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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 9 November 2021 (after trading hours), Jiangsu Pengfei, an indirect wholly-owned subsidiary of the Company, entered into the BOC Wealth Management Product Agreement with BOC for the subscription of a wealth management product in the subscription amount of RMB100,000,000 (equivalent to approximately HK\$122,000,000).

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 BOC Wealth Management Product Agreement is more than 5% but less than 25%, the Subscription contemplated under the BOC Wealth Management Product 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.

THE SUBSCRIPTION

The Board is pleased to announce that on 9 November 2021 (after trading hours), Jiangsu Pengfei, an indirect wholly-owned subsidiary of the Company, entered into the BOC Wealth Management Product Agreement with BOC for the subscription of a wealth management product in the subscription amount of RMB100,000,000 (equivalent to approximately HK\$122,000,000). The Subscription was funded by the Group's idle funds.

A summary of the major terms of the BOC Wealth Management Product Agreement is set out below:

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| (1) Date of subscription: | 9 November 2021 |
| (2) Parties: | (i) BOC; and (ii) Jiangsu Pengfei |
| (3) Name of the BOC Wealth Management Product: | BOC Linked Structured Deposit (Institutional Customer)* (中國銀行掛鉤型結構性存款(機構客戶)) |

- (4) Risk level: Low risk (based on the internal risk assessment by BOC)
- (5) Type of product and return: Principal-guaranteed with guaranteed minimum return
- (6) Product underlying link: The linked indicator is the EUR/USD spot exchange rate
- (7) Risks associated with the product: (i) policy risk; (ii) market risk; (iii) liquidity risk; (iv) credit risk; (v) early termination risk; (vi) information transmission risk; (vii) interest rate and inflation risk; and (viii) structured deposit product non-establishment risk
- (8) Subscription amount: RMB100,000,000 (equivalent to approximately HK\$122,000,000)
- (9) Term of investment: From 11 November 2021 to 16 May 2022
- (10) Expected rate of return: 1.8% – 3.3639% per annum
- (11) Right of early termination: The Subscriber does not have the right of early termination or redemption

BASIS OF DETERMINATION FOR THE CONSIDERATION

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

INFORMATION ON THE COMPANY, THE SUBSCRIBER AND BOC

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.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, BOC is a licensed bank incorporated under laws of the PRC and engaged the provision of banking and related financial services and the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange and each of BOC and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BOC WEALTH MANAGEMENT PRODUCT AGREEMENT

The Subscription was made by the Group for treasury management purpose in order to enhance the utilization of capital and with an aim to maximizing 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 BOC 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 BOC Wealth Management Product 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.

IMPLICATIONS UNDER THE LISTING RULES

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 BOC Wealth Management Product Agreement is more than 5% but less than 25%, the Subscription contemplated under the BOC Wealth Management Product 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.

DEFINITIONS

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| “Board” | the board of Directors |
| “BOC” | Bank of China Limited, a licensed bank established under the laws of the PRC |
| “BOC Wealth Management Product Agreement” | the wealth management product agreement entered into between the Subscriber and BOC dated 9 November 2021 supplemented by the product specification endorsed by the Subscriber and BOC in relation to the subscription of the BOC Wealth Management Product |
| “BOC Wealth Management Product” | the wealth management product named BOC Linked Structured Deposit (Institutional Customer)* (中國銀行掛鉤型結構性存款(機構客戶)) subscribed by the Subscriber under the BOC Wealth Management Product Agreement |
| “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 |

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| “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) at or about 2:00 p.m. Beijing time on 11 November 2021 as determined by reference to the rate “EUR/USD” on Bloomberg “BFIX” page |
| “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 Hong Kong, 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 BOC Wealth Management Product for a total subscription amount of RMB100,000,000 by the Subscriber pursuant to the BOC Wealth Management Product 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\$1.22 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, 9 November 2021

* *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.