

ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS

SUMMARY

OFFER PRICE AND NET PROCEEDS FROM THE SHARE OFFER

- The Offer Price has been determined at HK\$1.58 per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).
- Based on the Offer Price of HK\$1.58 per Offer Share, the net proceeds from the Share Offer to be received by the Company, after deduction of the underwriting fees and commissions and estimated expenses payable by the Company in connection with the Share Offer before any exercise of the Over-allotment Option, are estimated to be approximately HK\$153.3 million. The Company intends to apply such net proceeds in accordance with the purposes as set out in the section headed “Net Proceeds from the Share Offer” in this announcement. If the Over-allotment Option is exercised in full, the Company will receive the net proceeds of approximately HK\$28.6 million for 18,750,000 additional Offer Shares to be issued and allotted upon the full exercise of the Over-allotment Option.

APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

- The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering have been significantly over-subscribed. A total of 13,134 valid applications have been received pursuant to the Hong Kong Public Offering on **WHITE** and **YELLOW** Application Forms and through giving electronic application instructions to HKSCC via CCASS and under the **HK eIPO White Form** service for a total of 346,556,000 Hong Kong Offer Shares, representing approximately 27.72 times of the total number of 12,500,000 Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering.
- As the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, the reallocation procedure as disclosed in the section headed “Structure and Conditions of the Share Offer — Hong Kong Public Offering — Re-allocation and clawback” in the Prospectus has been applied.
- The final number of Offer Shares under the Hong Kong Public Offering is 37,500,000 Offer Shares, representing approximately 30% of the total number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

INTERNATIONAL OFFERING

- The International Offer Shares initially offered under the International Offering have been slightly over-subscribed by approximately 1.08 times of the total number of 112,500,000 Offer Shares initially available under the International Offering. Total number of places under the International Offering is 117. The final number of Offer Shares allocated to the places under the International Offering comprises 87,500,000 Offer Shares, representing 70% of the total number of Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option). A total number of 13 places has been allotted two board lots of Shares or less, representing approximately 11.1% of total number of places under the International Offering. These places have been allotted 0.034% of the Offer Shares under the International Offering. A total number of 11 places has been allotted one board lot of Shares, representing approximately 9.4% of total number of places under the International Offering. These places have been allotted 0.025% of the Offer Shares under the International Offering.

Cornerstone Investors

- Under the International Offering and pursuant to the Cornerstone Investment Agreements, the number of Offer Shares subscribed by each of the Cornerstone Investors, namely, CHS, Suzhong Construction and Peak Holding has been determined as 18,986,000, 14,110,000 and 18,354,000 Offer Shares, respectively (the “**Relevant Offer Shares**”), representing (a) approximately 15.19%, 11.29% and 14.68%, respectively, of the total number of Offer Shares initially available under the Share Offer and approximately 3.80%, 2.82% and 3.67%, respectively, of the total number of issued Shares immediately following the completion of the Capitalization Issue and the Share Offer, assuming the Over-allotment Option is not exercised; and (b) approximately 13.21%, 9.82% and 12.77%, respectively, of the total number of Offer Shares initially available under the Share Offer and approximately 3.66%, 2.72% and 3.54%, respectively, of the total number of issued Shares immediately following the completion of the Capitalization Issue and the Share Offer, assuming the Over-allotment Option is exercised in full.
- To the best knowledge of the Company, each of the Cornerstone Investors is independent of the Company, connected persons of the Company and their respective associates, and is not an existing Shareholder or its close associate. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. The Cornerstone Investors will not have any representation on the Board or become a substantial Shareholder upon completion of the Share Offer, and will not subscribe for any Offer Shares under the Share Offer other than pursuant to the respective cornerstone investment agreements.
- Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and inclusive of the Listing Date (the “**Lock-up Period**”), (i) dispose of, in any way, any Shares to be subscribed by it pursuant to the relevant Cornerstone Investment Agreement or other securities of our Company which are derived from the Relevant Shares (pursuant to any rights issue, capitalisation Issue or other form of capital reorganisation) (the “**Relevant Shares**”) or any interest in any company or entity holding any Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner (except for under such circumstances as outside the control or reasonable anticipation of the relevant Cornerstone Investor); or (iii) enter into any transactions directly or indirectly with the same economic effect as any above transaction. With respect to their cornerstone investment, other than the Offer Shares agreed to allocate to them, none of the Cornerstone Investors have any preferential rights compared to other public investors in their respective cornerstone investment agreements.

