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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China PengFei Group Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSALS FOR GENERAL MANDATES TO ISSUE AND BUY BACK SHARES DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of China PengFei Group Limited to be held at Grand Meeting Room at 8/F, Jiangsu Pengfei Group, Benjiayi, Northern Suburb, Haian City, Jiangsu Province, the PRC on Monday, 15 June 2020 at 9:30 a.m. is set out on pages 25 to 31 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at <http://pengfei.com.cn/>. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting (i.e. no later than 9:30 a.m. on Saturday, 13 June 2020, Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting or any adjourned meeting thereof if they so wish. **The Company strongly recommends you to monitor the development of the situation with the novel coronavirus pneumonia (COVID-19) and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

15 May 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at Grand Meeting Room at 8/F, Jiangsu Pengfei Group, Benjiaji, Northern Suburb, Haian City, Jiangsu Province, the PRC on Monday, 15 June 2020 at 9:30 a.m., or any adjournment thereof and notice of which is set out on pages 25 to 31 of this circular
“Articles of Association”	the amended and restated articles of association of the Company conditionally adopted on 25 October 2019 and effective on the Listing Date, as amended or supplemented from time to time
“Board”	the board of Directors
“Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to buy back Shares not exceeding 10 per cent of the total number of Shares in issue as at the date of passing of the relevant resolution granting the relevant mandate
“Cayman Companies Law”	the Companies Law, (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	China PengFei Group Limited (中国鹏飞集团有限公司), a company incorporated in the Cayman Islands under the laws of Cayman Islands as an exempted company with limited liability on 31 July 2017, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Heavy Equipment PRC”	Jiangsu Pengfei Group Nantong Heavy Equipment Company Limited* (江蘇鵬飛集團南通重型設備有限公司), a company established in the PRC with limited liability on 8 April 2004, a wholly-owned subsidiary of the Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with the Shares not exceeding 20 per cent of the total number of Shares in issue as at the date of passing of the relevant resolution granting the relevant mandate
“Jiangsu Pengfei”	Jiangsu Pengfei Group Limited* (江蘇鵬飛集團股份有限公司), formerly known as Jiangsu Pengfei Industrial Group Limited* (江蘇鵬飛實業股份有限公司), a company established in the PRC with limited liability on 8 July 2002, converted from a collective enterprise, and is owned as to 99.9997% by Heavy Equipment PRC and 0.0003% by Nantong Golden, and the principal operating subsidiary of the Group
“Latest Practicable Date”	8 May 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	15 November 2019, being the date of listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of the Company conditionally adopted on 25 October 2019 and effective on the Listing Date, as amended or supplemented from time to time
“Nantong Golden”	Nantong Golden Environmental Protection Technology Company Limited* (南通金度環保科技有限公司), a company established in the PRC with limited liability on 24 July 2018, a wholly-owned subsidiary of the Company
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan, unless otherwise specified
“Prospectus”	the prospectus of the Company dated 31 October 2019
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“%”	per cent

In this circular, the terms “close associate”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

* *For identification purposes only*

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Wang Jiaan (Chairman)

Mr. Zhou Yinbiao

Mr. Dai Xianru

Mr. Ben Daolin

Registered office:

Suite #4-210, Governors Square

23 Lime Tree Bay Avenue

PO Box 32311

Grand Cayman KY1-1209

Cayman Islands

Independent Non-executive Directors:

Ms. Zhang Lanrong

Mr. Ding Zaiguo

Mr. Mak Hing Keung, Thomas

*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

15 May 2020

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND BUY BACK SHARES
DECLARATION AND PAYMENT OF FINAL DIVIDEND
OUT OF SHARE PREMIUM ACCOUNT
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and further information about the following proposals to be put forward at the Annual General Meeting: (a) the grant to the Directors of the Issue Mandate and the Buy-back Mandate; (b) the declaration and payment of final dividend out of share premium account and (c) the re-election of the retiring Directors.

