

# China PengFei Group Limited 中国鹏飞集团有限公司

(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: 3348



## 2025 Interim Report 中期報告



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Jiaan (王家安)  
Mr. Zhou Yinbiao (周銀標)  
Mr. Xu Ruidong (徐瑞東)  
Mr. Ben Daolin (賁道林)

### Independent Non-executive Directors

Ms. Zhang Lanrong (張嵐嶸)  
Mr. Ding Zaiguo (丁再國)  
Mr. Mak Hing Keung, Thomas (麥興強)

## AUDIT COMMITTEE

Mr. Mak Hing Keung, Thomas (麥興強) (Chairman)  
Mr. Ding Zaiguo (丁再國)  
Ms. Zhang Lanrong (張嵐嶸)

## NOMINATION COMMITTEE

Mr. Wang Jiaan (王家安) (Chairman)  
Mr. Ding Zaiguo (丁再國)  
Mr. Mak Hing Keung, Thomas (麥興強)  
Ms. Zhang Lanrong (張嵐嶸)

## REMUNERATION COMMITTEE

Mr. Ding Zaiguo (丁再國) (Chairman)  
Mr. Xu Ruidong (徐瑞東)  
Ms. Zhang Lanrong (張嵐嶸)

## INVESTMENT COMMITTEE

Mr. Xu Ruidong (徐瑞東) (Chairman)  
Mr. Wang Jiaan (王家安)  
Mr. Zhou Yinbiao (周銀標)  
Mr. Ben Daolin (賁道林)

## COMPANY SECRETARY

Ms. Chau Hing Ling (周慶齡) (LLM, FCG, HKFCG)

## AUTHORISED REPRESENTATIVES

Mr. Ben Daolin (賁道林)  
Ms. Chau Hing Ling (周慶齡) (LLM, FCG, HKFCG)

## REGISTERED OFFICE

Suite #4-210, Governors Square  
23 Lime Tree Bay Avenue  
PO Box 32311  
Grand Cayman KY1-1209  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Benjiaji, Northern Suburb  
Haian City  
Jiangsu Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
P.O. Box 1350, Clifton House  
75 Fort Street, Grand Cayman  
KY1-1108  
Cayman Islands

## AUDITOR

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## PRINCIPAL BANKERS

Jiangsu Bank, Haian Branch  
No. 1, Changjiang Zhonglu  
Haian City, Jiangsu Province  
PRC

Bank of China, Haian Branch  
No. 18, Changjiang Zhonglu  
Haian City, Jiangsu Province  
PRC

## COMPANY'S WEBSITE

<http://pengfei.com.cn/>

## STOCK CODE

3348

## HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 was approximately RMB571.6 million, representing a decrease of approximately 9.7% as compared to the corresponding period last year.
- Gross profit for the six months ended 30 June 2025 was approximately RMB126.6 million, representing an increase of approximately 5.0% as compared to the corresponding period last year.
- Profit before tax for the six months ended 30 June 2025 was approximately RMB48.4 million, representing an increase of approximately 26.7% as compared to the corresponding period last year.
- Profit and total comprehensive income for the six months ended 30 June 2025 attributable to owners of the Company was approximately RMB42.0 million, representing an increase of approximately 29.3% as compared to the corresponding period last year.
- Earnings per share attributable to ordinary equity holders of the Company was RMB8.4 cents per share for the six months ended 30 June 2025.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China PengFei Group Limited (the “**Company**”), I am pleased to present to you the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**China Pengfei**” or “**we**” or “**us**”) for the six months ended 30 June 2025, together with comparative figures for the corresponding period ended 30 June 2025.

Since the beginning of this year, in response to a challenging market environment marked by weakening domestic effective demand and complex, volatile foreign trade conditions, PengFei Group has forged ahead with confidence. We have fully tapped into the potential of the domestic market and expanded our global footprint, particularly in Central Asia and Africa, striving to inject new vitality into our growth and achieving a dual circulation at home and abroad. As of 30 June 2025, the Group recorded revenue of approximately RMB571.6 million, representing a decrease of 9.7% year-on-year as compared to the same period last year, and achieved a total profit of approximately RMB42.0 million, representing an increase of 29.3% as compared to the same period last year.

In 2025, the Group constantly ramped up investments in independent technological innovation, embarking on the research and development of new technologies, new processes, and new equipment such as energy-saving roasting, utilisation of resources, and intelligent control systems in the fields of building materials, metallurgy, and environmental protection. The Group completed the acceptance of the project of “Major Scientific and Technological Achievements Transformation of Jiangsu Provincial Special Fund for Scientific and Technological Innovation on Reaching Peak Carbon Emission and Achieving Carbon Neutrality”, and was recognised as a Jiangsu Provincial Advanced-Level Smart Factory and a Jiangsu Provincial Four-Star Cloud Enterprise. The Group was also awarded honors including the Second Prize for Scientific and Technological Innovation by the China Industry-University-Research Institute Collaboration Association, the Nantong Municipal Level-3 Safety Standardisation Enterprise, and Outstanding Contribution Partner for Overseas Projects.

Heading into the second half of the year, the global economic growth is expected to be mainly in a downward trend, due to factors such as U.S. tariff policies, which will impose impacts on the Company's production lines and grinding station EP/EPC business abroad. On the domestic front, the advancement of measures to counter “excessive competition” (“anti-involution”) is expected to

contribute incremental demand to the building materials industry. In a time when opportunities and challenges coexist and the scrum between high expectation and insubstantial realistic achievement remains heated, product prices will continue to fluctuate at a low level in the short term. We will firmly grasp the initiative in development, moving forward with strong confidence, pragmatic measures, and integrity ethos. We are committed to completing the conclusion of the 14th Five-Year Plan, the planning and layout of the 15th Five-Year Plan with high quality, focusing on six key areas of work:

Firstly, anchoring on a successful conclusion of the 14th Five-Year Plan, we will continue to drive efforts in enhancing quality, increasing efficiency, and ensuring stable growth. Secondly, we will vigorously promote high-quality development of equipment manufacturing, continuing to advance the building of a modern industrial system and support new-style industrialisation. Thirdly, we will strengthen technological innovation as a key driver, and continue to exert our efforts in better promoting high-quality development and better serving national strategies. Fourthly, we will drive high-quality development in international operations, continuing to advance high-quality co-construction of the Belt and Road Initiative. Fifthly, we will accelerate the application and development of intelligentisation, pushing forward digital and smart intelligence transformation. Sixthly, we will complete the deepening and upgrading of corporate reforms in a high-quality way, continuously stimulating internal vitality, enhancing motivation, and promoting internal synergy. All these endeavors are aimed at building us a technology-leading, sustainable, and world-class high-end equipment manufacturer.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the management team and our employees for their hard work and inspirational contributions to the development of the Group. I would also like to thank our shareholders, investors, customers, and partners who have always been supporting the development of the Group! With your joint efforts, we will create new achievements and achieve glory in our future expeditions.

