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China PengFei Group Limited

中国鹏飞集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3348)

PROFIT WARNING

This announcement is made by China PengFei Group Limited (the “**Company**”, together with its subsidiaries, shall collectively be referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024 (the “**Relevant Period**”) and the information currently available to the Board, the Group is expected to record an unaudited net profit attributable to shareholders of the Company of approximately RMB 15.0 million to RMB 30.0 million for the Relevant Period representing a decrease of approximately 76.5% to 53.1% as compared with that of approximately RMB 63.9 million for the corresponding period in 2023.

The main reasons for the decrease in unaudited net profit attributable to shareholders of the Company in the Relevant Period were because of the decrease in revenue and gross profit and increase in expenses, mainly attributable to (i) a decrease in the Company’s sales of equipment due to the decrease in demand from downstream industries as a result of volatile market conditions; (ii) price instability as a result of completion of a few sales of equipment orders with a higher gross margin to overseas customers in the corresponding period in 2023, such as Burundi project, and no similar orders were secured during the Relevant Period; and (iii) an increase in research and development expenses in relation to equipment focusing on environmental friendly production methods for the purpose of improving the competitiveness of the Group in the related equipment market.

Despite the decrease in unaudited net profit attributable to shareholders during the Relevant Period when compared with the corresponding period in 2023, the Board would like to emphasize that the Company’s main business of manufacturing of rotary kilns, grinding equipment and their related equipment, the design and the installation services in the People’s Republic of China remained stable.

The Company is still in the process of finalizing the Group's interim results for the Relevant Period. The information contained in this announcement is only based on the Board's preliminary assessment on the Group's latest unaudited consolidated management accounts for the Relevant Period, which have not yet been reviewed or audited by the independent external auditors of the Company, nor reviewed by the audit committee of the Board. The unaudited consolidated interim results of the Group for the Relevant Period may be subject to further adjustment(s) and may be different from the information contained in this announcement. Further details of the Group's financial information will be published in the Company's announcement of interim results for the Relevant Period, which is expected to be published before the end of August 2024.

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

By order of the Board
China PengFei Group Limited
WANG Jiaan
Chairman and Executive Director

Hong Kong, 2 August 2024

As of the date of this announcement, the Board comprises Mr. Wang Jiaan, Mr. Zhou Yinbiao, Mr. Dai Xianru, and Mr. Ben Daolin as executive directors, and Ms. Zhang Lanrong, Mr. Ding Zaiguo, and Mr. Mak Hing Keung, Thomas as independent non-executive directors.