LETTER FROM THE BOARD

Pursuant to the written resolutions passed by the Shareholders on 25 October 2019, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with any Shares or securities carrying rights to subscribe for, exchange or convert into Shares and to make or grant offers, agreements or options (including any warrants, options, bonds, notes, debentures or other securities (including any debt securities) conferring any rights to subscribe for or otherwise receive Shares) which would or might require Shares to be allotted and issued or dealt with subject to the requirement that the number of Shares so allotted and issued or dealt with or agreed conditionally or unconditionally to be allotted and issued or dealt with by the Directors, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Associations, or pursuant to the exercise of any options which have been granted under other arrangements regulated by Chapter 17 of the Listing Rules and any specific authority granted by the Shareholders in general meetings, shall not exceed the sum of (i) 20% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (as defined in the Prospectus) (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined in the Prospectus); (b) a general unconditional mandate to repurchase the Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange with an aggregate value not exceeding 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (as defined in the Prospectus) (but excluding any Shares which may be issued upon the exercise of the Over-allotment Option (defined in the Prospectus); and (c) the power to extend the general unconditional mandate mentioned in (a) above by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by the Company pursuant to the mandate to repurchase Shares referred to (b) above (up to 10% of the aggregate number of the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (defined in the Prospectus) (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined in the Prospectus).

The above general mandates will expire at the conclusion of the Annual General Meeting.

2. ISSUE MANDATE

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the general mandate to issue the Shares. At the Annual General Meeting, an ordinary resolution no. 5(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares in the share capital of the Company up to 20 per cent of the total number of Shares in issue as at the date of passing of the resolution in relation to the Issue Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 500,000,000 Shares. Subject to the passing of the ordinary resolution no. 5(A) and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 100,000,000 Shares under the Issue Mandate.

In addition, subject to a separate approval of the ordinary resolution no. 5(C), the number of Shares bought back by the Company under ordinary resolution no. 5(B) will also be added to extend the 20 per cent limit of the Issue Mandate as mentioned in the ordinary resolution no. 5(A) provided that such additional amount shall not exceed 10 per cent of the total number of Shares in issue as at the date of passing the resolutions in relation to the Issue Mandate and the Buy-back Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

The Issue Mandate will continue to be in force from the passing of the said resolution until whichever the following first occurs: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association or to be held; and (iii) the revocation or variation of the authority given under such ordinary resolution by an ordinary resolution of the Shareholders in general meeting.

3. BUY-BACK MANDATE

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to buy back the Shares representing up to 10 per cent of the total number of Shares in issue as at the date of passing of the resolution in relation to the Buy-back Mandate.

The Buy-back Mandate, if approved, will continue in force until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders of the Company in general meeting.

The Company has no current intention of exercising the Buy-back Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

LETTER FROM THE BOARD

4. DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

As announced by the Company in its announcements dated 31 March 2020 and 27 April 2020, respectively, regarding the annual results of the Group for the year ended 31 December 2019, the Board recommended the declaration and payment of a final dividend of RMB0.05 (not subject to withholding tax) per Share for the year ended 31 December 2019 out of the share premium account (the “**Final Dividend**”). As at the Latest Practicable Date, there was a total of 500,000,000 Shares in issued by the Company. On the assumption that no Shares are issued or bought back by the Company after the Latest Practicable Date and up to the date of Annual General Meeting, the Final Dividend, if declared and paid, will amount to an aggregate amount of approximately RMB25.0 million (not subject to withholding tax). Subject to the fulfilment of the conditions set out in the section headed “Conditions of the Payment of Final Dividend out of Share Premium Account” below, the Final Dividend is intended to be paid out of the share premium account of the Company pursuant to articles 154 and 156 of the Articles of Association and in accordance with the applicable laws of the Cayman Islands.

According to the audited consolidated financial statements of the Company for the year ended 31 December 2019, the amount standing to the credit of the share premium account of the Company as at 31 December 2019 was approximately RMB208.6 million.

Upon the payment of the Final Dividend, the remaining balance of the amount standing to the credit of the share premium account of the Company will be approximately RMB183.6 million.