**China PengFei Group Limited**  
**Wang Jiaan**  
*Chairman*

Jiangsu, China  
29 August 2025



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

As a leading manufacturer of rotary kilns, grinding equipment and their related equipment in the PRC and the global market, business activities of the Group are divided into three business lines, namely (i) manufacturing of equipment, in which we engage in the design, manufacturing and sales of equipment including related parts and components for various industries including building materials, metallurgy, chemical and environmental protection industries; (ii) installation services, in which we mainly provide installation services to our customers under our manufacturing of equipment business as this is part and parcel of our manufacturing of equipment business; and (iii) construction of production line, in which we act as an EPC service provider providing bespoke one-stop solutions in respect of design, procurement, construction and/or trial operations of production lines.

### Expansion of customer base

Despite a slowdown in growth and demand in the building materials industry, the Group was able to secure new projects for energy-saving technology transformation for its customers in response to the local government's vigorous promotion of upgrading and transformation of the construction and building materials industry. For the six months ended 30 June 2025, revenue generated from customers in the building materials industry amounted to approximately RMB208.9 million (six months ended 30 June 2024: RMB203.9 million).

Apart from serving our customers in the building materials industry, the Group has also expanded its products and services to serve our customers in other industries, mainly metallurgy, chemical and environmental protection industries as a result of our research and development efforts. Revenue generated from our customers of equipment manufacturing in non-building materials industries accounted for approximately 79.7% and 81.9%, respectively, of our total revenue in the manufacturing of equipment for the six months ended 30 June 2024 and 2025. In order to tap into the metallurgy, chemical and environmental protection industries with a primary focus on the treatment of various municipal solid waste, during the six months ended 30 June 2025, over 80% of our rotary kilns were used in emerging industries such as laterite nickel ore, new energy lithium batteries, environmental protection sludge, solid and hazardous waste disposal.

The Group also continued its effort to conduct its business into potential markets along the "Belt and Road" countries including Uzbekistan, Kuwait, Turkey and Sri Lanka. Revenue generated from our customers in the "Belt and Road" countries accounted for approximately 20.8% and 11.1%, respectively, of our total revenue for the six months ended 30 June 2024 and 2025. As at 30 June 2025, we had one on-going production line project which is located in "Belt and Road" countries.

### Research and Development

To maintain the Group's market metallurgical roasting position in the rotary kiln and grinding equipment industries and expand the Group's product portfolio and improve the functionality and efficiency of its products, the Group has invested in its research and development focusing on the energy saving and environmentally-friendliness technologies and continued to cooperate with universities and colleges and research institutions in the PRC. The Group is conducting research and development with Nantong Institute of Technology on the Research and Development of Complete Sets of Equipment for Efficient Preparation of Battery-grade Lithium Carbonate from Low-grade Spodumene (《低品位鋰輝石高效製備電池級碳酸鋰成套裝備研發》). During the six months ended 30 June 2025, the Group also participated in the formulation, promulgation and implementation of two national standards including the Technical Requirements for Complete Sets of Equipment for New Dry Process Cement Production – Part 3: Cement Preparation System (《新型乾法水泥生產成套裝備技術要求第3部分：水泥製備系統》). As at 30 June 2025, the Group had 174 authorised patents, comprising 103 invention patents. There are also 100 invention patent applications pending approval which primarily relate to manufacture of products in our rotary kiln and grinding equipment system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Outlook

We believe the PRC government will continue adopting policies to stimulate the economy as well as encouraging investment in overseas infrastructure along the “Belt and Road” countries. Looking ahead, in light of the growing demand of rotary kilns, grinding equipment and their related equipment in the overseas market, the Group will continue to make good use of the “Belt and Road” initiatives and actively explore opportunities in relation to construction of production lines located in “Belt and Road” countries and emerging markets where there is a significant demand for building materials as well as production equipment relating to building materials.

Heading into the second half of the year, the global economic growth is expected to be mainly in a downward trend, due to factors such as U.S. tariff policies, which will impose impacts on the Company’s production lines and grinding station EP/EPC business abroad. On the domestic front, the advancement of measures to counter “excessive competition” (“**anti-involution**”) is expected to contribute incremental demand to the building materials industry. In a time when opportunities and challenges coexist and the scrum between high expectation and insubstantial realistic achievement remains heated, product prices will continue to fluctuate at a low level in the short term. We will firmly grasp the initiative in development, moving forward with strong confidence, pragmatic measures, and integrity ethos. We are committed to completing the conclusion of the 14th Five-Year Plan, the planning and layout of the 15th Five-Year Plan with high quality, focusing on six key areas of work:

Firstly, anchoring on a successful conclusion of the 14th Five-Year Plan, we will continue to drive efforts in enhancing quality, increasing efficiency, and ensuring stable growth. Secondly, we will vigorously promote high-quality development of equipment manufacturing, continuing to advance the building of a modern industrial system and support new-style industrialisation. Thirdly, we will strengthen technological innovation as a key driver, and continue to exert our efforts in better promoting high-quality development and better serving national strategies. Fourthly, we will drive high-quality development in international operations, continuing to advance high-quality co-construction of the Belt and Road Initiative. Fifthly, we will accelerate the application and development of intelligentisation, pushing forward digital and smart intelligence transformation. Sixthly, we will complete the deepening and upgrading of corporate reforms in a high-quality way, continuously stimulating internal vitality, enhancing motivation, and promoting internal synergy. All these endeavors are aimed at building us a technology-leading, sustainable, and world-class high-end equipment manufacturer.

