 2025 were approximately RMB61.4 million (31 December 2024: approximately RMB32.5 million).

As at 30 June 2025, there were interest-bearing borrowings of approximately RMB76.8 million (31 December 2024: approximately RMB80.0 million) and unutilised bank facilities of approximately RMB103.2 million (31 December 2024: RMB110.0 million).

Details of the capital structure, cash and cash equivalents and borrowings are set out in note 23, note 19 and note 22 respectively to the interim condensed consolidated financial information.

The following table sets forth certain key financials for the periods/year end date indicated:

	1H 2025	1H 2024
Net loss margin	29.9%	44.5%
	As at 30 June 2025	As at 31 December 2024
Current ratio (times)	1.7	1.7
Gearing ratio	3.5%	9.8%

MANAGEMENT DISCUSSION AND ANALYSIS

Net loss margin equals to loss for the period divided by revenue for the period, multiplied by 100%. Net loss during 1H 2025 was illustrated in the subsection headed "loss for 1H 2025" in this interim report.

Current ratio equals to total current assets divided by total current liabilities as at the period/year end date. There was no significant change for the current ratio and it maintained at 1.7 as at 30 June 2025 and 31 December 2024.

Gearing ratio equals to net debt divided by total capital as at the period/year ended date. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as net debt plus total equity. Gearing ratio improved from approximately 9.8% as at 31 December 2024 to approximately 3.5% as at 30 June 2025 mainly due to the increase of cash and cash equivalents from approximately RMB32.5 million to RMB61.4 million as at 30 June 2025 with the acceleration of the receipts from our customers in 1H 2025. Detailed calculation of the gearing ratio is set out in note 5.3 to the interim condensed consolidated financial information in this interim report.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to fund the working capital requirements and business expansion.

CHARGE OVER THE GROUP'S ASSETS

As at 31 December 2024 and 1H 2025, the bank facilities of the Group were secured by the guarantee provided by the controlling shareholder, property, plant and equipment, land use rights, mining rights and certain trade receivables of the Group. More details are set out in note 22 to the interim condensed consolidated financial information in this report.

CONTINGENT LIABILITIES

As at 31 December 2024 and 30 June 2025, the Directors confirm that the Group had no contingent liabilities. The Group are currently not a party to any litigation that is likely to have a material adverse effect on the business, results of operations or financial condition.

FINANCIAL RISKS

The Group is exposed to certain financial risks including interest rate risk, credit risk and liquidity risk.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest Rate Risk

The interest rate risk arises from bank and other borrowings. Most of the Group's assets and liabilities are either interest-free or subject to interest at fixed rates which expose us to fair value interest rate risk. As at 31 December 2024 and 30 June 2025, the Group's borrowings at several rates were denominated in RMB. We believe that our exposure to fair value interest rate risk as at 31 December 2024 and 30 June 2025 is not material.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. We are not exposed to significant cash flow interest rate risk as most of our assets and liabilities is either interest-free or subject to interest at fixed rates.

As such, we currently do not have hedging policy on interest rate risk.

Credit Risk

As at 31 December 2024 and 30 June 2025, the Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the interim condensed consolidated statement of financial position. In order to minimise the credit risk, we generally provide a credit period of not more than three months to the customers. The sales team is responsible for management of the customer database, which contains information such as credit period determination and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we maintain a defined credit policy with tightened risk profile and apply prudent policies to manage our credit risk with our trade receivables it includes an aging analysis and comprehensive assessment of the expected credit loss of our trade receivables which is usually prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

Liquidity Risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 30 June 2025, the Directors are of the opinion that we do not have significant liquidity risk.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

Assets and liabilities of the Group are mainly denominated in RMB. Most of these assets and liabilities are in the functional currency of the operations to which the transactions relate. We have certain HK\$ denominated deposit in bank during 1H 2025 which is exposed to foreign exchange risk. However, the exposure to foreign exchange risk is not material to the Group. As such, we currently do not have a foreign currency hedging policy.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during 1H 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 159 workers (31 December 2024: 189) of which 117 were full-time employees (31 December 2024: 139) and the remaining 42 workers were sourced from the crowdsourcing service provider (31 December 2024: 50). As at 30 June 2025, two full-time employees were based in Hong Kong and the remaining were all based in PRC. Decrease of the total workers as at 30 June 2025 compared to that as at 31 December 2024 was mainly due to the competition of graphite industry and our cost control policy to streamline the employee structure in 1H 2025.

We believe that the employees are valuable assets that contribute to our success. We recruit the employees based on a number of factors such as their industry experience in the graphite mining industry, their educational background, and the vacancy needs. We generally pay the employees a fixed salary and other allowances based on their respective positions and responsibilities. We also conclude individual employment contracts with the employees covering matters such as wages, employee benefits, employment scope and grounds for termination. The employees have never negotiated their terms of employment through any labour union or by way of collective bargaining agreements.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

We understand the importance of maintaining a good relationship with our suppliers, customers, social communities and governments to realise our objectives and long-term goals. During 1H 2025, there was no material or significant dispute between us and our suppliers, customers and/or stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The Group did not have any material capital commitments as at 30 June 2025 and 31 December 2024.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for 1H 2025 (1H 2024: nil).

SIGNIFICANT EVENTS AFTER 1H 2025

Save as disclosed in this report, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2025 and up to the date of this report.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed elsewhere in this report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures, during 1H 2025 and there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to a resolution passed by the Company's then sole Shareholder on 21 June 2022. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during 1H 2025 and there was no outstanding share option as at the date of this interim report.

As at 31 December 2024 and 30 June 2025, the number of share options available for grant under the scheme mandate was 160,000,000 each. The total number of Shares available for issue under the Share Option Scheme was 160,000,000, representing approximately 10% of the shares in issue of the Company (excluding treasury shares) as of the date of this report. No service provider sub-limit was set under the Share Option Scheme.