Conditions of the Payment of Final Dividend out of Share Premium Account

The payment of the Final Dividend out of the share premium account of the Company is conditional upon the satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting approving the declaration and payment of the Final Dividend out of the share premium account of the Company pursuant to articles 154 and 156 of the Articles of Association and the applicable laws of the Cayman Islands; and
- (ii) the Directors being satisfied that there are no reasonable grounds for believing that immediately following the payment of the Final Dividend, the Company will be unable to pay its debts as they fall due in the ordinary course of business.

LETTER FROM THE BOARD

The conditions set out above cannot be waived. If such conditions are not satisfied, the Final Dividend will not be paid. Subject to the fulfilment of the above conditions, the proposed Final Dividend is expected to be distributed to Shareholders on or around Wednesday, 15 July 2020. The Final Dividend will be declared in RMB and paid in HKD by applying the middle rate of HKD to RMB announced by the Bank of China on 31 March 2020, which was HKD1.00 to RMB0.9137, as the applicable exchange rate for calculation of the Final Dividend. Subject to Shareholders' approval at the Annual General Meeting, the Final Dividend payable for each Share shall be HKD0.05472 and the aggregate amount of which will be paid out of the Company's share premium account. Total dividend payout ratio is 31.7% of the profit for the year attributable to the owners of the Company.

Reasons for and Effect of the Payment of Final Dividend out of Share Premium Account

The Board considers it appropriate to distribute the Final Dividend to reward the Shareholders for their continuing support. The payment of the Final Dividend out of share premium account of the Company does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or result in any change in the trading arrangements in respect of the Shares.

After taking into consideration of the existing cash flow of the Group, the Board considers that the Company has sufficient cash flow to pay the Final Dividend. The payment of the Final Dividend out of share premium account of the Company will not have any material adverse effect on the financial position of the Group.

The Directors consider that the proposed declaration and payment of the Final Dividend out of share premium account of the Company is in the interests of the Company and the Shareholders as a whole.

5. RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 112 of the Articles of Association, the Directors being Mr. Zhou Yinbiao, Mr. Dai Xianru, Mr. Ben Daolin, Ms. Zhang Lanrong, Mr. Ding Zaiguo and Mr. Mak Hing Keung, Thomas will retire by rotation at the Annual General Meeting. The abovementioned Directors, being eligible, will offer themselves for re-appointment at the Annual General Meeting upon election.

In accordance with article 108 of the Articles of Association, Mr. Wang Jiaan, an executive Director, shall retire from his office as Director at the Annual General Meeting. The abovementioned Director, being eligible, will offer himself for re-appointment at the Annual General Meeting upon election.

Details of the above retiring Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

LETTER FROM THE BOARD

6. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 25 to 31 of this circular is the notice of the Annual General Meeting containing, inter alia, ordinary resolutions in relation to granting the Directors the Issue Mandate and the Buy-back Mandate and approving the re-election of the retiring Directors.

7. FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting (i.e. no later than 9:30 a.m. on Saturday, 13 June 2020, Hong Kong time) or at any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof if you so wish. **The Company strongly recommends you to monitor the development of the situation with the novel coronavirus pneumonia (COVID-19) and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

8. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting (save for certain procedural or administrative matters) must be taken by poll. The Chairman of the Annual General Meeting shall therefore demand voting on all resolutions set out in the notice of Annual General Meeting be taken by way of poll pursuant to article 72 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote on a poll needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

9. PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (i) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;

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- (ii) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
- (iii) no souvenirs will be provided at the Annual General Meeting; and
- (iv) no refreshments will be served at the Annual General Meeting.

10. RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors of the Issue Mandate and the Buy-back Mandate, approving the declaration and payment of final dividend out of share premium account and approving the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully
By order of the Board
China PengFei Group Limited
Wang Jiaan
Chairman and Executive Director

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

1. EXECUTIVE DIRECTORS

Mr. Wang Jiaan (王家安) (“Mr. Wang”), aged 62, is an executive Director and the chairman of the Board. Mr. Wang was appointed as the Director on 31 July 2017 and re-designated as the executive Director on 13 March 2019. Mr. Wang is primarily responsible for overall management, corporate policy making and strategic planning of the Group’s business operations. Mr. Wang is the father-in-law of Mr. Shi Pengyu (施鵬宇), a senior management of the Group.

Mr. Wang has more than 40 years of experience in special equipment manufacturing business. Prior to joining the Group, Mr. Wang worked in Haian County Building Equipment Manufacturing Plant* (海安縣建材設備製造總廠) as a mechanical workshop technician and workshop manager from October 1977 to July 1984 and was promoted as the deputy plant manager and technical manager from July 1984 to May 1994. Since then, Mr. Wang joined Jiangsu Pengfei and served as the deputy general manager from May 1994 to October 2001 and was promoted as the general manager from October 2001 to October 2003. Since October 2003, Mr. Wang has served as the chairman and general manager of Jiangsu Pengfei.

Mr. Wang has completed the provincial level mechanical industry professional technical staff high-level transformation innovative upgrading senior training course at the Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) and Jiangsu Province Mechanical Industry Association* (江蘇省機械行業協會) in August 2012. Mr. Wang has completed the Nantong City modern entrepreneur senior training course at Shanghai Jiaotong University in the PRC in April 2012. Mr. Wang was awarded with a certificate after completion of the 7th Jiangsu province technological entrepreneur (investment & financing strategy and capital operations) training course at Renmin University of China in the PRC in March 2011. Mr. Wang has completed the senior business administration executive training course at Tsinghua University in the PRC in July 2008. Mr. Wang was awarded with a certificate after completion of the building materials mechanical professional certificate at Yancheng Industrial Institute (鹽城工業專科學校) in February 1996.

Mr. Wang is a researcher-level senior engineer, recognised by the Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) in November 2012, and is a first level/senior technician, recognised by the Ministry of Human Resources and Social Security, the PRC (中華人民共和國人力資源和社會保障部) in November 2012.

Mr. Wang participated in public services including, among others, acting as the Vice-chairman of the 5th Committee of the China Building Materials Machinery Industry Association* (中國建材機械工業協會) from December 2008 to December 2013, the Vice-chairman of the 5th Committee of the China Building Materials Federation (中國建築材料聯合會) from October 2016 to September 2021, the Chairman of Haian County Building Materials Machinery Business Association* (海安縣建材機械業商會) from October 2016 to September 2021, a member of the 16th Committee of the Chinese National People's Congress of Haian County* (中國海安縣第十六屆人民代表大會) from January 2017 to December 2021, the Chairman of the 4th Machinery Committee of Jiangsu Province Building Materials Industry Association* (江蘇省建材行業協會) from March 2017 to February 2022 and a member of the 14th Committee of the Chinese National People's Congress of Nantong City* (中國南通市第十四屆人民代表大會) from January 2012 to December 2016. Since August 2017, Mr. Wang has also held the position as the secretary of Jiangsu Pengfei branch of the Chinese Communist Party* (中國共產黨江蘇鵬飛集團股份有限公司黨委書記). Since December 2019, Mr. Wang has held the position as the Vice-chairman of the 7th Committee of the China Building Materials Machinery Industry Association* (中國建材機械工業協會).

Mr. Wang was a director and the legal representative of the following companies which were incorporated in the PRC and were dissolved by way of deregistration, and the relevant details are as follows:

Company name	Date of deregistration
Jiangsu Zhongpeng Energy Technology Development Co., Ltd.* (江蘇中鵬能源技術開發有限公司)	18 May 2016
Haian County Strength Machinery Co., Ltd.* (海安縣實力機械有限公司)	20 May 2016
Haian Pengfei Machinery Equipment Research Institute Co., Ltd.* (海安鵬飛機械裝備研究院有限公司)	20 May 2016

As confirmed by Mr. Wang, the aforementioned companies were solvent at the time when they were deregistered and he is not aware of any actual or potential claim that has been or will be made against him or these companies as a result of their respective deregistration. For further information, please refer to the paragraph headed “Disposal of or deregistration of subsidiaries and associated companies by the Group during the Track Record Period” in the section headed “History, development and Reorganisation” in the Prospectus.