## FINANCIAL REVIEW

### Revenue

	Six months ended 30 June				Period-over-
	2025		2024		Period Change
	RMB'000	%	RMB'000	%	%
	(Unaudited)		(Unaudited)		
Manufacturing of equipment	428,778	75.02	535,964	84.7	-20.0
Installation services	13,093	2.29	2,305	0.4	468
Construction of production line	129,712	22.69	94,438	14.9	37.4
Total	571,583	100.0	632,707	100.0	-9.7

Our revenue decreased by approximately RMB61.1 million or 9.7% to approximately RMB571.6 million for the six months ended 30 June 2025 from approximately RMB632.7 million for the six months ended 30 June 2024 as a result of the decrease of revenue from our manufacturing of equipment business.

## MANAGEMENT DISCUSSION AND ANALYSIS

*Manufacturing of equipment.* Revenue derived from the manufacturing of equipment business decreased by approximately RMB107.2 million or 20.0% to approximately RMB428.8 million for the six months ended 30 June 2025 from approximately RMB536.0 million for the six months ended 30 June 2024. Such decrease was primarily due to the reduction in sales of grinding equipment system during the six months ended 30 June 2025 as compared to the corresponding period last year.

*Installation services.* Revenue derived from our installation services business increased by approximately RMB10.8 million or 468.0% to approximately RMB13.1 million for the six months ended 30 June 2025 from approximately RMB2.3 million for the six months ended 30 June 2024. This increase was mainly due to the increase in demand of installation services from customers under our manufacturing of equipment business for the six months ended 30 June 2025.

*Construction of production line.* Revenue derived from our construction of production line business was approximately RMB129.7 million for the six months ended 30 June 2025 representing an increase of approximately 37.4% from approximately RMB94.4 million for the six months ended 30 June 2024. The increase was mainly due to the increase of three new production lines for the six months ended 30 June 2025.

### Cost of sales and services

Our cost of sales and services decreased by approximately RMB67.2 million, representing a decrease of 13.1% to approximately RMB445.0 million for the six months ended 30 June 2025 from approximately RMB512.2 million for the six months ended 30 June 2024. Cost of raw materials, being the largest component of our cost of sales and services, decreased by approximately RMB61.3 million during the six months ended 30 June 2025 as compared with the corresponding period last year.

### Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately RMB6.1 million or 5.0% to approximately RMB126.6 million for the six months ended 30 June 2025 from approximately RMB120.5 million for the six months ended 30 June 2024. The Group's gross profit margin increase to 22.1% for the six months ended 30 June 2025 as compared to 19.0% for the corresponding period last year.

### Other income

Our other income decreased by approximately RMB3.6 million or 23.1% to approximately RMB11.8 million for the six months ended 30 June 2025 from approximately RMB15.4 million for the six months ended 30 June 2024 primarily attributable to decreased interest income received and government grants during the six months ended 30 June 2025 as compared to the corresponding period last year.

### Other gains and losses

Our other gains increased by approximately RMB2.0 million or 117.9% to approximately RMB3.7 million for the six months ended 30 June 2025 from approximately RMB1.7 million for the six months ended 30 June 2024 mainly due to the increase in our net gain on disposal of financial assets during the six months ended 30 June 2025 as compared to the corresponding period last year.

### Selling and distribution expenses

Our selling and distribution expenses increased by approximately RMB7.6 million or 20.0% to approximately RMB45.9 million for the six months ended 30 June 2025 from approximately RMB38.2 million for the six months ended 30 June 2024 mainly due to an increase in commission and port expenses incurred during the six months ended 30 June 2025 as compared to the corresponding period last year.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative expenses

Our administrative expenses increased by approximately RMB2.8 million or 11.2% to approximately RMB27.4 million for the six months ended 30 June 2025 from approximately RMB24.8 million for the six months ended 30 June 2024 mainly attributable to higher payroll expense incurred during the six months ended 30 June 2025 as compared to the corresponding period last year.

## Research expenditure

Our research expenditure decreased by approximately RMB18.4 million or 49.4% to approximately RMB18.8 million for the six months ended 30 June 2025 from approximately RMB37.3 million for the six months ended 30 June 2024 mainly due to a decrease in the 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 during the six months ended 30 June 2025 as compared with the corresponding period last year.

## Impairment loss on trade and other receivables and contract assets, net of reversal

Impairment loss on trade and other receivables and contract assets increased by approximately RMB2.6 million or 269.2% to approximately RMB1.6 million for the six months ended 30 June 2025 from approximately RMB1.0 million reversal for the six months ended 30 June 2024 mainly due to the increase in the long aged outstanding trade receivables during the six months ended 30 June 2025.

## Income tax expenses

Our income tax expenses increased by approximately RMB0.7 million or 12.1% to approximately RMB6.4 million for the six months ended 30 June 2025 from approximately RMB5.7 million for the six months ended 30 June 2024. Our effective tax rate was 15.0% and 13.2% for the six months ended 30 June 2024 and 2025, respectively.

## Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the period attributable to owners of the Company increased by approximately RMB9.5 million or 29.3% to approximately RMB42.0 million for the six months ended 30 June 2025 from approximately RMB32.5 million for the six months ended 30 June 2024.

## WORKING CAPITAL MANAGEMENT

The Group maintained sufficient working capital as at 30 June 2025 and continued to adopt a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities of its business.

Net current assets of the Group amounted to approximately RMB429.2 million (31 December 2024: RMB390.3 million) with a current ratio calculated by dividing our current assets over our current liabilities of 125.3% as at 30 June 2025 (31 December 2024: 122.8%).

Inventories increased by approximately RMB49.3 million or 6.8% to approximately RMB777.9 million as at 30 June 2025 from approximately RMB728.6 million as at 31 December 2024. Inventory turnover days was 304 days for the six months ended 30 June 2025, representing an increase of 41 days as compared to 263 days for the year ended 31 December 2024. The increase in inventories was mainly due to an increase in domestic sales orders received during the six months ended 30 June 2025. The increase in inventory turnover days was mainly due to decrease in our sales during the six months ended 30 June 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