Subject to any early termination determined by the Board in accordance with the terms of the Share Option Scheme, the Share Option Scheme is valid and effective for a term of 10 years commencing on its adoption date (i.e. 21 June 2022). The Share Option Scheme will expire on 20 June 2032.

The other principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in the annual report of the Company for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' INTEREST IN CONTRACT

As at 30 June 2025, none of the directors of the Company had any material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, its subsidiaries or any of its fellow subsidiaries was a party during 1H 2025.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/chief executive of the Company	Position	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the total issued Shares of the Company ⁽²⁾
Mr. Zhao	Chairman, Executive Director and Chief executive officer	Interest in controlled corporation ⁽³⁾	1,200,000,000 (Long Position)	75.0%

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 1,600,000,000 Shares in issue as at 30 June 2025.
- (3) As at 30 June 2025, Sandy Mining Limited ("Sandy Mining"), which beneficially owned 75.0% of the issued Shares, was wholly-owned by Mr. Zhao. Under the SFO, Mr. Zhao is deemed to be interested in the 1,200,000,000 Shares held by Sandy Mining.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this Interim Report, during 1H 2025, the Company or any of its subsidiaries had never concluded any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

To the best knowledge and information of the Directors after making all reasonable enquiries, as at 30 June 2025, the following persons (other than the Directors and chief executives of the Company) had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder/other person of the Company	Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the total issued Shares of the Company ⁽²⁾
Sandy Mining	Beneficial owner	1,200,000,000 (Long position)	75.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 1,600,000,000 Shares in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors and chief executives of the Company were not aware of any other persons (other than the Directors and chief executives of the Company) who had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management know, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on our business and operation. During 1H 2025, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain relatively high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries as it believes that effective corporate governance practices are fundamental to safeguard the interests of shareholders and other stakeholders and enhance the shareholder value.

During 1H 2025, the Company has complied with all applicable code provisions of the CG Code, save for code provision C.2.1 of Part 2 of the CG Code.

The roles of the chairman and chief executive of the Company have not been segregated as required by the code provision C.2.1 of Part 2 of CG Code. Mr. Zhao is the executive Director, chairman of the Board and the chief executive officer of the Company. With extensive experience in the graphite mining industry, Mr. Zhao is responsible for the overall management, decision-making and strategy planning of the Group and is instrumental to our growth and business expansion since our establishment. Since Mr. Zhao has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of the Group, the Board considers that vesting the roles of chairman and the chief executive officer of the Company in the same person, Mr. Zhao, would be beneficial to the management of our Group.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the operation of the senior management and the Board, which are comprised of experienced individuals, effectively check and balance the power and authority of Mr. Zhao. The Board currently comprises two executive Directors (including Mr. Zhao) and four independent non-executive Directors and therefore has a fairly strong independent element in its composition.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by Directors as set out in the Model Code throughout 1H 2025.

BOARD COMMITTEE

Following committees have been established within the Board of Directors, namely, an audit committee, a remuneration committee, a nomination committee and a compliance committee. The committees operate in accordance with the terms of reference adopted by the Board.

Audit Committee

The Group has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and the Paragraph D.3 of Part 2 of the CG Code. The audit committee consists of four members, namely, Mr. Ho Hoi Tung, Mr. Shen Shifu, Mr. Liu Zezheng and Ms. Zhao Jingran. Mr. Ho Hoi Tung, the independent non-executive Director with appropriate accounting and financial management expertise, is the chairperson of the committee. The primary duties of the audit committee are to make recommendations to our Board on the appointment, re-appointment and removal of external auditors; review the financial statements; provide material advice in respect of our financial reporting process; oversee our internal control and risk management systems and audit process; and provide advice and comment to our Board on matters related to corporate governance.

Remuneration Committee

The Group has established a remuneration committee with written terms of reference in compliance with Rules 3.25 and 3.26 of the Listing Rules and the Paragraph E.1 of Part 2 of the CG Code. The remuneration committee consists of four members, three independent non-executive Directors and one executive Director namely, Mr. Liu Zezheng, Mr. Zhao, Mr. Shen Shifu and Ms. Zhao Jingran. Mr. Liu Zezheng is the chairperson of the committee. The primary duties of the remuneration committee are to make recommendations to the Board regarding our policy and structure for the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies, and to make recommendations to the Board on the remuneration packages of our Directors and senior management and on the employee benefit arrangement.

MANAGEMENT DISCUSSION AND ANALYSIS

Nomination Committee

The Group has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Paragraph B.3 of Part 2 of the CG Code. The nomination committee consists of four members, three independent non-executive Directors and one executive Director namely, Mr. Zhao, Mr. Shen Shifu, Mr. Liu Zezheng and Ms. Zhao Jingran. Mr. Zhao is the chairperson of the committee. The primary duties of the nomination committee are to make recommendations to review the structure, size and composition (including the skills, knowledge and experience) of our Board; and review and make recommendations to the Board on appointment of Directors and the management of the Board succession.

Compliance Committee

The Group has established a compliance committee with written terms of reference. The compliance committee consists of three members, two independent non-executive Directors and one executive Director namely, Mr. Liu Zezheng, Mr. Ho Hoi Tung and Mr. Lei Wai Hoi. Mr. Liu Zezheng is the chairperson of the committee. The primary duties of the compliance committee are to ensure compliance with regulatory matters as well as the adequacy and effectiveness of regulatory compliance procedures and system.

REVIEW OF THE INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed with the management the accounting policies adopted by the Group and discussed auditing, risk management and internal control system, and financial reporting matters.