Consent under the Placing Guidelines

- Suzhong Construction (being one of the Cornerstone Investors) has engaged Essence Securities Co., Ltd. (“**Essence Securities**”), a qualified domestic institutional investor as approved by the relevant PRC authority (the “**Essence Securities QDII**”), to subscribe for and hold its Shares on a discretionary basis on behalf of Suzhong Construction. As (i) Essence Securities QDII is managed by Essence Securities and (ii) Essence International Securities (Hong Kong) Limited (“**EIS**”), one of the Joint Bookrunners, the Joint Lead Managers and the Underwriters, is an indirect wholly-owned subsidiary of Essence Securities, Essence Securities QDII is a “connected client” of EIS under paragraph 13(7) of Appendix 6 to the Listing Rules (the “**Placing Guidelines**”). Accordingly, the participation of Suzhong Construction as a cornerstone investor through the Essence Securities QDII is subject to the consent under the Placing Guidelines. An application has been made to the Stock Exchange for, and the Stock Exchange has granted a consent under paragraph 5(1) of the Placing Guidelines to permit the Company to allocate Shares in the International Offering to the Essence Securities QDII (to be held on behalf of Suzhong Construction) as a “connected client” of EIS.
- The Directors confirm, to the best of their knowledge, information and belief, having made all reasonable enquiries, that no International Offer Shares have been allocated to placees who are (i) Directors or existing Shareholders; or (ii) core connected persons (as such term is defined in the Listing Rules) of the Company; or (iii) the close associates (as such term is defined in the Listing Rules) of (i) and/or (ii), whether in their own names or through nominees. Save as disclosed above, the International Offering has been conducted in compliance with the Placing Guidelines and save as disclosed above, to the best knowledge of the Directors, no Offer Shares placed by or through the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters under the International Offering have been placed to any connected clients (as set out in paragraph 5(1) of the Placing Guidelines) of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, and no Offer Shares under the International Offering have been allocated to applicants who are core connected persons of the Company, the Directors, the existing Shareholders or their respective close associates within the meaning of the Listing Rules whether in their own name or through their nominees.
- The Directors confirm that, none of the Offer Shares subscribed by the placees or the public has been financed directly or indirectly by any of the Directors, chief executive or senior management of the Company, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates, and none of the placees and the public who has subscribed the Offer Shares is accustomed to taking instructions from any of the Directors, chief executive or senior management of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/her/its name or otherwise held by him/her/it. The Directors confirm that (a) no placee will individually be placed 10% or more of the enlarged issued share capital of the Company immediately after the completion of the Share Offer; and (b) none of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the completion of the Share Offer.

Over-allotment Option

- In connection with the Share Offer, the Company has granted the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), at any time from the Listing Date to Saturday, 7 December 2019, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 18,750,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Share Offer, at the Offer Price under the International Offering to cover, among other things, over-allocation in the International Offering, if any. As at the date of this announcement, there has been no over-allocation in the International Offering. Therefore, it is expected that the Over-allotment Option will not be exercised, and there will not be any stock borrowing arrangement for the purpose of covering the over-allocation. A further announcement will be made on the websites of the Company and the Stock Exchange at www.pengfei.com.cn and www.hkexnews.hk as to, among other things, whether the Over-allotment Option has been exercised and the details in relation thereto. As at the date of this announcement, the Over-allotment Option has not yet been exercised.

RESULTS OF ALLOCATIONS

- The final Offer Price, the level of indications of interests in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares are published on Thursday, 14 November 2019 on the Company's website at www.pengfei.com.cn and the website of the Stock Exchange at www.hkexnews.hk.
- The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering successfully applied for under **WHITE** and **YELLOW** Application Forms and by giving electronic application instructions to HKSCC or through the designated **HK eIPO White Form** service, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of the Hong Kong Offer Shares successfully applied for, will be made available at the times and dates and in the manner specified below:
 - o in the announcement to be posted on our Company's website at www.pengfei.com.cn and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 14 November 2019;
 - o from the designated results of allocations websites at www.tricor.com.hk/ipo/result and www.hkeipo.hk/IPOResult or the "Allotment Result" function in the IPO App with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 14 November 2019 to 12:00 midnight on Wednesday, 20 November 2019;
 - o by telephone enquiry line by calling +852 3691-8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 14 November 2019 to Tuesday, 19 November 2019 (excluding Saturday and Sunday); and
 - o in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 14 November 2019 to Saturday, 16 November 2019 at all the receiving bank's designated branches.

DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

- Applicants who have applied for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms or through the **HK eIPO White Form** service and who have been successfully or partially successfully allocated Hong Kong Offer Shares and are eligible to collect Share certificates (where applicable) in person may collect their Share certificate(s) (where applicable) in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 14 November 2019.
- Share certificates for Hong Kong Offer Shares allotted to applicants who applied on **WHITE** Application Forms or through **HK eIPO White Form** service which are either not available for personal collection, or which are available but are not collected in person within the time specified for collection, are expected to be despatched by ordinary post to those entitled to the addresses specified in the relevant applications at their own risk on or before Thursday, 14 November 2019.
- Wholly or partially successful applicants who applied on **YELLOW** Application Forms or by giving electronic application instructions to HKSCC will have their Share certificate(s) issued in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their CCASS Investor Participant stock accounts or the stock accounts of their designated CCASS Participant as instructed by the applicants in their **YELLOW** Application Forms or any designated CCASS Participants giving electronic application instructions on their behalf on Thursday, 14 November 2019.
- Applicants who applied through a designated CCASS Participant (other than a CCASS Investor Participant) should check the number of Hong Kong Offer Shares allocated to them with that CCASS Participant.
- Applicants who applied for 1,000,000 Hong Kong Offer Shares or more on **WHITE** or **YELLOW** Application Forms and have provided all information required by their **WHITE** or **YELLOW** Application Forms may collect their refund cheque(s) (where applicable) from Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 14 November 2019.
- Refund cheque(s) in respect of wholly or partially unsuccessful applicants using **WHITE** or **YELLOW** Application Forms, which are either not available for personal collection or which are available but are not collected in person, are expected to be despatched by ordinary post to those entitled at their own risk on or before Thursday, 14 November 2019. No interest will be paid thereon.
- For applicants who have applied for the Hong Kong Offer Shares through the **HK eIPO White Form** service and paid the application monies through a single bank account, refund monies (if any) will be despatched to their application payment bank account in the form of e-Auto Refund payment instructions. For applicants who have applied for the Hong Kong Offer Shares through the **HK eIPO White Form** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the addresses specified on their application instructions in the form of refund cheque(s) by ordinary post and at their own risk on or before Thursday, 14 November 2019.

- Refund monies (if any) for applicants who applied by giving electronic application instructions to HKSCC via CCASS are expected to be credited to the relevant applicants' designated bank accounts or the designated bank accounts of their broker or custodian on Thursday, 14 November 2019.
- Share certificates will only become valid at 8:00 a.m. on Friday, 15 November 2019 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in the Prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.
- The Company will not issue any temporary document of title in respect of the Hong Kong Offer Shares. No receipt will be issued for application monies received.

COMMENCEMENT OF DEALINGS

- Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 15 November 2019. The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 3348.

PUBLIC FLOAT

- The Company confirms that immediately following the completion of the Share Offer, the number of issued Shares in the hands of the public will represent at least 25% of the total number of issued Shares and will satisfy the minimum percentage prescribed by Rule 8.08 of the Listing Rules. The Directors confirm that the three largest public Shareholders do not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) and 8.24 of the Listing Rules. The Directors also confirm that there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could move substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

OFFER PRICE

The Offer Price has been determined at HK\$1.58 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

NET PROCEEDS FROM THE SHARE OFFER

Based on the Offer Price of HK\$1.58 per Offer Share, the net proceeds from the Share Offer to be received by the Company, after deduction of underwriting fees and commissions and estimated total expenses paid and payable by the Company in connection with the Share Offer before any exercise of the Over-allotment Option, are estimated to be approximately HK\$153.3 million. The Company intends to apply such net proceeds for the following purposes:

- a) approximately HK\$120.7 million, or 78.7% of the total net proceeds from the Share Offer, will be used for investing in a project for manufacturing rotary kilns possessing the latest roasting and pyrolysis technology;
- b) approximately HK\$10.7 million, or 7.0% of the total net proceeds from the Share Offer, will be used for increasing the productivity and efficiency in manufacturing our products for our rotary kiln and grinding equipment systems;
- c) approximately HK\$10.4 million, or 6.8% of the total net proceeds from the Share Offer, will be used for research and development of the latest roasting and pyrolysis technology applicable to rotary kilns;
- d) approximately HK\$5.4 million, or 3.5% of the total net proceeds from the Share Offer, will be used for marketing activities; and
- e) approximately HK\$6.1 million, or 4.0% of the total net proceeds from the Share Offer, will be used for working capital purposes

For details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

If the Over-allotment Option is exercised in full, the Company will receive the net proceeds of approximately HK\$28.6 million for 18,750,000 additional Offer Shares to be issued and allotted upon the full exercise of the Over-allotment Option.

APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

The Company announces that the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering have been significantly over-subscribed. As at the close of the application lists at 12:00 noon on Thursday, 7 November 2019, a total of 13,134 valid applications pursuant to the Hong Kong Public Offering (including applications on **WHITE** and **YELLOW** Application Forms, by giving electronic application instructions to HKSCC via CCASS, and through the **HK eIPO White Form** service) for a total of 346,556,000 Hong Kong Offer Shares were received, representing approximately 27.72 times of the total number of 12,500,000 Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering.

As the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, the reallocation procedure as disclosed in the section headed “Structure and Conditions of the Share Offer — Hong Kong Public Offering — Re-allocation and clawback” in the Prospectus has been applied. The final number of Offer Shares under the Hong Kong Public Offering is 37,500,000 Offer Shares, representing approximately 30% of the total number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

Of the 13,134 valid applications on **WHITE** and **YELLOW** Application Forms and by electronic application instructions given to HKSCC via CCASS and to the designated **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service for a total of 346,556,000 Hong Kong Offer Shares:

- 13,106 valid applications in respect of a total of 222,306,000 Hong Kong Offer Shares were for the Hong Kong Public Offering with an aggregate subscription amount based on the Offer Price of HK\$1.58 per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of HK\$5 million or less, representing approximately 35.57 times of the 6,250,000 Hong Kong Offer Shares initially comprised in Pool A; and
- 28 valid applications in respect of a total of 124,250,000 Hong Kong Offer Shares for the Hong Kong Public Offering with an aggregate subscription amount based on the Offer Price of HK\$1.58 per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of more than HK\$5 million, representing 19.88 times of the 6,250,000 Hong Kong Offer Shares initially comprised in Pool B.
- No application has been identified and rejected for not being completed in accordance with the instructions set out in the Application Forms. 10 multiple or suspected multiple applications have been identified and rejected. No application has been rejected due to bounced cheque. No application has been rejected due to invalid application. No application for more than 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering (that is, more than 6,250,000 Hong Kong Offer Shares) has been identified.

INTERNATIONAL OFFERING

The Company announces that the International Offer Shares initially offered under the International Offering have been slightly over-subscribed by approximately 1.08 times of the total number of 112,500,000 Offer Shares initially available under the International Offering. Total number of placees under the International Offering is 117. The final number of Offer Shares allocated to the placees under the International Offering is 87,500,000 Offer Shares, representing 70% of the total number of Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option). A total number of 13 placees has been allotted two board lots of Shares or less, representing approximately 11.1% of total number of placees under the International Offering. These placees have been allotted 0.034% of the Offer Shares under the International Offering. A total number of 11 placees has been allotted one board lot of Shares, representing approximately 9.4% of total number of placees under the International Offering. These placees have been allotted 0.025% of the Offer Shares under the International Offering.