Trade, bills and other receivables decreased by approximately RMB84.2 million or 17.6% to approximately RMB393.3 million as at 30 June 2025 from approximately RMB477.5 million as at 31 December 2024, among which bills receivables decreased by approximately RMB51.7 million or 23.7% to approximately RMB166.7 million as compared with approximately RMB218.4 million as at 31 December 2024. Such change was mainly due to the decreased number of domestic customers who used bank acceptance bills to settle our invoice. In May 2019, the Group, due to the expected delay in settlement from one of our production line customers resulting from the prolonged approval procedures of its financing bank, entered into a supplemental agreement with such customer pursuant to which our Group agreed to defer an amount of RMB280 million (the “**Deferred Payment**”) bearing a fixed interest rate of 8.41% per annum secured and guaranteed by such customer. As agreed in the supplemental agreement, the Deferred Payment up to a maximum amount of RMB280 million was agreed to be settled in every three months by 12 installments, which was intended to start from 30 September 2020, but subject to a specific date upon finalisation of negotiation by both parties. During the year ended 31 December 2022, the Group entered into an offsetting agreement with the customer and a subcontractor engaged by the Group for constructing the production line, pursuant to which RMB102,921,000 of the Group’s receivables from the customer and RMB102,921,000 of the Group’s payables to the subcontractor had been offset as agreed by these contractual parties. The production line was completed during the year ended 31 December 2022. As at 30 June 2025 and up to the date of this report, the Group is still in negotiation and had not yet agreed on a commencement date of the repayment. As at 30 June 2025, outstanding balance of approximately RMB38.2 million (net of impairment loss allowance of approximately RMB3.9 million) was included in the Group’s trade receivables. Our trade receivables turnover days was 79 days for the year ended 30 June 2025 (2024: 34 days) representing an increase of 45 days. The increase in trade receivable turnover days during the six months ended 30 June 2025 was primarily due to the decrease in our sales during the six months ended 30 June 2025.

Prepayments to suppliers decreased by approximately RMB17.1 million or 19.8% to approximately RMB69.3 million as at 30 June 2025 from approximately RMB86.5 million as at 31 December 2024 primarily due to decreased advance payment made to the suppliers in relation to our construction of production line project.

Contract liabilities increased by approximately RMB105.9 million or 10.1% to approximately RMB1,157.9 million as at 30 June 2025 from approximately RMB1,051.9 million as at 31 December 2024. The increase in contract liabilities was mainly due to advance payments received from our customers during the year for the new and on-going contracts obtained.

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily including banking facilities. The Group’s primary uses of cash are for the payment for: (a) raw materials; (b) sub-contracting fees; (c) staff costs; and (d) overhead.

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB702.7 million (31 December 2024: approximately RMB555.4 million). A portion of the Group’s bank deposits totaling approximately RMB71.6 million (31 December 2024: approximately RMB121.8 million) were restricted for the issue of bills payables and letter of credit by the Group. The Group’s cash and cash equivalents and restricted bank deposits were mostly denominated in Renminbi, United States dollars, Hong Kong dollars and Euro.

As at 30 June 2025, we had banking facilities of approximately RMB1,330 million, of which approximately RMB251.7 million were utilised. The utilised banking facilities as at 30 June 2025 represented bank guarantee of approximately RMB222.9 million, bank acceptance bill amounted to approximately RMB28.5 million and loans of approximately RMB0.3 million. As at 30 June 2025, our Group had unutilised banking facilities amounted to approximately RMB1,078.3 million. As at 30 June 2025, the Group had bank borrowings of approximately RMB0.3 million (31 December 2024: RMB0.2 million). Among the approximately RMB0.3 million bank borrowings, approximately RMB0.1 million has an annual interest rate of 2.9%, which is expected to be fully repaid on 18 September 2025. The remaining bank borrowings of approximately RMB0.2 million has an annual interest rate of 3.0%, which is expected to be fully repaid by February 2026.

As at 30 June 2025, the Company’s gearing ratio, which is calculated by dividing our total liabilities over our equity attributable to owners of the Company multiplied by 100%, was 183% (31 December 2024: 188.8%). The decrease in our gearing ratio was mainly due to an increase in the balance of our equity as at 30 June 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2025, the Group recorded net cash generated from operating activities of approximately RMB103.0 million (six months ended 30 June 2024: RMB150.7 million). Net cash used in investing activities for the six months ended 30 June 2025 amounted to approximately RMB94.7 million (six months ended 30 June 2024: RMB38.5 million). Net cash used in financing activities for the six months ended 30 June 2025 amounted to approximately RMB1.3 million (six months ended 30 June 2024: RMB36.7 million).

The Board and the management of the Company had been closely monitoring the Group's liquidity position, performing ongoing credit evaluations, and the financial conditions of its customers, in order to ensure the Group's healthy cash position.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Financial Risks

The Group is exposed to market risks from changes in market rates and prices, such as exchange rates, interest rates, credit and liquidity.

#### Currency risk

The Group's exposure to currency risk relates primarily to the Group's sales to customers outside mainland China which is usually denominated in USD. The Group has not adopted any foreign exchange hedging policy, engaged in any currency hedging or had any positions in any derivative financial instruments to hedge our currency risk as management of the Group considers that the foreign exchange risk exposure of the Group is minimal.

#### Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank borrowings, lease liabilities, loans to and amounts due to independent third parties and the floating-rate restricted bank balance and bank balances. The Group currently does not have formal interest rate hedging policies. The management of the Group monitors its exposures on an on-going basis and will consider hedging interest rate risk should the need arise.

#### Credit risk

Credit risk is the risk of that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its trade, bills and other receivables, contract assets, restricted bank deposits and bank balances.

Given that 40% of the total trade receivables was due from a construction of production line customer of the Group as at 30 June 2025 (31 December 2024: 38%), the Group has concentration of credit risk.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

#### Liquidity risk

During the six months ended 30 June 2025, the Group did not experience any liquidity shortage. We managed our liquidity risks by maintaining adequate level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows.



### CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

### CAPITAL EXPENDITURE

During the six months ended 30 June 2025, the Group's capital expenditure amounted to approximately RMB0.5 million (six months ended 30 June 2024: purchase of and deposit paid for property, plant and equipment and purchase of intangible assets of approximately RMB0.5 million) which was mainly related to the purchase of and deposit policy for property, plant and equipment.

### PLEDGE OF ASSETS

As at 30 June 2025, the Group's restricted bank deposits of approximately RMB71.6 million (31 December 2024: in respect of restricted bank deposits and bills receivables and term deposits of approximately RMB121.8 million) were pledged to banks for issuing bills payables.

### CAPITAL COMMITMENTS

As at 30 June 2025, the Group's capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for amounted to approximately RMB 3.0 million (31 December 2024: approximately RMB3.0 million).