The interim results of the Group for 1H 2025 and this interim report have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited interim condensed consolidated financial statements of the Group for 1H 2025 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

By Order of the Board
China Graphite Group Limited
Zhao Liang

Chairman, executive Director and chief executive officer

Hong Kong, 29 August 2025

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the interim condensed consolidated results of the Group for the six months ended 30 June 2025, together with the comparative unaudited figures for the corresponding periods in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Six months ended 30 June 2025 RMB' 000 (Unaudited)	2024 RMB' 000 (Unaudited)
Revenue	6	39,795	36,437
Cost of sales	8	(33,810)	(33,514)
Gross profit		5,985	2,923
Other income and other gains	7	545	1,318
Selling and distribution expenses	8	(3,253)	(2,531)
General and administrative expenses	8	(12,019)	(13,093)
Research and development expenses	8	(3,191)	(3,239)
Reversal of provision for impairment of financial assets		1,167	1,443
Operating loss		(10,766)	(13,179)
Finance income	9	183	338
Finance costs	9	(1,318)	(2,924)
Finance costs, net		(1,135)	(2,586)
Share of loss of an associate		—	(49)
Loss before income tax		(11,901)	(15,814)
Income tax (credit)/expense	10	11	(404)
Loss and total comprehensive loss for the period		(11,890)	(16,218)
Loss and total comprehensive loss attributable to owners of the Company		(11,890)	(16,218)
Loss per share for loss attributable to owners of the Company			
— Basic and diluted	11	(0.74) cents	(1.01) cents

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	155,297	160,996
Right-of-use assets	14	64,669	65,477
Mining rights	15	20,793	21,455
Other intangible assets		250	268
Deferred income tax assets		1,886	1,899
Prepayments	18	114,482	101,347
		357,377	351,442
Current assets			
Inventories	16	39,178	28,365
Trade and bills receivables	17	77,455	147,823
Deposits, prepayments and other receivables	18	4,675	2,086
Financial assets at fair value through profit or loss		213	192
Cash and cash equivalents	19	61,371	32,484
		182,892	210,950
Total assets		540,269	562,392
Equity			
Equity attributable to owners of the Company			
Share capital	23(a)	1,375	1,375
Share premium	23(b)	303,829	303,829
Other reserves	23(b)	(128,471)	(127,935)
Retained earnings	23(b)	247,685	259,039
Total equity		424,418	436,308

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Liabilities			
Non-current liabilities			
Lease liabilities	14	520	688
Provision for reclamation and mine closure	21(b)	2,866	2,801
Deferred income	7	1,551	1,679
Deferred income tax liabilities		124	93
		5,061	5,261
Current liabilities			
Trade payables	20	16,979	21,930
Accruals and other payables	21(a)	5,979	16,563
Borrowings	22	76,824	80,000
Contract liabilities	6(f)	10,443	1,740
Lease liabilities	14	565	535
Current tax liabilities		—	55
		110,790	120,823
Total liabilities		115,851	126,084
Total equity and liabilities		540,269	562,392

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Six months ended						
30 June 2025 (Unaudited)						
Balance at 1 January 2025	1,375	303,829	15,193	(143,128)	259,039	436,308
Comprehensive loss						
Loss for the period	-	-	-	-	(11,890)	(11,890)
Total comprehensive loss	-	-	-	-	(11,890)	(11,890)
Transaction with owners						
Appropriation to other reserve	-	-	-	(536)	536	-
	-	-	-	(536)	536	-
Balance at 30 June 2025	1,375	303,829	15,193	(143,664)	247,685	424,418
Six months ended						
30 June 2024 (Unaudited)						
Balance at 1 January 2024	1,375	303,829	15,193	(142,496)	270,908	448,809
Comprehensive loss						
Loss for the period	-	-	-	-	(16,218)	(16,218)
Total comprehensive loss	-	-	-	-	(16,218)	(16,218)
Transactions with owners						
Appropriation to other reserve	-	-	-	(453)	453	-
	-	-	-	(453)	453	-
Balance at 30 June 2024	1,375	303,829	15,193	(142,949)	255,143	432,591

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Cash generated from operations	54,353	66,066
Income tax paid	—	(3,426)
Net cash generated from operating activities	54,353	62,640
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,932)	(110,530)
Payment for land use rights	(13,136)	(27,944)
Interest received	183	338
Net cash used in investing activities	(20,885)	(138,136)
Cash flows from financing activities		
Proceeds from borrowings	50,156	105,530
Repayment of borrowings	(53,332)	(45,290)
Interest paid	(1,254)	(1,761)
Repayment of lease liabilities	(138)	(152)
Net cash (used in)/generated from financing activities	(4,568)	58,327
Net increase/(decrease) in cash and cash equivalents	28,900	(17,169)
Cash and cash equivalents at the beginning of the period	32,484	111,918
Effects of exchange rate changes on cash and cash equivalents	(13)	184
Cash and cash equivalents at end of the period	61,371	94,933

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Graphite Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 August 2020 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the manufacturing and sale of graphite products. The ultimate holding company of the Company is Sandy Mining Limited. The ultimate controlling party of the Group is Mr. Zhao Liang (“**Mr. Zhao**”).

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 July 2022.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated, and was approved for issue by the Board of Directors on 29 August 2025.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PRESENTATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This interim condensed consolidated financial information does not include all the notes of the type normally included in the annual financial report, accordingly, it should be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES *(Continued)*

(i) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The adoption of these standards did not have any significant financial impact to the interim condensed consolidated financial information.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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(ii) New and amended standards and interpretation which are not yet effective

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2025 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature- dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretation as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standard, amendments to existing standards and interpretation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those described in the annual consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

There have been no changes in the risk management policies since 31 December 2024.

5.2 Fair value estimation

The carrying values less loss allowance for trade and bills receivables, deposits, other receivables and cash and cash equivalents, and trade payables, accruals and other payables and borrowings are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, unless the effect of discounting is insignificant.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owners to procure adequate financial resources from the owners. There have been no changes in the capital risk management policies since 31 December 2024.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends proposed or paid to the owners or issue new shares.

