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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)**

### **MODIFICATION OF EXISTING TREASURY MANAGEMENT PLAN AND DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS**

#### **MODIFICATION OF EXISTING TREASURY MANAGEMENT PLAN**

The Board wishes to announce that the Group has modified its existing treasury management plan on 5 July 2024.

#### **THE SUBSCRIPTION**

The Board is pleased to announce that on 9 July 2024, China Heavy Equipment, an indirect wholly-owned subsidiary of the Company, subscribed for Taikang Kaitai Wealth Management Product in an amount of HK\$42,000,000 through the Distributor.

#### **LISTING RULES IMPLICATION**

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

#### **MODIFICATION OF EXISTING TREASURY MANAGEMENT PLAN**

The Board wishes to announce that in view of the Group's intention to improve the Group's overall capital efficiency and capital liquidity, the investment committee of the Board (the "**Investment Committee**") and the Board considered it appropriate to modify the Group's existing treasury management plan, among others, to allow the Group to invest in a wider range of wealth management products including those wealth management products issued by listed securities companies or its subsidiaries in addition to those issued by listed banks or its subsidiaries. Please refer to the existing treasury management plan of the Group disclosed in the announcement of the Company dated 30 December 2022.

In light of the above, the Board wishes to announce that the Group has modified its existing treasury management plan on 5 July 2024 as follows:

The Group is allowed to invest not more than 40% of its cash-in-hand at any relevant time in financial assets limited to wealth management products issued by listed banks or any of their subsidiaries, and listed securities firms or any of their subsidiaries (each an “**Issuing Party**”) subject to the following conditions:

- (a) all investments in wealth management products need not be principal guaranteed provided that the risk level (based on the internal risk assessment by the relevant Issuing Parties) of such wealth management products shall not be higher than “medium to low-risk”;
- (b) the aggregate amount of funds to be invested by the Group in any wealth management product shall not exceed the cash flow needs of the Group for the next three months at any relevant time;
- (c) the investment period of all wealth management products (in the case of investments with a fixed term) shall not affect the Group’s working capital position and development of its principal business; and
- (d) detailed descriptions of the wealth management products shall be submitted for consideration and prior approval at the respective meetings of the Investment Committee and the Board.

## **THE SUBSCRIPTION**

The Board is pleased to announce that on 9 July 2024, China Heavy Equipment, an indirect wholly-owned subsidiary of the Company, subscribed for the Taikang Kaitai Wealth Management Product in an amount of HK\$42,000,000. The Subscription was funded by the Group’s idle funds.

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

- 1. Date of subscription: 9 July 2024
- 2. Name of the Wealth Management Product: Class A-HKD-ACC, which is known as “Class A-HKD”, Taikang Kaitai Hong Kong Dollar Money Market Fund pursuant to the fund explanatory memorandum
- 3. Parties: (i) The Distributor; and  
(ii) The Subscriber
- 4. Currency of subscription and return: HKD
- 5. Type of the product and return: Non-principal guaranteed with floating return
- 6. Risk rating of the product level: Low risk

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|-----|---------------------------------------|---|
| 7.  | Principal amount of the subscription: | HKD42,000,000   |
| 8.  | Term of Subscription:                 | No fixed term. Taikang Kaitai Wealth Management Product subscribed by the Subscriber can be redeemed by it on any dealing day subject to compliance with the redemption procedures applicable thereto.  |
| 9.  | Expected return:                      | 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 by the Subscriber.   |
| 10. | Comparative performance benchmarks:   | Based on the historical cumulative return of the Taikang Kaitai Wealth Management Product disclosed on the official website of Taikang Asset (Hong Kong), the annualized rate of return of Class A-HKD-ACC for one month, three months, six months and one year was approximately 0.31%, 1.08%, 2.28% and 4.67% respectively as of 28 June 2024.  |
| 11. | Risks associated with the product:    | Various risks including but not limited to short-term instruments risk, credit/counterparty risk, interest rate risk, downgrading risk, valuation risk, volatility and liquidity risk, sovereign debt risk and credit rating risk, concentration risk, currency/conversion risk, emerging market risk, hedging risk and risks associated with investment in financial derivative instruments, etc.  |
| 12. | Investment scope of product:          | HKD denominated and settled short-term deposits and money market instruments issued by governments, quasi-governments, international organisations and financial institutions where money market instruments including but not limited to government bills, short term notes, bankers' acceptance, commercial papers, certificates of deposits, commercial bills and debt securities, such as government bonds, fixed and floating rate bonds; and money market funds that are authorised by the SFC or regulated in a manner generally comparable with the requirements of and acceptable to the SFC, etc. |