### OFF-BALANCE SHEET TRANSACTIONS

Save for the capital commitments and pledged assets disclosed above, the Group did not enter into any material off-balance sheet transactions or arrangements during the six months ended 30 June 2025 and up to the date of this report.

### EMPLOYEES AND REMUNERATION INFORMATION

As at 30 June 2025, the Group had a total of 1,003 employees (30 June 2024: 894) including staff from administrative, finance, sales, supply, technical, quality control, and production departments.

Remuneration packages of our employees usually comprise, among other things, salaries, bonus, contribution to pension schemes and allowances. We regularly review and determine the remuneration and compensation package of our employees by reference to, among other things, their performance, qualifications, respective responsibilities and market levels of salaries paid by comparable companies. For the six months ended 30 June 2025, the Group incurred staff cost (including Directors' remuneration) of approximately RMB62.0 million (six months ended 30 June 2024: approximately RMB57.6 million).

The Group provides to our employees on a regular basis and when deemed necessary training covering various aspects of our business operation, including work safety, sales and marketing, compliance with applicable laws and regulations, technical skills, management and production quality.

The Group did not experience any major labour disputes, work stoppages or labour strikes that led to disruptions in our Group's operations. The Directors consider that the Group has maintained a good working relationship with its staff.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION OR DISPOSAL

The Group invested its available cash-in-hand in wealth management products as part of the Group's treasury measure for better short-term cash flows management purposes. As at 30 June 2025, the financial assets at FVTPL held by the Group were RMB8.6 million (31 December 2024: RMB109.3 million), representing 0.32% of total assets of the Group. Details of the financial assets at FVTPL held by the Group as at 30 June 2025 are set out as follows<sup>Note (1)</sup>:

Financial assets at FVTPL	Subscription date	Interest rate (per annum)	Maturity date	Principal amount of subscription (HKD'000)	Changes in fair value for the six months ended 30 June 2025 (HKD'000)	Carrying amount as of 30 June 2025 (HKD'000)	Percentage of total assets of the Group as of 30 June 2025
Taikang Kaitai Wealth Management Product of Class A – HKD – ACC, Taikang Kaitai Hong Kong Dollar Money Market Fund	9 July 2024	Dependent on other factors <sup>(Note 3)</sup>	No fixed term <sup>(note 2)</sup>	9,000	338.1	9,338.1	0.32%

Note:

1. The Company subscribed for Bank of China Linked Structured Deposit CSDVY202412685 (Institutional Customer)\* (中國銀行掛鉤型結構性存款 CSDVY202412685 (機構客戶)) and Bank of China Linked Structured Deposit CSDVY202412684 (Institutional Customer)\* (中國銀行掛鉤型結構性存款 CSDVY202412684 (機構客戶)) wealth management products on 14 August 2024, which has been redeemed on 20 February 2025 and 18 February 2025 respectively. The respectively interest rates per annum was approximately 2.7891% and 1.4%. For details of this wealth management product, please refer to the announcement of the Company dated 14 August 2024.
2. This wealth management product is a non-principal guaranteed with floating return product redeemable on any dealing day subject to the compliance with the redemption procedures applicable. The Group redeemed a majority of the subscription, amounting to HKD33,000,000 of the product on 15 July 2024, the redemption represented an average annualized return of approximately 4.11%. The remaining HKD9,000,000 will continue to be held for not more than 12 months in line with the Group's treasury management plan. For details of this wealth management product, please refer to the announcement of the Company dated 9 July 2024 and 15 August 2024.
3. The expected return of the Taikang Kaitai Wealth Management Product is to be determined on the basis of the difference between the net assets value of the Taikang Kaitai Wealth Management Product on the redemption date and the initial subscription price, multiplied by the total unit of Taikang Kaitai Wealth Management Product subscribed.

Save as disclosed above, the Group had no significant investment held or performed any material acquisition or disposal of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2025.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 31 October 2019, the Group does not have any other plans for material investments and capital assets as at the date of this report.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient prescribed public float of not less than 25% of the issued shares of the Company (the “**Shares**”) as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months ended 30 June 2025.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Listing Rules as its own code on corporate governance. During the six months ended 30 June 2025, the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2025.

## INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

## PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares) during the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

## REVIEW OF UNAUDITED INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. As at the date of this report, the Audit Committee comprises three members, namely Mr. Mak Hing Keung, Thomas, Mr. Ding Zaiguo and Ms. Zhang Lanrong. Mr. Mak Hing Keung, Thomas is the Chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 and this interim report. The Audit Committee is of the view that the unaudited interim condensed financial information for the six months ended 30 June 2024 are in compliance with the applicable accounting standards, the Listing Rules and other legal requirement and that sufficient disclosure has been made.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 have not been audited or reviewed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu.

## CHANGES IN THE BOARD AND THE DIRECTORS’ INFORMATION

As of the date of this report, there was no change in the Board and the information of Directors of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

#### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

On 2 September 2025, Ambon Holding Limited purchased 1,000,000 shares of the company. The interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and associated corporations (within the meaning of Part XV of the SFO which are (a) recorded in the register required to be kept under section 352 of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard dealings by directors of listed issuer as referred to the Model Code, were as follows after the said purchase:

#### Long Positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Wang Jiaan (王家安)	Interest in controlled corporation <sup>(Note 1)</sup>	230,893,711	46.17%

Note:

- (1) Ambon Holding Limited is wholly-owned by Mr. Wang Jiaan (王家安) who is deemed to be interested in the Shares held by Ambon Holding Limited under the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company nor their associates had registered an interest or short position in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to the Model Code subsequent to the Reporting Period and up to the date of this report.