The capital structure of the Group consists of shareholders' equity and total borrowings. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings as shown in the interim condensed consolidated statement of financial position and excluding lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position plus net debt.

The debt-to-capital ratios as at 30 June 2025 and 31 December 2024 were as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Total borrowings	76,824	80,000
Less: Cash and cash equivalents	(61,371)	(32,484)
Net debt	15,453	47,516
Total equity	424,418	436,308
Total capital	439,871	483,824
Debt-to-capital ratio	3.5%	9.8%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION

The Group operates as two segments. The two operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operation Decision-Maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The CODM considered the nature of the Group’s business and determined that the Group has two reportable operating segments as follows:

- Sale of flake graphite concentrate
- Sale of spherical graphite and its by products, and unprocessed marble

The accounting policies of the reportable segments are the same as the Group’s accounting policies. Performance is measured based on segment results that is used by the CODM for the purposes of resources allocation and assessment of segment performance. Income tax credit/(expense) is not allocated to reportable segments. The Group derived revenue from the sales of goods at a point in time.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

Reportable segment results is (loss)/profit before income tax, excluding unallocated other income and other gains, finance (costs)/income, net, amortisation of land-use rights that are used by all segments and other corporate expenses (mainly including staff costs, professional fees and other general administrative expenses) of the head office.

Reportable segment assets exclude unallocated deferred income tax assets, cash and cash equivalents and other corporate assets (mainly including land-use rights that are used by all segments).

Reportable segment liabilities exclude unallocated deferred income tax liabilities, current tax liabilities, bank borrowings and other corporate liabilities (mainly including accrued charges of the head office).

There are no unsatisfied nor partially unsatisfied performance obligation that has an original expected duration of one year or more.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

- (a) The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2025 is as follows:

	Sale of flake graphite concentrate RMB'000 (Unaudited)	Sale of spherical graphite and its by products, and unprocessed marble RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	30,323	19,257	49,580
Inter-segment revenue	–	(9,785)	(9,785)
Revenue from external customers	30,323	9,472	39,795
Segment results	(1,987)	(3,076)	(5,063)
Elimination of inter-segment profit			(1,598)
Unallocated amounts:			
Other income and other gains			545
Depreciation of right-of-use assets			(338)
Corporate expenses			(4,312)
Finance costs, net			(1,135)
Loss before income tax			(11,901)
Income tax credit			11
Loss for the period			(11,890)
Depreciation of property, plant and equipment	(8,749)	(2,905)	(11,654)
Depreciation of right-of-use assets	(53)	(416)	(469)
Amortisation of mining rights	–	(662)	(662)
Reversal of provision for impairment of financial assets	963	204	1,167
Capital expenditures	1,535	4,962	6,497

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

- (b) Reportable segment assets and liabilities are reconciled to total assets and total liabilities of the Group as at 30 June 2025 as follows:

	Sale of flake graphite concentrate RMB'000 (Unaudited)	Sale of spherical graphite and its by products, and unprocessed marble RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Assets			
Reportable segment assets	199,105	332,303	531,408
Intersegment elimination			(969)
Unallocated assets			9,830
Total assets per interim condensed consolidated statement of financial position			540,269
Liabilities			
Reportable segment liabilities	15,045	22,299	37,344
Unallocated liabilities			78,507
Total liabilities per interim condensed consolidated statement of financial position			115,851

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2024 is as follows:

	Sale of flake graphite concentrate RMB'000 (Unaudited)	Sale of spherical graphite and its by products, and unprocessed marble RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	28,484	16,480	44,964
Inter-segment revenue	(3,377)	(5,150)	(8,527)
Revenue from external customers	25,107	11,330	36,437
Segment results	(1,212)	(7,796)	(9,008)
Elimination of inter-segment profit			(110)
Unallocated amounts:			
Other income and other gains			1,318
Depreciation of right-of-use assets			(324)
Corporate expenses			(5,104)
Finance costs, net			(2,586)
Loss before income tax			(15,814)
Income tax expenses			(404)
Loss for the period			(16,218)
Depreciation of property, plant and equipment	(9,088)	(2,103)	(11,191)
Depreciation of right-of-use assets	(697)	(150)	(847)
Amortisation of mining rights	–	(356)	(356)
Reversal of provision for impairment of financial assets	1,379	64	1,443
Share of loss of an associate	–	(49)	(49)
Capital expenditures	5,484	67,312	72,796

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

- (d) Reportable segment assets and liabilities are reconciled to total assets and total liabilities of the Group as at 31 December 2024 as follows:

	Sale of flake graphite concentrate RMB'000 (Unaudited)	Sale of spherical graphite and its by products, and unprocessed marble RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Assets			
Reportable segment assets	195,100	358,914	554,014
Intersegment elimination			(338)
Unallocated assets			8,716
Total assets per interim condensed consolidated statement of financial position			562,392
Liabilities			
Reportable segment liabilities	25,890	18,273	44,163
Unallocated liabilities			81,921
Total liabilities per interim condensed consolidated statement of financial position			126,084

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(e) Other segment information

The Group is domiciled in the People's Republic of China ("PRC"). All of its revenue from external customers are from customers located in the PRC.

Revenue from 1 customer individually contributed over 10% of the Group's revenue during the six months ended 30 June 2025 (30 June 2024: 3 customers). The revenue from these customers during the periods are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	5,643	4,573
Customer B	*	4,803
Customer C	*	4,204

* Revenue from these customers is less than 10% of the total revenue of the Group for the respective periods.

All of the Group's activities are carried out in the PRC and all of the Group's assets and liabilities are substantially located in the PRC. Accordingly, no analysis by geographical basis is presented.