As at the Latest Practicable Date, Mr. Wang was interested in a total of 207,444,000 Shares, representing approximately 41.49% of the total number of Shares in issue.

Mr. Zhou Yinbiao (周銀標) (“**Mr. Zhou**”), aged 60, is an executive Director and vice-chairman of the Board. Mr. Zhou was appointed as the Director on 7 November 2018 and re-designated as the executive Director on 13 March 2019. Mr. Zhou is primarily responsible for overall management, production operation, internal management of the Group.

Mr. Zhou has more than 40 years experiences in special equipment manufacturing industry. Prior to joining the Group, Mr. Zhou worked in Haian County Building Equipment Manufacturing Plant* (海安縣建材設備製造總廠) as a workshop deputy manager from July 1978 to March 1982 and subsequently the workshop manager from April 1982 to May 1994. Mr. Zhou then jointed the Group and served as the deputy plant manager from May 1994 to October 2001 and was later promoted as the deputy general manager from October 2001 to July 2002. Since August 2002, Mr. Zhou served as a director and the deputy general manager of the Group.

Mr. Zhou was awarded with the qualifications of senior economist and Mechanical Engineer by Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) in November 2017 and Nantong City Department of Human Resources and Social Security* (南通市人力資源和社會保障局) in November 2016 respectively. Mr. Zhou has also completed the advanced master of business administration training course at East China University of Science and Technology (華東理工大學) in March 2013, the international project management course at Sing-China Management Centre, Republic of Singapore in December 2009 and the building materials mechanical professional certificate training course organised by Yancheng Industrial Specialist School* (鹽城工業專科學校) and Jiangsu Province Building Materials Industry Bureau* (江蘇省建築材料工業局) in February 1996.

Mr. Zhou participated in the creation of “Rapidly Improve General Contracting Capacity Realize a New Leap in Internationalization Strategy”* (《快速提升總承包能力實現國際化戰略新跨越》) and was awarded with The 16th Provincial First-Class Enterprise Management Modernization Innovation Achievement* (第十六屆省級一等企業管理現代化創新成果) as accredited by Jiangsu Province Enterprise Management Modernization Innovation Achievements Review Committee* (江蘇省企業管理現代化創新成果審定委員會) in January 2010. In addition, Mr. Zhou was regarded as “Eleven-Five” Building Materials Machinery Enterprise Leader* (「十一五」建材機械企業領軍人物) by China Building Materials Machinery Industry Association* (中國建材機械工業協會) in July 2011.

Mr. Zhou was also a member of The 19th Committee of Chinese National People’s Congress of Dagong Town* (中國大公鎮第十九屆人民代表大會).

Mr. Zhou was a director and the legal representative of the following companies which were incorporated in the PRC and were dissolved by way of deregistration, and the relevant details are as follows:

Company name	Date of deregistration
Jiangsu Pengfei Grinding Equipment Co., Ltd.* (江蘇鵬飛粉磨設備有限公司)	29 November 2013
Jiangsu Pengfei Logistics Co., Ltd.* (江蘇鵬飛物流有限公司)	18 May 2016

As confirmed by Mr. Zhou, the aforementioned companies were solvent at the time when they were deregistered and he is not aware of any actual or potential claim that has been or will be made against him or these companies as a result of their respective deregistration. For further information, please refer to the paragraph headed “Disposal of or deregistration of subsidiaries and associated companies by the Group during the Track Record Period” in the section headed “History, development and Reorganisation” in the Prospectus.

Mr. Dai Xianru (戴賢如) (“Mr. Dai”), aged 61, was appointed as the Director on 7 November 2018 and re-designated as the executive Director on 13 March 2019. Mr. Dai is also the finance director of the Group. Mr. Dai is primarily responsible for overseeing the overall management, financial operations and internal administration of the Group.