#### Directors' Rights to Acquire Shares and Debentures

At any time during the six months ended 30 June 2025 and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement which would enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above) had interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO subsequent to the Reporting Period and up to the date of this report:

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Long positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Ambon Holding Limited	Beneficial owner <sup>(Note 1)</sup>	230,893,711	46.17%
PF International Group Limited (“ <b>PF International</b> ”)	Beneficial owner <sup>(Note 2)</sup>	133,211,176	26.64%
PF Global Limited (“ <b>PF Global</b> ”)	Beneficial owner <sup>(Note 3)</sup>	49,635,386	9.93%

Notes:

- (1) Ambon Holding Limited is wholly-owned by Mr. Wang Jiaan (王家安) who is deemed to be interested in the Shares held by Ambon Holding Limited under the SFO.
- (2) These Shares are held by PF International, which is owned as to approximately 26.51% by Mr. Zhou Yinbiao (周銀標), 18.55% by Mr. Yu Yangui (于延桂), 16.76% by Mr. Dai Xianru (戴賢如), 13.7% by Mr. Wang Yun (王雲), 9.76% by Mr. Ben Daolin (賁道林), 8.26% by Mr. Chen Lidong (陳黎東) and 6.46% by Mr. Ben Daochun (賁道春).
- (3) These Shares are held by PF Global, which is owned as to approximately 19.2% by Ben Xudong (賁旭東), 32.64% by Chen Yulou (陳玉樓), 21.6% by Cai Tongfu (蔡同富), 1.92% by Liu Chengguan (劉成官), 1.92% by Qian Jiayin (錢加銀), 1.28% by Zhang Doufa (張鬥發), 1.28% by Ding Jialin (丁佳林), 0.64% by Wang Shiqin (王世芹), 0.64% by Ding Qinghai (丁慶海), 0.64% by Cui Hengfu (崔恒富), 0.64% by Jiao Yuanjin (焦遠進), 0.64% by Wang Xiaobo (王小波), 0.64% by Yu Zhongwen (于中文), 0.64% by Lin Xian Yue (林先月), 0.64% by Yuan Xiaofei (袁小飛), 1.12% by Zhou Bugao (周步高), 1.12% by Shen Jixiang (沈吉祥), 0.64% by Zhou Yue (周悅), 0.64% by Zhou Kewen (周克穩), 0.64% by Zhou Jin (周錦), 0.48% by Wang Huajun (王華俊), 0.48% by Zhang Gui (張貴), 0.48% by Liu Yaqin (劉亞芹), 0.48% by Ben Zhonglin (賁忠林), 0.64% by Wang Jin (王進), 0.64% by Jiang Xiaoming (蔣曉明), 0.64% by Wu Yijun (吳義軍), 0.48% by Pei Haiqing (裴海青), 0.48% by Cui Xinxin (崔欣欣) (which was inherited from Cui Yegui (崔業貴) on 1 July 2018), 0.48% by Zhou Jianyi (周建益) and 5.6% by Pei Qirong (裴其榮).

Save as disclosed above, the Directors were not aware of any other person who had or deemed to have interests or short positions in the Shares and underlying Shares which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO that cause significant impact on the Group subsequent to the Reporting Period and up to the date of this report.

As of the date of this report, saved as disclosed in this report, the Company does not have any subsequent event after 30 June 2025 which is required to be disclosed.

By order of the Board  
**China PengFei Group Limited**  
**Wang Jiaan**  
*Chairman*

Jiangsu, China  
29 August 2025

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	4	571,583	632,707
Cost of sales and services		(445,011)	(512,194)
Gross profit		126,572	120,513
Other income	5	11,846	15,413
Other gains and losses	6	3,744	1,718
Selling and distribution expenses		(45,871)	(38,234)
Administrative expenses		(27,388)	(24,630)
Research expenditure		(18,836)	(37,250)
Impairment losses on trade and other receivables and contract assets, net of reversal		(1,648)	974
Finance costs		(8)	(297)
Profit before tax	7	48,411	38,207
Income tax expense	8	(6,413)	(5,720)
Profit and total comprehensive income for the period		41,998	32,487
Profit (loss) and total comprehensive income (expenses) for the period attributable to:			
– Owners of the Company		41,991	31,301
– Non-controlling interests		7	1,186
		41,998	32,487
Earnings per share	10		
– Basic (RMB cent)		8.40	6.26
– Diluted (RMB cent)		N/A	N/A



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Trade receivables	14	38,190	93,645
Term deposits		115,000	60,000
Property, plant and equipment	11	345,637	363,228
Investment properties	11	6,955	7,479
Intangible assets		567	231
Right-of-use assets	11	43,824	44,258
Deferred tax assets	13	23,925	25,805
Deposits paid for acquisition of property, plant and equipment		4,263	4,190
		<b>578,361</b>	<b>598,836</b>
<b>CURRENT ASSETS</b>			
Inventories		777,938	728,620
Trade, bills and other receivables	14	355,099	383,809
Contract assets	12	25,673	41,727
Contract costs		16,506	17,115
Value-added tax recoverable		570	8,248
Prepayments to suppliers		69,313	86,460
Financial assets at FVTPL		8,587	109,318
Term deposits		168,980	98,000
Restricted bank deposits		71,646	121,782
Bank balances and cash		633,676	506,443
		<b>2,127,988</b>	<b>2,101,522</b>
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	15	499,352	628,042
Contract liabilities		1,157,856	1,051,915
Dividend payable		20,185	–
Tax payable		18,360	28,383
Bank borrowings		300	200
Deferred income		2,751	2,659
		<b>1,698,804</b>	<b>1,711,199</b>
<b>NET CURRENT ASSETS</b>		<b>429,184</b>	<b>390,323</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,007,545</b>	<b>989,159</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	16	4,504	4,504
Share premium		10,582	30,767
Reserves		940,876	898,885
Equity attributable to owners of the Company		955,962	934,156
Non-controlling interests		679	2,059
<b>TOTAL EQUITY</b>		<b>956,641</b>	936,215
<b>NON-CURRENT LIABILITY</b>			
Deferred income		43,603	46,445
Deferred tax liabilities	13	7,301	6,499
		50,904	52,944
		<b>1,007,545</b>	989,159

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company						Non-controlling interests	Total
	Paid-in share capital	Share premium	Capital surplus reserve	Other reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (audited)	4,504	30,767	189,217	2,252	707,416	934,156	2,059	936,215
Profit (loss) and total comprehensive income (expenses) for the period	-	-	-	-	41,991	41,991	7	41,998
Dividends recognised as distribution (note 9)	-	(20,185)	-	-	-	(20,185)	-	(20,185)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,387)	(1,387)
Transferred to capital surplus reserve	-	-	-	-	-	-	-	-
At 30 June 2024 (unaudited)	4,504	10,582	189,217	2,252	749,407	955,962	679	956,641
At 1 January 2024 (audited)	4,504	73,617	183,015	2,252	646,339	909,727	384	910,111
Profit (loss) and total comprehensive income (expenses) for the period	-	-	-	-	31,301	31,301	1,186	32,487
Dividends recognised as distribution (note 9)	-	(42,850)	-	-	-	(42,850)	-	(42,850)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,787)	(1,787)
Transferred to capital surplus reserve	-	-	2,982	-	(2,982)	-	-	-
At 30 June 2024 (unaudited)	4,504	30,767	185,997	2,252	674,658	898,178	(217)	897,961