(f) Assets and liabilities related to contracts with customers

The Group has recognised RMB10,443,000 and RMB1,740,000 receipts in advance from customers for the sale of graphite products as contract liabilities as at 30 June 2025 and 31 December 2024. For the six months ended 30 June 2025 and 2024, RMB1,713,000 and RMB855,000 of revenue recognised, respectively, relates to carried-forward contract liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 OTHER INCOME AND OTHER GAINS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Government grants (<i>Note</i>)	521	1,598
Loss on disposal of property, plant and equipment	–	(23)
Others	24	(257)
	545	1,318

Note: The amount mainly represents the government grants in relation to our research and development activities (30 June 2024: same).

As at 30 June 2025, government grants relating to the purchase of equipment of RMB1,551,000 are included in non-current liabilities as deferred income and will be credited to profit or loss on a straight-line basis over the expected lives of the related assets (31 December 2024: RMB1,679,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Raw materials used		
— in production	12,015	8,322
— for research and development	1,744	438
Changes in inventories of finished goods and work in progress	(5,603)	(8,171)
Blasting expense	2,913	3,620
Subcontracting and processing charges	—	1,720
Provision for impairment of inventories	775	1,147
Transportation fees	2,158	1,249
Auditor's remuneration	700	765
Depreciation of property, plant and equipment (Note 13)	11,654	11,191
Depreciation of right-of-use assets (Note 14)	807	1,171
Amortisation of mining rights (Note 15)	662	356
Amortisation of other intangible assets	18	30
Employee benefit expenses (including directors' emoluments)	7,603	8,204
Outsourcing charges	2,813	2,866
Short-term operating lease rentals	138	580
Utilities expenses	7,639	9,591
Professional fees	571	1,647
Repair and maintenance expense	2,954	1,829
Exchange losses/(gains)	30	(182)
Resource tax and other miscellaneous tax	452	2,487
Others	2,230	3,517
Total cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses	52,273	52,377

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 FINANCE COSTS, NET

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Finance income		
Interest income from bank deposits	183	338
	183	338
Finance costs		
Interest expenses on borrowings	(1,189)	(1,255)
Interest expenses on discounted bill financing	(45)	(503)
Interest elements of lease liabilities	(20)	(3)
Interest elements of provision for reclamation and mine closure	(64)	(66)
Other interest expenses	—	(1,097)
	(1,318)	(2,924)
Finance costs, net	(1,135)	(2,586)

10 INCOME TAX (CREDIT)/EXPENSE

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “**CIT Law**”), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable. The Group’s major operating subsidiary, Heilongjiang Baoquanling Agricultural Reclamation Yixiang New Energy Materials Co., Ltd. (“**Yixiang New Energy**”) and Heilongjiang Baoquanling Agricultural Reclamation Yixiang Graphite Co., Ltd. (“**Yixiang Graphite**”) are subject to a tax rate of 15% for the six months ended 30 June 2025 and 2024 as they are eligible for the tax concession granted by the PRC government as a high-tech enterprise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 INCOME TAX (CREDIT)/EXPENSE *(Continued)*

According to the Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profit earned after 1 January 2008. The Group did not recognise deferred income tax liabilities in respect of temporary differences relating to the withholding tax on the unremitted profits of subsidiaries that would be payable on the distribution of these retained profits, the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future. Therefore, the related temporary difference will not be reversed and will not be taxable in the foreseeable future.

No Hong Kong profits tax has been provided for the six months ended 30 June 2024 and 2025 since there was no tax assessable profit generated from Hong Kong. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the regions/countries in which the Group operates.

The amount of income tax (credit)/expense in the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— (Over)/under-provision in prior years	(55)	639
Deferred income tax	44	(235)
Income tax (credit)/expense	(11)	404

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue (in thousand)	1,600,000	1,600,000
Group's loss attributable to the owners of the Company (RMB'000)	(11,890)	(16,218)
Basic loss per share (RMB cents)	(0.74)	(1.01)

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2025 and 2024. Accordingly, the diluted loss per share is the same as the basic loss per share.

12 DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (30 June 2024: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Plant and buildings RMB'000	Mining structures RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Total RMB'000
As at 31 December 2024							
(Audited)							
Cost	15,836	97,294	43,225	104,438	11,740	3,806	276,339
Accumulated depreciation and impairment	–	(48,061)	(2,761)	(57,333)	(3,835)	(3,353)	(115,343)
Net book amount	15,836	49,233	40,464	47,105	7,905	453	160,996
Six months ended							
30 June 2025 (Unaudited)							
Opening net book amount	15,836	49,233	40,464	47,105	7,905	453	160,996
Additions	6,031	–	–	462	–	4	6,497
Transfers	(4,814)	192	4,622	–	–	–	–
Depreciation	–	(6,599)	(360)	(4,379)	(710)	(148)	(12,196)
Closing net book amount	17,053	42,826	44,726	43,188	7,195	309	155,297
As at 30 June 2025							
(Unaudited)							
Cost	17,053	97,486	47,847	104,900	11,740	3,810	282,836
Accumulated depreciation and impairment	–	(54,660)	(3,121)	(61,712)	(4,545)	(3,501)	(127,539)
Net book amount	17,053	42,826	44,726	43,188	7,195	309	155,297

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation expense has been recorded as below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of sales	10,469	10,235
General and administrative expenses	1,022	894
Research and development expenses	163	62
	11,654	11,191
Capitalised as mining structures	542	733
	12,196	11,924

As at 30 June 2025, property, plant and equipment with the carrying amount of RMB17,900,000 were pledged as the security for bank facilities granted to the Group (31 December 2024: RMB19,706,000) (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 LEASES

This note provides information for leases where the Group is a lessee.

(i) **Amounts recognised in the interim condensed consolidated statement of financial position**

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Right-of-use assets		
Land use rights	62,476	62,945
Properties	2,193	2,532
	64,669	65,477
Lease liabilities		
Current	565	535
Non-current	520	688
	1,085	1,223

There is no addition to the right-of-assets for the six months ended 30 June 2025 (30 June 2024: RMB57,832,000).