Cornerstone Investors

Under the International Offering and pursuant to the Cornerstone Investment Agreements, the number of Offer Shares subscribed by each of the Cornerstone Investors, namely, CHS, Suzhong Construction and Peak Holding has been determined as 18,986,000, 14,110,000 and 18,354,000 Offer Shares, respectively (the “**Relevant Offer Shares**”), as illustrated in the table below:

Name of the Cornerstone Investor	Number of Offer Shares subscribed (rounded down to nearest whole board lot of 2,000 Shares)	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentage of Offer Shares (assuming the Option is not exercised)	Approximate percentage of Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentage of total issued share capital of the Company immediately following completion of the Share Offer (assuming that Over-allotment Option is not exercised)	Approximate percentage of total issued share capital of the Company immediately following completion of the Share Offer (assuming that Over-allotment Option is exercised in full)
CHS	18,986,000	21.70%	17.87%	15.19%	13.21%	3.80%	3.66%
Suzhong Construction	14,110,000 ^(Note)	16.13%	13.28%	11.29%	9.82%	2.82%	2.72%
Peak Holding	18,354,000	20.98%	17.27%	14.68%	12.77%	3.67%	3.54%

Note:

The actual number of Offer Shares subscribed by Suzhong Construction is less than that disclosed in the Prospectus since the prevailing exchange rate of RMB to Hong Kong dollars for calculating the actual investment amount in Hong Kong dollars was RMB1.00 to HK\$1.1148, as opposed to RMB1.00 to HK\$1.17 which was adopted in the Prospectus solely for convenience and reference only.

To the best knowledge of the Company, each of the Cornerstone Investors is independent of the Company, connected persons of the Company and their respective associates, and is not an existing Shareholder or its close associate. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares subscribed for by the Cornerstone Investors will rank pari passu in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. The Cornerstone Investors will not have any representation on the Board or become a substantial Shareholder upon completion of the Share Offer, and will not subscribe for any Offer Shares under the Share Offer other than pursuant to the respective cornerstone investment agreements.

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and inclusive of the Listing Date (the “**Lock-up Period**”), (i) dispose of, in any way, any Shares to be subscribed by it pursuant to the relevant Cornerstone Investment Agreement or other securities of our Company which are derived from the Relevant Shares (pursuant to any rights issue, capitalisation Issue or other form of capital reorganisation) (the “**Relevant Shares**”) or any interest in any company or entity holding any Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner (except for under such circumstances as outside the control or reasonable anticipation of the relevant Cornerstone Investor); or (iii) enter into any transactions directly or indirectly with the same economic effect as any above transaction. With respect to their cornerstone investment, other than the Offer Shares agreed to allocate to them, none of the Cornerstone Investors have any preferential rights compared to other public investors in their respective cornerstone investment agreements.

Consent under the Placing Guidelines

Suzhong Construction (being one of the Cornerstone Investors) has engaged Essence Securities Co., Ltd. (“**Essence Securities**”), a qualified domestic institutional investor as approved by the relevant PRC authority (the “**Essence Securities QDII**”), to subscribe for and hold its Shares on a discretionary basis on behalf of Suzhong Construction. As (i) Essence Securities QDII is managed by Essence Securities and (ii) Essence International Securities (Hong Kong) Limited (“**EIS**”), one of the Joint Bookrunners, the Joint Lead Managers and the Underwriters, is an indirect wholly-owned subsidiary of Essence Securities, Essence Securities QDII is a “connected client” of EIS under paragraph 13(7) of Appendix 6 to the Listing Rules (the “**Placing Guidelines**”). Accordingly, the

participation of Suzhong Construction as a cornerstone investor through the Essence Securities QDII is subject to the consent under the Placing Guidelines. An application has been made to the Stock Exchange for, and the Stock Exchange has granted a consent under paragraph 5(1) of the Placing Guidelines to permit the Company to allocate Shares in the International Offering to the Essence Securities QDII (to be held on behalf of Suzhong Construction) as a “connected client” of EIS.

Over-allotment Option

In connection with the Share Offer, the Company has granted the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), at any time from the Listing Date to Saturday, 7 December 2019, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 18,750,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Share Offer, at the Offer Price under the International Offering to cover, among other things, over-allocation in the International Offering, if any. As at the date of this announcement, there has been no over-allocation in the International Offering. Therefore, it is expected that the Over-allotment Option will not be exercised, and there will not be any stock borrowing arrangement for the purpose of covering the over-allocation. A further announcement will be made on the websites of the Company and the Stock Exchange at www.pengfei.com.cn and www.hkexnews.hk as to, among other things, whether the Over-allotment Option has been exercised and the details in relation thereto. As at the date of this announcement, the Over-allotment Option has not yet been exercised.