# 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)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>103,021</b>	150,709
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of property, plant and equipment	13	6
Placement of term deposits	(189,980)	–
Withdrawal of term deposits	133,000	60,752
Placement of restricted bank deposits	(45,363)	(181,156)
Withdrawal of restricted bank deposits	95,499	156,258
Purchase of and deposits paid for acquisition of property, plant and equipment	(542)	(3,285)
Purchase of intangible assets	(388)	(5)
Bank interest received	1,667	5,881
Withdrawal of financial assets at FVTPL	100,802	–
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>94,708</b>	38,451
<b>FINANCING ACTIVITIES</b>		
Proceeds from a bank loan raised	200	100
Interest paid	(4)	(297)
Repayments of bank borrowings	(100)	(34,668)
Repayments of lease liabilities	–	(19)
Dividend paid to non-controlling interests	(1,387)	(1,787)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,291)</b>	(36,671)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>196,438</b>	152,489
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>506,443</b>	378,902
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(205)	1,222
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>702,676</b>	532,613



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands on 31 July 2017. The Company's shares have been listed on the Main Board of the Stock Exchange on 15 November 2019. The addresses of the Company's registered office and its principal place of business are located at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands and Benjiaji, Northern Suburb, Haian City, Jiangsu Province, the PRC, respectively. The principal activities of the Group are production and sale of complete sets of equipment (including rotary kilns system, grinding equipment system and their related parts and components) and construction of production line and provision of installation services.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair values through profit or loss ("FVTPL").

Other than change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

### Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from the sale of equipment, construction of production line and rendering of installation service, net of sales related taxes during the current interim period.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of equipment, recognised at a point in time	428,778	535,964
Revenue from construction of production line, recognised over time	129,712	94,438
Installation service, recognised over time	13,093	2,305
	<b>571,583</b>	<b>632,707</b>

### Entity-wide disclosures

#### Geographical information

The Group's non-current assets are all situated in the PRC. The geographical information of the Group's revenue, determined based on geographical location of the registered office of the immediate customers, during the current interim period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China	401,038	501,362
Outside Mainland China		
Including:		
Uzbekistan	31,400	94,438
Republic of Kenya	53,282	–
Republic of Ghana	40,611	–
Republic of Türkiye	15,368	–
Republic of Burundi	–	27,161
Other countries	29,884	9,746
	<b>571,583</b>	<b>632,707</b>

No segment assets and liabilities information is provided as no such information is regularly provided to the chief operating decision maker of the Group on making decision for resources allocation and performance assessment.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	5,150	5,881
Government grants	1,850	8,575
Rental income	2,096	707
Others	2,750	250
	<b>11,846</b>	<b>15,413</b>

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Investment gain on financial assets at FVTPL	3,155	1,553
Net foreign exchange gain	268	646
Loss on disposal of property, plant and equipment	—	(468)
Others	321	(13)
	<b>3,744</b>	<b>1,718</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	17,671	17,297
Depreciation of investment properties	524	529
Amortisation of intangible assets	52	21
Depreciation of right-of-use assets	442	461
	18,689	18,308
Capitalised in inventories	(11,838)	(15,116)
Total depreciation and amortisation charged to profit or loss	6,851	3,192
Impairment losses on trade receivables, net of reversal	3,221	(2,610)
Impairment losses on other receivables, net of reversal	(92)	251
Impairment losses on contract assets, net of reversal	(1,481)	3,333
	1,648	974

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")	3,731	4,111
Deferred tax charge (credit) (Note 13)	2,682	1,609
	6,413	5,720

The Company is not subject to income tax or capital gain tax under the law of Cayman Islands.

PengFei Holdings Limited is not subject to income tax or capital gain tax under the law of BVI.

No provision of Hong Kong Profit Tax was made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profit Tax during the six months ended 30 June 2024 and 2025.

Jiangsu Pengfei Group Limited\* (江蘇鵬飛集團股份有限公司) obtained the renewal of "High Technology Enterprise" certification in 2024, and therefore continued the entitlement of a preferential tax rate of 15% to 5 November 2027.

The other PRC subsidiaries are subjected to PRC EIT rate of 25% during the six months ended 30 June 2024 and 2025.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 9. DIVIDENDS

During the current interim period, a final dividend of RMB0.04037 (2024: RMB0.0857) per ordinary share in respect of the year ended 31 December 2024 was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to RMB20,185,000 (2024: RMB42,850,000).

The directors of the Company have determined that no dividend will be declared in respect of the six months ended 30 June 2025.

## 10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share (RMB'000)	<u>41,991</u>	<u>31,301</u>
Number of shares:		
Number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	<u>500,000</u>	<u>500,000</u>

No diluted earnings per share was presented as there were no potential ordinary shares in issue during the six months ended 30 June 2024 and 2025.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the current interim period, the Group disposed of certain property, plant and machinery with an aggregate carrying amount of RMB13,000 (2024: RMB474,000) for cash proceeds of RMB13,000 (2024: RMB6,000), resulting in a loss on disposal of RMB Nil (2024: gain on disposal of RMB468,000).

During the current interim period, the Group acquired property, plant and equipment of RMB469,000 (2024: RMB16,482,000).

During the current interim period, no right-of-use assets is acquired or disposed by the Group (2024: nil).