As at 30 June 2025, land use rights with the carrying amount of RMB3,094,000 were pledged as the security for bank facilities granted to the Group (31 December 2024: RMB3,139,000) (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 LEASES (Continued)

(ii) Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
Land-use rights	469	965
Properties	338	206
	807	1,171
Interest expense (included in finance costs)	20	3
Expense relating to short-term leases (included in cost of sales and selling and distribution expenses)	138	580

(iii) The Group's leasing activities

The Group leases offices, a warehouse and equipment. Rental contracts are typically made for fixed periods of 1 to 20 years. The Group held land use rights which cover a period of 30 to 50 years. Payments associated with lease terms of 1 year or less are recognised on a straight-line basis as an expense in profit or loss.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

There is no extension option or termination option included in the leases of office and equipment of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 MINING RIGHTS

	Total RMB'000
As at 31 December 2024 (Audited)	
Gross carrying amount	29,663
Accumulated amortisation	(8,208)
Net carrying amount	21,455
Six months ended 30 June 2025 (Unaudited)	
Opening net carrying amount	21,455
Amortisation	(662)
Closing net carrying amount	20,793
As at 30 June 2025 (Unaudited)	
Gross carrying amount	29,663
Accumulated amortisation	(8,870)
Net carrying amount	20,793

As at 30 June 2025, mining rights with the carrying amount of RMB20,793,000 were pledged as the security for bank facilities granted to the Group (31 December 2024: RMB21,455,000) (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 INVENTORIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Raw materials	8,503	5,217
Work in progress	3,451	5,617
Finished goods	30,570	20,102
	42,524	30,936
Provision for inventories	(3,346)	(2,571)
	39,178	28,365

The additional provision for impairment of inventories amounting to RMB775,000 arising from the decrease in net realisable value as at 30 June 2025 (30 June 2024: RMB1,147,000) was included in cost of sales in the interim condensed consolidated statement of comprehensive income.

17 TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	55,627	76,342
Bills receivables	31,285	82,105
	86,912	158,447
Less: loss allowance	(9,457)	(10,624)
	77,455	147,823

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 TRADE AND BILLS RECEIVABLES *(Continued)*

The Group's credit terms granted to third-party customers mainly range from 30 to 90 days.

As at 31 December 2024, trade receivables of certain customers with the aggregate carrying amount of RMB12,755,000 were pledged as the security for bank facilities granted to the Group. No trade receivable was pledged as the security for bank facilities as at 30 June 2025.

The ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 90 days	22,792	44,446
91–180 days	7,590	5,447
181–270 days	9,961	1,711
271–365 days	552	249
Over 1 year	14,732	24,489
	55,627	76,342

Movements in the loss allowance of trade receivables are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
At the beginning of the period/year	10,519	9,511
(Reversal of)/provision for impairment of trade receivables	(1,098)	1,008
	9,421	10,519

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 TRADE AND BILLS RECEIVABLES *(Continued)*

The creation and release of provision for impaired receivables have been included in the interim condensed consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the carrying values of trade and bills receivables disclosed above. The Group did not hold any collateral as security.

The Group's bills receivables generally have maturity period of 6 to 12 months. As at 30 June 2025 and 31 December 2024, the ageing analysis of the bills receivables, based on the bills receiving date, are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 90 days	22,573	60,552
91–180 days	8,712	21,553
	31,285	82,105

Movements in the loss allowance of bills receivables are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
At the beginning of the period/year	105	40
(Reversal of)/provision for impairment of bills receivables	(69)	65
	36	105

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 TRADE AND BILLS RECEIVABLES *(Continued)*

(a) Discounted bill financing

As at 30 June 2025, discounted bill financing of RMB1,824,000 was secured by bills receivables of RMB1,838,000 (Note 22). There is no such arrangement as at 31 December 2024.

(b) Bills receivables in relation to endorsement transactions

The Group endorsed certain of its bills receivables with full recourse to the creditors. In the event of default by the debtors, the Group is obliged to pay the creditors the amount in default. The Group is therefore exposed to the risks of credit losses and late payment in respect of its endorsed bills receivables.

The endorsement transactions do not meet the requirements for derecognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the endorsed bills receivables. As at 30 June 2025 and 31 December 2024, bills receivables and the corresponding trade and other payables of RMB138,200 and RMB7,276,000 continue to be recognised in the Group's interim condensed consolidated financial information although they have been legally transferred to the creditors. The proceeds of the endorsement transactions are included in trade and other payables until the related bills receivables are collected or the Group settles any losses suffered by the creditors. As these bills receivables have been legally transferred to the creditors, the Group does not have the authority to determine the disposition of the bills receivables.

The carrying amounts of trade and bills receivables are denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deposits	1,349	1,521
Prepayments for property, plant and equipment	256	—
Prepayments for raw materials	2,680	533
Prepayments for leased land	114,386	101,250
Other receivables	486	129
	119,157	103,433
Less: non-current portion	(114,482)	(101,347)
Current portion	4,675	2,086

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

The carrying amounts of deposits, prepayments and other receivables approximate their fair values and are denominated in the following currencies:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
RMB	119,062	103,336
HK\$	95	97
	119,157	103,433

19 CASH AND CASH EQUIVALENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Cash at banks	61,370	32,482
Cash on hand	1	2
	61,371	32,484
Maximum exposure to credit risk	61,370	32,482

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 CASH AND CASH EQUIVALENTS *(Continued)*

As at 30 June 2025 and 31 December 2024, the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
RMB	60,774	30,081
HK\$	597	2,403
	61,371	32,484

As at 30 June 2025 and 31 December 2024, cash and cash equivalents of approximately RMB60,774,000 and RMB30,081,000 of the Group were denominated in RMB and deposited with banks in the PRC. The conversion of the RMB denominated balance into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 30 June 2025 and 31 December 2024, cash and cash equivalents of approximately RMB2,778,000 and RMB2,582,000, respectively were deposited with a bank in the PRC for mine and land reclamation purpose. The withdrawal of funds from the account is subject to the approval of the local authority. The approval procedures are administrative and the Group expected it would take a short period of time to make the fund readily available to meet its cash commitments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 TRADE PAYABLES

Trade payables at the end of each reporting period comprise amounts outstanding to contract creditors and suppliers. The credit period taken for trade purchase is generally 0 to 180 days. The ageing analysis of the trade payables, based on invoice date, are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 90 days	9,325	8,683
91–180 days	3,986	4,391
181–365 days	2,878	5,702
Over 1 year	790	3,154
	16,979	21,930

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade payables are denominated in RMB and approximate their fair values.