## **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 the Distributor, having considered the available idle funds of the Group for treasury management purpose.

## **INFORMATION ON THE COMPANY, THE SUBSCRIBER, THE DISTRIBUTOR, TAIKANG ASSET (HONG KONG), THE TRUSTEE AND THE CUSTODIAN**

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 is a limited liability company incorporated in the Hong Kong and an indirect wholly-owned subsidiary of the Company principally engaged in investment holding business.

The Distributor is a company incorporated in Hong Kong and is licensed by the SFC to carry out Type 1, Type 2, Type 4, Type 6, Type 7 and Type 9 regulated activities in Hong Kong.

Taikang Asset (Hong Kong) is a company incorporated in Hong Kong and a wholly-owned subsidiary of Taikang Asset Management Company Limited, and is licensed by the SFC to carry out Type 1, Type 4 and Type 9 regulated activities in Hong Kong.

The Trustee is a registered trust company in Hong Kong and a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited.

The Custodian is a licensed bank in Hong Kong.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Distributor, Taikang Asset (Hong Kong), the Trustee, the Custodian, and their respective ultimate beneficial owner(s) are not connected persons of the Company and are third parties 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, which is expected to be short-term and funded by the Group's idle funds, will not affect the working capital needs of the Company. Taikang Kaitai Wealth Management Product being a money market fund allows the Company to invest in short-term wealth management product with a relatively low risk exposure enhancing the utilisation of capital and increasing income from idle funds of the Company. In view of the above, both the members of the Investment Committee and the Directors consider that the terms of Subscription 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.

## **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 is more than 5% but less than 25%, the Subscription 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

<b>“Board”</b>	the board of Directors
<b>“China Heavy Equipment” or “Subscriber”</b>	China Heavy Equipment Engineering Limited (中國重器工程有限公司), a limited liability company incorporated in the Hong Kong and an indirect wholly-owned subsidiary of the Company
<b>“Company”</b>	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
<b>“connected person(s)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Custodian”</b>	Bank of China (Hong Kong) Limited
<b>“Director(s)”</b>	director(s) of the Company
<b>“Distributor”</b>	Huatai Financial Holdings (Hong Kong) Limited
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$” or “HKD”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	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
<b>“SFC”</b>	the Securities and Futures Commission
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription”</b>	the subscription of the Taikang Kaitai Wealth Management Product by the Subscriber in a total subscription amount of HKD42,000,000 on 9 July 2024
<b>“Taikang Asset (Hong Kong) or “Manager””</b>	Taikang Asset Management (Hong Kong) Company Limited, the manager of Taikang Kaitai Funds, including the Taikang Kaitai Wealth Management Product

**“Taikang Kaitai Wealth Management Product”**

the wealth management product of Class A – HKD – ACC, which is known as “Class A-HKD”, Taikang Kaitai Hong Kong Dollar Money Market Fund pursuant to the explanatory memorandum of Taikang Kaitai Hong Kong Dollar Money Market Fund, being a class of unit of the sub-fund of TaiKang Kaitai Funds, an open-ended unit trust established as an umbrella fund pursuant to the trust deed dated 16 April 2014 between the Manager and the Trustee

**“Trustee”**

BOCI-Prudential Trustee Limited

**“%”**

per cent

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

Hong Kong, 9 July 2024

*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.*