During the current interim period, no investment property is acquired or disposed by the Group (2024: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 12. CONTRACT ASSETS

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Sale of equipment	27,149	36,781
Installation service	1,738	9,641
	28,887	46,422
Less: Impairment loss allowance for contract assets	(3,214)	(4,695)
	25,673	41,727

## 13. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon:

	Accrued expenses	Impairment loss allowance on trade and other receivables and contract assets	Distributable profits of subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	8,833	16,582	(4,418)	20,997
(Charge) credit to profit or loss	(1,845)	236	–	(1,609)
At 30 June 2024 (unaudited)	6,988	16,818	(4,418)	19,388
At 1 January 2025 (audited)	9,387	16,418	(6,499)	19,306
(Charge) credit to profit or loss	(2,107)	227	(802)	(2,682)
At 30 June 2025 (unaudited)	7,280	16,645	(7,301)	16,624

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 14. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables	305,188	329,860
Less: Impairment loss allowance for trade receivables	(88,703)	(85,244)
	216,485	244,616
Bills receivables	166,674	218,415
Total trade receivables and bills receivables	383,159	463,031
Other receivables and prepayments		
Other receivables	10,074	14,436
Prepaid expenses	104	127
Loans to an independent third party	800	800
	10,978	15,363
Less: Impairment loss allowance for other receivables	(848)	(940)
	10,130	14,423
	393,289	477,454
Analysed as:		
Current	355,099	383,809
Non-current (note i)	38,190	93,645
	393,289	477,454

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 14. TRADE, BILLS AND OTHER RECEIVABLES (continued)

*Note (i):* As at 30 June 2025, included in the Group's trade receivables was a balance of RMB38,190,000 (31 December 2024: RMB93,645,000) (net of impairment loss allowance of RMB3,864,000 (31 December 2024: RMB9,479,000)) due from a customer in respect of the construction of a production line located in the Republic of Kazakhstan, among which RMB Nil, RMB Nil and RMB38,190,000 were aged 0 to 1 year, 1 to 2 years and over 2 years, respectively (31 December 2024: RMB Nil, RMB Nil and RMB93,645,000 were aged 0 to 1 year, 1 to 2 years and over 2 years, respectively). In May 2019, due to the expected delay in settlement from this customer as a result of the prolonged approval procedures from the customer's financing bank, the Group entered into a supplemental agreement with the customer, pursuant to which the Group agreed to defer an estimated amount of RMB280,000,000 (the "Deferred Payment") upon completion of the test run of the production line on or before 31 December 2019. The amount of the Deferred Payment, time period for accrual of interest and repayment schedule are subjected to finalisation between both parties according to the actual outstanding principal and interest upon completion of the production line. Both parties agreed to enter into another finalised Deferred Payment agreement with such details and terms to be fixed (the "Finalised Deferred Payment Agreement").

The Group had taken into consideration, when entered into the supplemental agreement, among others: (i) the creditability of the customer, (ii) the Group's business relationship with the customer, and (iii) the additional securities and guarantee obtained by the Group, including (a) corporate guarantee from the controlling shareholder and a fellow subsidiary of the customer, (b) charges over the equity interests of the immediate holding company and another fellow subsidiary of the customer and (c) pledge of the cement plant under construction held by the customer which was located in the Republic of Kazakhstan and all of its related machinery, tools, furniture, fixtures, equipment and vehicles. The Deferred Payment will be carried at a fixed interest rate of 8.41% per annum and be settled in every three months by twelve installments, which was intended to start from 30 September 2020, but subject to a specific date upon finalisation of the Finalised Deferred Payment Agreement.

The Group does not grant any credit period to its customers except for one customer set out in abovementioned note (i).

The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on the date when the Group obtains the unconditional rights for payment at the end of each reporting period.

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
0 to 1 year	108,792	115,572
1 to 2 years	53,784	26,387
Over 2 years	53,909	102,657
	<u>216,485</u>	<u>244,616</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 14. TRADE, BILLS AND OTHER RECEIVABLES (continued)

The following is an aged analysis of bills receivables presented based on the issue dates of bills receivables at the end of each reporting period.

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
0 to 180 days	166,674	215,193
181 days to 1 year	—	3,222
	<u>166,674</u>	<u>218,415</u>

The following is a maturity analysis of bills receivables presented based on the remaining dates to maturity of bills receivables at the end of each reporting period.

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
0 to 180 days	166,654	218,415
181 days to 1 year	20	—
	<u>166,674</u>	<u>218,415</u>

As at 30 June 2025 and 31 December 2024, no bills receivables of the Group were pledged to banks for issuing bills payables.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 15. TRADE, BILLS AND OTHER PAYABLES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	351,747	407,298
Bills payables	79,590	142,965
Other taxes payables	13,249	9,123
Amounts due to independent third parties	1,003	1,019
Accrued expense	1,096	3,306
Accrued payroll and welfare	9,948	20,987
Unpaid incremental commission	39,043	39,888
Lease liabilities	268	264
Other payables	3,408	3,192
	<b>499,352</b>	<b>628,042</b>

The following is an aged analysis of trade payable, presented based on the invoice dates, at the end of each reporting period:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
0 to 1 year	265,942	228,187
1 year to 2 years	18,311	137,662
Over 2 years	67,494	41,449
	<b>351,747</b>	<b>407,298</b>

The following is an aged analysis of bills payables presented based on issue dates at the end of each reporting period:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(unaudited)	(audited)
0 to 180 days	79,590	142,965

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 16. SHARE CAPITAL

	<u>Par value</u>	<u>Number of shares</u>	<u>Amount</u>
		'000	'000
<b>Authorised:</b>			
On 1 January 2021 (audited), 30 June 2021 and 2022 (unaudited), 31 December 2021 and 2022 (audited) and 30 June 2023 (unaudited)	HK\$0.01	<u>10,000,000</u>	<u>HK\$100,000</u>
<b>Issued:</b>			
On 1 January 2021 (audited), 30 June 2021 and 2022 (unaudited), 31 December 2021 and 2022 (audited) and 30 June 2023 (unaudited)	HK\$0.01	<u>500,000</u>	<u>HK\$5,000</u>
Presented in RMB'000			<u><u>RMB4,504</u></u>

## 17. CAPITAL COMMITMENTS

	<u>30 June 2025</u>	<u>31 December 2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u><u>2,725</u></u>	<u><u>2,950</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the SIX MONTHS ENDED 30 JUNE 2025

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at 30 June 2025 RMB'000	Fair value as at 31 December 2024 RMB'000	Fair value hierarchy	Valuation technique and key input
Financial assets at FVTPL:				
Structured deposits	8,587	109,318	Level 2	Discounted cash flows. Future cash flows are estimated based on expected return of the structured deposits

There were no transfers between Level 1 and 2 during the current period.

## 19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries, bonus and other benefits	330	745
Retirement benefits scheme contributions	53	29
Discretionary performance related bonus	304	243
	<b>687</b>	<b>1,017</b>

The remuneration of key management personnel (being Chairman and director of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.



**China PengFei Group Limited**  
**中国鹏飞集团有限公司**