The Directors confirm, to the best of their knowledge, information and belief, having made all reasonable enquiries, that no International Offer Shares have been allocated to placees who are (i) Directors or existing Shareholders; or (ii) core connected persons (as such term is defined in the Listing Rules) of the Company; or (iii) the close associates (as such term is defined in the Listing Rules) of (i) and/or (ii), whether in their own names or through nominees. Save as disclosed above, the International Offering has been conducted in compliance with the Placing Guidelines and save as disclosed above, to the best knowledge of the Directors, no Offer Shares placed by or through the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters under the International Offering have been placed to any connected clients (as set out in paragraph 5(1) of the Placing Guidelines) of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, and no Offer Shares under the International Offering have been allocated to applicants who are core connected persons of the Company, the Directors, the existing Shareholders or their respective close associates within the meaning of the Listing Rules whether in their own name or through their nominees.

The Directors confirm that, none of the Offer Shares subscribed by the placees or the public has been financed directly or indirectly by any of the Directors, chief executive or senior management of the Company, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates, and none of the placees and the public who has subscribed the Offer Shares is accustomed to taking instructions from any of the Directors, chief executive or senior management of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/her/its name or otherwise held by him/her/it. The Directors confirm that (a) no placee will individually be placed 10% or more of the enlarged issued share capital of the Company immediately after the completion of the Share Offer; and (b) none of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the completion of the Share Offer.

BASIS OF ALLOCATION UNDER THE HONG KONG PUBLIC OFFERING

Subject to the satisfaction of the conditions set out in the paragraph headed “Structure and Conditions of the Share Offer - Conditions of the Hong Kong Public Offering” in the Prospectus, valid applications made by the public on **WHITE** and **YELLOW** Application Forms and through giving electronic application instructions to HKSCC via CCASS and to the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service will be conditionally allocated on the basis set out below:

Pool A

Number of Hong Kong Offer Shares applied for	Number of valid application	Basic of allocation/ballot	Approximate percentage of Hong Kong Offer Shares allotted based on the total number of Hong Kong Offer Shares applied for
2,000	9,548	4,774 out of 9,548 applicants to receive 2,000 shares	50.00%
4,000	448	238 out of 448 applicants to receive 2,000 shares	26.56%
6,000	1,078	600 out of 1,078 applicants to receive 2,000 shares	18.55%
8,000	195	114 out of 195 applicants to receive 2,000 shares	14.62%
10,000	429	272 out of 429 applicants to receive 2,000 shares	12.68%
20,000	246	222 out of 246 applicants to receive 2,000 shares	9.02%
30,000	592	2,000 shares plus 74 out of 592 applicants to receive an additional 2,000 shares	7.50%
40,000	53	2,000 shares plus 17 out of 53 applicants to receive an additional 2,000 shares	6.60%
50,000	48	2,000 shares plus 24 out of 48 applicants to receive an additional 2,000 shares	6.00%
60,000	58	2,000 shares plus 38 out of 58 applicants to receive an additional 2,000 shares	5.52%
70,000	66	2,000 shares plus 50 out of 66 applicants to receive an additional 2,000 shares	5.02%
80,000	21	2,000 shares plus 18 out of 21 applicants to receive an additional 2,000 shares	4.64%
90,000	8	4,000 shares	4.44%
100,000	109	4,000 shares plus 6 out of 109 applicants to receive an additional 2,000 shares	4.11%
200,000	59	6,000 shares plus 48 out of 59 applicants to receive an additional 2,000 shares	3.81%
300,000	27	10,000 shares plus 11 out of 27 applicants to receive an additional 2,000 shares	3.60%
400,000	11	12,000 shares plus 9 out of 11 applicants to receive an additional 2,000 shares	3.41%
500,000	10	16,000 shares	3.20%
600,000	51	18,000 shares	3.00%
700,000	1	20,000 shares	2.86%
800,000	3	22,000 shares	2.75%
900,000	5	22,000 shares plus 2 out of 5 applicants to receive an additional 2,000 shares	2.53%
1,000,000	15	22,000 shares plus 9 out of 15 applicants to receive an additional 2,000 shares	2.32%
2,000,000	17	42,000 shares	2.10%
3,000,000	8	60,000 shares	2.00%

