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China PengFei Group Limited

中国鹏飞集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3348)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE MODIFICATION OF EXISTING TREASURY MANAGEMENT PLAN AND DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

Reference is made to the announcement of China PengFei Group Limited (the “**Company**”) dated 9 July 2024 (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to provide the Shareholders and the potential investors of the Company with the following supplemental information regarding the Taikang Kaitai Wealth Management Product, Taikang Asset (Hong Kong), and the latest status of the Subscription.

TAIKANG KAITAI WEALTH MANAGEMENT PRODUCT AND TAIKANG ASSET (HONG KONG)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry and making reference to the annual report of Taikang Kaitai Management Product as at 31 December 2023 released by Taikang Asset (Hong Kong), the investment strategy of the Taikang Kaitai Wealth Management Product is to invest at least 70% of its net asset value in HKD-denominated short-term deposits and high-quality money market instruments issued by various entities including government bills, commercial papers, and debt securities, up to 20% of its net asset value in debt securities like government and fixed/floating rate bonds; and up to 30% of its net asset value in non-HKD denominated investments, and up to 10% of its net asset value in SFC-authorized money market funds in any currency. Although there is no specific geographical allocation applicable to the Taikang Kaitai Wealth Management Product, it is allowed to invest up to 30% of its net asset value in emerging markets.

The Taikang Kaitai Wealth Management Product may also invest in both onshore and offshore Renminbi-denominated instruments with a total Renminbi-denominated asset exposure (up to 20% for onshore and less than 10% for offshore) up to 30% of its net asset value. As at 31 December 2023, the size of the Taikang Kaitai Wealth Management Product was approximately HKD7.24 billion.

To the best of Directors’ knowledge, information and belief having made all reasonable enquiry, Taikang Asset (Hong Kong) is indirectly wholly-owned by 泰康保險集團股份有限公司 (Taikang Insurance Group Company Limited*); which is controlled by 嘉德投資控股有限公司 (Jiade Investment Holding Company Limited*) (“**Jiade Investment**”). Jiade Investment is in turn controlled by Chen Dongsheng. Taikang Asset (Hong Kong) and its controlling shareholders are third parties independent to the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry and making reference to the information in the public domain including the website of the Manager, Taikang Asset (Hong Kong) is currently managing six funds, including Taikang Kaitai Hong Kong Dollar Money Market Fund (being the subject of the Subscription), which were launched between January 2017 to December 2023.

The Board has taken internal control measures in relation to the Subscription.

Before the Subscription, the Board conducted risk assessment of Taikang Kaitai Wealth Management Product taking into account the performance and track record of Taikang Asset (Hong Kong) as well as the portfolio and diversity of assets under Taikang Kaitai Wealth Management Product. The Board considered that Taikang Kaitai Wealth Management Product's main investment had a low-risk profile and a relatively low default probability, which is in line with the strategy adopted by the Company pursuant to its treasury management plan.

After Subscription, the Board has also implemented an internal control procedure to assess Taikang Kaitai Wealth Management Product's risk profile by setting a pre-determined redemption threshold at an annualised rate of return of 2% before exercising its redemption right of the Taikang Kaitai Wealth Management Product subscribed by the Subscriber and such threshold was determined with reference to the average rate of return of deposits available to onshore companies in the lending market in China.

LATEST STATUS OF THE SUBSCRIPTION

On 15 July 2024, the Subscriber redeemed a majority of the Subscription, amounting to HK\$33,000,000, for the purpose of facilitating the Company's payment obligations of final dividends to its Shareholders as disclosed in the shareholders circular of the Company dated 29 April 2024. Due to the limited amount of bank balances and cash deposited by the Company and its offshore subsidiaries with commercial banks in Hong Kong and the PRC foreign exchange control measures applicable to the Group, the Company had to rely on the dividend payment from its offshore subsidiaries including the Subscriber for the purpose of fulfilling its dividend payment obligations as disclosed in its 2023 annual report. The said redemption of the Subscription represented an average annualised return of approximately 4.11%.

With respect to the remaining HK\$9,000,000 of the Subscription, it is expected that it will be held by the Subscriber for not more than 12 months in line with the Company's treasury management plan.

Save as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 15 August 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.