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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)

### SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the annual report of China PengFei Group Limited (the “**Company**”) for the year ended 31 December 2021 (the “**2021 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2021 Annual Report.

In addition to the information disclosed in the section headed “Use of Proceeds from the Share Offer” in the 2021 Annual Report, the board (the “**Board**”) of directors (the “**Directors**”) would like to provide supplemental information regarding the details of the use of proceeds from the Share Offer pursuant to paragraphs 11(8) and 11A of Appendix 16 to the Listing Rules.

#### Use of Proceeds from the Share Offer

As disclosed in the 2021 Annual Report, the Company raised a total amount of net proceeds of approximately HK\$150.0 million (after deduction of the underwriting fees and commissions and estimated expenses of the Company) from the Share Offer and the Company has utilised HK\$141.6 million of the total net proceeds as at 31 December 2021. Detailed breakdown, including the amount of utilised proceeds, the description of the proceeds, the purpose of which they are used, for the year ended 31 December 2021 are as follows:

		Unutilised amount as at 31 December 2020	Utilised amount during the year ended 31 December 2021 <sup>(Note 1)</sup>	Utilised amount as at 31 December 2021 <sup>(Note 1)</sup>	Unutilised amount as at 31 December 2021
	Net proceeds HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Investing in a project for manufacturing rotary kilns possessing the latest roasting and pyrolysis technology					
• Purchasing new machinery	71.3	29.6	29.6	71.3	–
• Constructing a new production plant for manufacturing rotary kilns possessing the latest roasting and pyrolysis technology	43.0	12.2	12.2	43.0	–
• Recruiting technicians and/or experts					
Product quality testing					
Patent application and registration	3.7	3.1	3.1	3.7	–
	<u>118.0</u>	<u>44.9</u>	<u>44.9</u>	<u>118.0</u>	<u>–</u>

	Unutilised amount as at 31 December 2020		Utilised amount during the year ended 31 December 2021 <sup>(Note 1)</sup>	Unutilised amount as at 31 December 2021	
Net proceeds	2020	2021 <sup>(Note 1)</sup>	2021 <sup>(Note 1)</sup>	2021 <sup>(Note 1)</sup>	2021
<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Increasing the productivity and efficiency in manufacturing our products for our rotary kiln and grinding equipment system					
• Purchasing multi-tasking machine tool	10.5	2.5	2.5	10.5	–
	<u>10.5</u>	<u>2.5</u>	<u>2.5</u>	<u>10.5</u>	<u>–</u>
Research and development of the latest roasting and pyrolysis technology applicable to rotary kilns					
• Joint-research with a process engineering institute in the PRC for the research and development of efficient rotary kiln pyrolysis for the treatment of co-processing solid waste	4.5	4.5	1.9	1.9	2.6
• Joint-research with a renowned university in the PRC for the purpose of using high efficient low-rank coal cleaning pyrolysis technology to formulate a number of core technologies	3.1	3.1	0.2	0.2	2.9
• Joint-research with a renowned university in the PRC for the research and development of high-efficient energy-saving lithium calcination rotary kiln system	2.0	2.0	–	–	2.0
• Participating in the national and the international drafting committees for setting the technical requirements for lime calcination rotary kiln	0.6	0.4	0.3	0.5	0.1
	<u>0.6</u>	<u>0.4</u>	<u>0.3</u>	<u>0.5</u>	<u>0.1</u>
	<u>10.2</u>	<u>10.0</u>	<u>2.4</u>	<u>2.6</u>	<u>7.6<sup>(Note 2)</sup></u>

		Unutilised amount as at 31 December 2020	Utilised amount during the year ended 31 December 2021 <sup>(Note 1)</sup>	Utilised amount as at 31 December 2021 <sup>(Note 1)</sup>	Unutilised amount as at 31 December 2021
Net proceeds	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Marketing activities					
• Participating in local and international exhibitions and conferences	3.5	2.6	1.8	2.7	0.8
• Upgrading and optimizing our website to increase the number of readable languages	1.7	0.1	0.1	1.7	–
	<u>5.2</u>	<u>2.7</u>	<u>1.9</u>	<u>4.4</u>	<u>0.8<sup>(Note 3)</sup></u>
Working capital	6.1	–	–	6.1	–
	<u>150.0</u>	<u>60.1</u>	<u>51.7</u>	<u>141.6</u>	<u>8.4</u>

*Notes:*

1. The net proceeds were utilised by our PRC subsidiaries in RMB. The translation of RMB into Hong Kong dollars has been made at the rate of HK\$1.00 to RMB0.8176 for the purpose of this announcement.
2. The utilisation of proceeds for research and development of the latest roasting and pyrolysis technology applicable to rotary kilns of the Group has fallen behind the schedule disclosed in the Prospectus due to the COVID-19 pandemic. The unutilised amount of the proceeds in respect of the aforesaid activity was expected to be fully utilised by the second quarter of 2022 as at the date of the 2021 Annual Report; however, the expected timeline was further delayed due to COVID-19 pandemic. As disclosed in the interim report for the six months ended 30 June 2022 of the Group (the “**Interim Report**”), the unutilised amount of the proceeds in respect of the aforesaid activity as at 30 June 2022 was approximately HK\$1.5 million which is expected to be fully utilised by the end of 2022.
3. As disclosed in the Interim Report, the unutilised amount of the proceeds in respect of marketing activities has been fully utilised as at 30 June 2022.

The Board confirmed that the above supplemental information does not affect the other information contained in the 2021 Annual Report. Save as disclosed in this announcement, the content of the 2021 Annual Report remains unchanged.

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

Hong Kong, 6 October 2022

*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.*