21 ACCRUALS AND OTHER PAYABLES AND PROVISION FOR RECLAMATION AND MINE CLOSURE

(a) Accruals and other payables

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Accrued staff expense	585	1,874
Accrued construction cost	2,480	3,659
Other tax payable	41	4,588
Rent payable	2,150	2,150
Others	723	4,292
	5,979	16,563

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 ACCRUALS AND OTHER PAYABLES AND PROVISION FOR RECLAMATION AND MINE CLOSURE *(Continued)*

(a) **Accruals and other payables** *(Continued)*

As at 30 June 2025 and 31 December 2024, the carrying amounts of accruals and other payables approximate their fair values and are denominated in the following currencies:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
RMB	5,814	15,914
HK\$	165	649
	5,979	16,563

(b) **Provisions for reclamation and mine closure**

Provisions for the Group's obligations for reclamation and mine closure are based on estimates of required expenditure at the mines in accordance with the rules and regulations in the PRC. The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operation's location. The Group estimates its liabilities for reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The present value of the estimated cost is recognised in cost of sales in the period of relevant ground environment being disturbed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Bank borrowings		
— Bank loans (<i>Note (a)</i>)	75,000	80,000
— Discounted bill financing (<i>Note (b)</i>)	1,824	—
	76,824	80,000

The Group's bank borrowings are repayable based on the scheduled repayment dates as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	76,824	80,000

The weighted effective interest rates were follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Bank borrowings		
— Bank loans	2.82%	2.77%
— Discounted bill financing	1.80%	N/A

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 BORROWINGS (Continued)

Notes:

- (a) As at 30 June 2025 and 31 December 2024, the Group's bank facilities, pursuant to which a total facility of RMB140,000,000 were granted to the Group for 3 years from the date of the respective facility letters, were secured by:
- (i) the guarantee provided by the controlling shareholder of the Group;
 - (ii) property, plant and equipment with carrying amount of RMB17,900,000 (31 December 2024: RMB19,706,000) (Note 13);
 - (iii) land use rights of the Group with the carrying amount of RMB3,094,000 (31 December 2024: RMB3,139,000) (Note 14);
 - (iv) mining rights of the Group with carrying amount of RMB20,793,000 (31 December 2024: RMB21,455,000) (Note 15); and
 - (v) trade receivables of certain customers with the aggregate carrying amount of RMB12,755,000 as at 31 December 2024 and no trade receivable was pledged for the bank facilities as at 30 June 2025 (Note 17).

There were no financial covenants attached to the Group's borrowings facilities as at 30 June 2025 and 31 December 2024.

The Group had unutilised facilities of RMB103,176,000 as at 30 June 2025 (31 December 2024: RMB110,000,000).

- (b) Bank advances for discounted bills with recourse have been accounted for as collateralised bank advances. The discounted bank's acceptance bills and the related proceeds of the same amount are included in the Group's trade and bills receivables and borrowings respectively as at 30 June 2025 and 31 December 2024.

The carrying amounts of borrowings are denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 SHARE CAPITAL AND RESERVES

(a) Share capital

Ordinary shares of HK\$0.001 each.

	Number of shares	HK\$'000
Authorised share capital		
At 1 January 2025 (Audited) and 30 June 2025 (Unaudited)	2,000,000,000	2,000
Issued and fully paid share capital		
At 1 January 2025 (Audited) and 30 June 2025 (Unaudited)	1,600,000,000	1,375

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

	Share premium (Note (i)) RMB'000	Statutory reserve (Note (ii)) RMB'000	Capital reserve (Note (iii)) RMB'000	Other reserve (Note (iv)) RMB'000	Retained earnings RMB'000	Total RMB'000
Six months ended						
30 June 2025 (Unaudited)						
Balance at 1 January 2025	303,829	15,193	(148,670)	5,542	259,039	434,933
Comprehensive loss						
Loss for the period	-	-	-	-	(11,890)	(11,890)
Total comprehensive loss	-	-	-	-	(11,890)	(11,890)
Transaction with owners						
Appropriation to other reserve	-	-	-	(536)	536	-
	-	-	-	(536)	536	-
Balance at 30 June 2025	303,829	15,193	(148,670)	5,006	247,685	423,043
Six months ended						
30 June 2024 (Unaudited)						
Balance at 1 January 2024	303,829	15,193	(148,670)	6,174	270,908	447,434
Comprehensive loss						
Loss for the period	-	-	-	-	(16,218)	(16,218)
Total comprehensive loss	-	-	-	-	(16,218)	(16,218)
Transaction with owners						
Appropriation to other reserve	-	-	-	(453)	453	-
	-	-	-	(453)	453	-
Balance at 30 June 2024	303,829	15,193	(148,670)	5,721	255,143	431,216

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 SHARE CAPITAL AND RESERVES *(Continued)*

(b) Reserves *(Continued)*

Notes:

- (i) Share premium represents the difference between the net asset value of the subsidiaries and the nominal value of Company's shares issued in exchange for the acquisition of Yixiang Graphite and Yixiang New Energy pursuant to the reorganisation completed on 30 December 2020.
- (ii) In accordance with the relevant laws and regulations of the PRC, the PRC subsidiaries are required to appropriate 10% of its profit after tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.
- (iii) Capital reserve represents the combined share capital of the subsidiaries comprising the Group before the completion of the reorganisation on 30 December 2020, and contributed surplus after the completion of such reorganisation.
- (iv) Pursuant to the relevant PRC regulations, the Group is required to transfer safety fund at fixed rates based on the production volume, to a specific reserve account. The fund could be utilised when expenses or capital expenditures on safety measures are incurred. The amount of safety fund utilised would be transferred from the specific reserve account to retained earnings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities that are controlled or jointly controlled by a person who is a related party of the Group. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals were related parties that had transactions or balances with the Group during the period/year:

Name	Relationship with the Group
Mr. Zhao Liang	Shareholder and executive director
Mr. Zhao Changshan	Close family member of Mr. Zhao Liang
Mr. Zhao Changhai	Close family member of Mr. Zhao Liang
Ms. Zhang Yuqin	Close family member of Mr. Zhao Liang
Ms. Sun Yao	Close family member of Mr. Zhao Liang

(a) Transactions with related parties

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses received as employees of the Group (Note)		
— Mr. Zhao Changshan	360	360
— Mr. Zhao Changhai	72	102
— Ms. Zhang Yuqin	360	360
— Ms. Sun Yao	379	378

Note: Terms of employment are determined and agreed between the relevant parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management personnel compensation

Key management includes directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries, bonuses and allowances	1,893	2,411
Pension costs — defined contribution plans	17	17
	1,910	2,428

25 COMMITMENTS

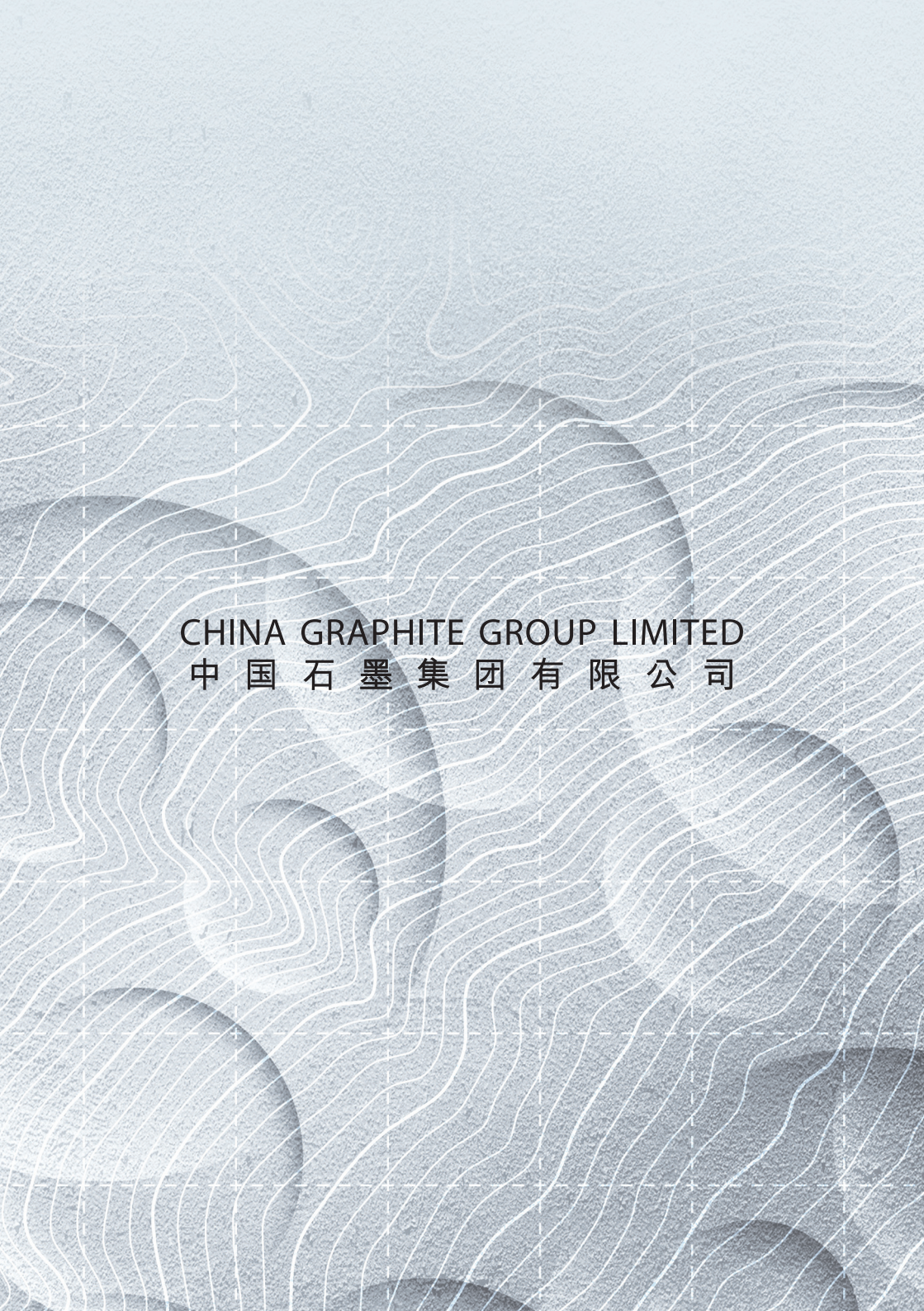
The Group did not have any material capital commitments as at 30 June 2025 and 31 December 2024.

26 CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2025 and 31 December 2024.

27 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the interim condensed consolidated financial information, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2025 and up to the date of this report.

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CHINA GRAPHITE GROUP LIMITED
中国石墨集团有限公司