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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

THE SUBSCRIPTION

The Board is pleased to announce that on 15 December 2022 (after trading hours), Jiangsu Pengfei, an indirect wholly-owned subsidiary of the Company, entered into the Bank of Jiangsu Subscription Agreement with Bank of Jiangsu for the subscription of a wealth management product in the subscription amount of RMB100,000,000 (equivalent to approximately HK\$112,000,000).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the subscription amount under the Bank of Jiangsu Subscription Agreement is more than 5% but less than 25%, the Subscription contemplated under the Bank of Jiangsu Subscription Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

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A summary of the major terms of the Bank of Jiangsu Subscription Agreement is set out below:

- | | |
|---------------------------------|---|
| (1) Date of subscription: | 15 December 2022 |
| (2) Parties: | (i) Bank of Jiangsu; and
(ii) Jiangsu Pengfei |
| (3) Risk level: | Low risk (based on the internal risk assessment by Bank of Jiangsu) |
| (4) Type of product and return: | Principal-guaranteed with floating income |

- (5) Product underlying link: The linked indicator is the EUR/USD spot exchange rate during the observation period
- (6) Risks associated with the product: Various risks including but not limited to (i) policy risk; (ii) market risk; (iii) liquidity risk; (iv) structured deposit product non-establishment risk; (v) information transmission risk; (vi) management risk; (vii) early termination risk; (viii) force majeure and contingency risks; and (ix) credit risk
- (7) Subscription amount: RMB 100,000,000 (equivalent to approximately HK\$112,000,000)
- (8) Term of investment: From 21 December 2022 to 21 June 2023
- (9) Expected rate of return: 1.20%/3.26% per annum ^(Note)
- (10) Right of early termination: The Subscriber does not have the right of early termination or redemption

Note:

The Group expects to receive the principal amount and return of this product on 21 June 2023, being the maturity date. If during the observation period, the relevant linked indicator is maintained within the target range, the expected rate of return will be 1.20% per annum, otherwise 3.26% per annum.

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirmed that the consideration of the Subscription was determined on the basis of general commercial terms negotiated at arm's length between the Subscriber and Bank of Jiangsu, having considered the available idle funds of the Group for treasury management purpose.

INFORMATION ON THE COMPANY, THE SUBSCRIBER AND BANK OF JIANGSU

The Company is a company incorporated in the Cayman Islands with limited liability and, together with its subsidiaries, are principally engaged in the production and sale of complete sets of equipment, construction of production line and provision of installation services.

The Subscriber, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC and is principally engaged in production and sale of equipment, construction of production line and installation services.

Bank of Jiangsu and its subsidiaries are principally engaged in the provision of banking and related financial services, such as personal banking, corporate banking, interbank financing, network finance, small and micro financing, as well as credit card issuing. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Bank of Jiangsu and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription was made by the Group for treasury management purpose in order to enhance the utilisation of capital and with an aim to maximising the income from its idle funds while minimising risk and without affecting the Group’s operational liquidity and fund security. The Subscription is funded by the Group’s idle funds and will not affect the working capital needs of the Company. The Bank of Jiangsu Wealth Management Product has a relatively short-term to maturity with low risk exposure and is expected to provide a better yield compared to current deposit interest rates offered by commercial banks in the PRC. In view of the above, both the members of the investment committee of the Company and the Directors consider that the terms of the Bank of Jiangsu Subscription Agreement are on normal commercial terms negotiated at arm’s length and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

“Bank of Jiangsu”	Bank of Jiangsu Co. Ltd., a joint stock commercial bank established under the laws of the PRC
“Bank of Jiangsu Subscription Agreement”	the subscription agreement entered into between the Subscriber and Bank of Jiangsu dated 15 December 2022 supplemented by the product specification and a risk disclosure statement endorsed by the Subscriber and Bank of Jiangsu in relation to the Subscription
“Bank of Jiangsu Wealth Management Product”	the wealth management product named Public RMB Structured Deposit 2022, Issue 48, 6 Months A* (對公人民幣結構性存款 2022年第48期6個月A款) issued by Bank of Jiangsu
“Board”	the board of Directors
“Company”	China PengFei Group Limited (Stock Code: 3348), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“EUR”	European dollars, the lawful currency in the European Union
“EUR/USD”	the rate of exchange between EUR and USD (expressed as the number of units of USD per 1 unit of EUR)

“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, does not include the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Jiangsu Pengfei”	Jiangsu Pengfei Group Limited* (江蘇鵬飛集團股份有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Bank of Jiangsu Wealth Management Product by the Subscriber for a total subscription amount of RMB100,000,000 pursuant to the terms of the Bank of Jiangsu Subscription Agreement
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.12 for illustration purpose only. No representation is made to the effect that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 15 December 2022

* *For identification only*

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.