13,106

Pool B

Number of Hong Kong Offer Shares applied for	Number of valid application	Basic of allocation/ballot	Approximate percentage of Hong Kong Offer Shares allotted based on the total number of Hong Kong Offer Shares applied for
4,000,000	22	660,000 shares	16.50%
5,000,000	1	680,000 shares	13.60%
6,250,000	5	710,000 shares	11.36%
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The final number of Offer Shares under the Hong Kong Public Offering is 37,500,000 Offer Shares, representing 30% of the total number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

RESULTS OF ALLOCATIONS

The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering successfully applied for under **WHITE** and **YELLOW** Application Forms and by giving electronic application instructions to HKSCC or through the designated **HK eIPO White Form** service, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of the Hong Kong Offer Shares successfully applied for, will be made available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.pengfei.com.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 14 November 2019;
- from the designated results of allocations websites at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or the "Allotment Result" function in the IPO App with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 14 November 2019 to 12:00 midnight on Wednesday, 20 November 2019;
- by telephone enquiry line by calling +852 3691-8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 14 November 2019 to Tuesday, 19 November 2019 (excluding Saturday and Sunday); and
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 14 November 2019 to Saturday, 16 November 2019 at all the receiving bank's designated branches.

Back of China (Hong Kong) Limited

District	Branch name	Address
Hong Kong Island	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan, Hong Kong
Kowloon	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun, New Territories

The final Offer Price, the indications of level of interests in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares are also published on Thursday, 14 November 2019 on the Company's website at www.pengfei.com.cn and the website of the Stock Exchange at www.hkexnews.hk.

SHAREHOLDING CONCENTRATION ANALYSIS

Set out below is a summary of allotment results under the International Offering:

- top 1, 5, 10 and 25 of the placees out of the International Offering, total Offer Shares and total issued share capital of the Company upon Listing:

Placee	Subscription	Shares held following the Share Offer	Subscription as % of International Offering (as adjusted after reallocation and assuming no exercise of Over-allotment Option)	Subscription as % of International Offering (as adjusted after reallocation and assuming full exercise of Over-allotment Option)	Subscription as % of total Offer Shares (assuming no exercise of Over-allotment Option)	Subscription as % of total Offer Shares (assuming full exercise of Over-allotment Option)	% of total share capital in issue (assuming no exercise of Over-allotment Option)	% of total share capital in issue (assuming full exercise of Over-allotment Option)
Top 1	18,896,000	18,896,000	21.7%	17.9%	15.2%	13.2%	3.8%	3.7%
Top 5	65,234,000	65,234,000	74.6%	61.4%	52.2%	45.4%	13.0%	12.6%
Top 10	73,926,000	73,926,000	84.5%	69.6%	59.1%	51.4%	14.8%	14.3%
Top 25	83,010,000	83,010,000	94.9%	78.1%	66.4%	57.7%	16.6%	16.0%

- top 1, 5, 10 and 25 of all the Shareholders out of the Share Offer, total Offer Shares and total issued share capital of the Company upon Listing:

Shareholder	Subscription	Shares held following the Share Offer	Subscription as % of International Offering (as adjusted after reallocation and assuming no exercise of Over-allotment Option)	Subscription as % of International Offering (as adjusted after reallocation and assuming full exercise of Over-allotment Option)	Subscription as % of total Offer Shares (assuming no exercise of Over-allotment Option)	Subscription as % of total Offer Shares (assuming full exercise of Over-allotment Option)	% of total share capital in issue (assuming no exercise of Over-allotment Option)	% of total share capital in issue (assuming full exercise of Over-allotment Option)
Top 1	–	207,444,000	0.0%	0.0%	0.0%	0.0%	41.5%	40.0%
Top 5	37,340,000	412,340,000	42.7%	35.1%	29.9%	26.0%	82.5%	79.5%
Top 10	71,166,000	446,166,000	81.3%	67.0%	56.9%	49.5%	89.2%	86.0%
Top 25	82,918,000	457,918,000	94.8%	78.0%	66.3%	57.7%	91.6%	88.3%

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could move substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.