Mr. Dai has more than 30 years experience in finance and accounting. Prior to joining the Group, Mr. Dai worked as the head of accounting of the then Jiangsu Yinong Fertilizer Group Company Limited* (江蘇益農肥料集團有限公司) (formerly known as Haian County Dagong Phosphate Fertilizer Plant* (海安縣大公磷肥工廠)) from January 1985 to February 1997. He then worked in the then Haian City Dagong Township Enterprises Service Centre* (海安市大公鎮企業服務中心) (formerly known as Haian County Dagong Town Enterprises Service Station* (海安縣大公鎮企業服務站) as a township industrial enterprises statistician from March 1997 to August 2001. Mr. Dai joined the Group and has served as the head of finance department since September 2001. Starting from August 2002, Mr. Dai has also served as a director of Jiangsu Pengfei. From December 2009 to January 2018, Mr. Dai was appointed as the manager of the auditor committee of the trade union of Jiangsu Pengfei.

Mr. Dai is a certified accountant in China as accredited by the PRC Ministry of Finance in October 1994. He also received the qualification as a senior economist from Jiangsu Province Department of Human Resources* (江蘇省人事廳) in November 2006.

Mr. Dai was the supervisor of Jiangsu Pengfei Grinding Equipment Co., Ltd.* (江蘇鵬飛粉磨設備有限公司), which was incorporated in the PRC and dissolved by way of deregistration on 29 November 2013. As confirmed by Mr. Dai, Jiangsu Pengfei Grinding Equipment Co., Ltd.* (江蘇鵬飛粉磨設備有限公司) was solvent at the time when it was deregistered and he is not aware of any actual or potential claim that has been or will be made against him or Jiangsu Pengfei Grinding Equipment Co., Ltd.* (江蘇鵬飛粉磨設備有限公司) as a result of such deregistration. For further information, please refer to the paragraph headed “Disposal of or deregistration of subsidiaries and associated companies by the Group during the Track Record Period” in the section headed “History, development and Reorganisation” in the Prospectus.

Mr. Ben Daolin (賁道林) (“Mr. Ben”), with former name Ben Daonian (賁道年), aged 54, joined the Group in February 1994, was appointed as the Director on 7 November 2018 and re-designated as the executive Director on 13 March 2019. Mr. Ben is responsible for overseeing the human resources and administrative management of the Group.

Mr. Ben has more than 30 years of experience in special equipment manufacturing industry. Prior to joining the Group, Mr. Ben worked in Haian County Building Equipment Manufacturing Plant* (海安縣建材設備製造總廠) as a technician and quality inspector from July 1984 to July 1988 and then was promoted as the quality office manager from July 1988 to May 1994. Thereafter, Mr. Ben joined the Group and served as the office manager from May 1994 to March 2002 and has been promoted as the supervisor and secretary to the board since March 2002.

Mr. Ben has obtained a number of professional qualifications, including a first level/senior technician as accredited by The Ministry of Human Resources and Social Security, the PRC (中華人民共和國人力資源和社會保障部) in November 2012; a senior economist as accredited by Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人事廳) in December 2008, the deputy secretary of the 2nd Committee of Haian County Building Materials Machinery Business Association* (海安縣建材機械業商會) as appointed in June 2013, a mechanical engineer as accredited by Nantong City Department of Human Resources and Social Security* (南通市人力資源和社會保障局) in August 2015; the secretary of Haian County Building Materials Machinery Business Association* (海安縣建材機械業商會) as appointed in October 2016; and a council member of the 5th Committee of Jiangsu Province Building Materials Industry Association* (江蘇省建材行業協會) as appointed in March 2018.

Mr. Ben participating in editing several National Standards, including GB/T 329790-2016 “Building Materials Mechanical Product Classification and Model Compilation Method”* (《建材機械產品分類及型號編制方法》), GB/T 35150.1-2017 “Technical Requirements for Complete Dry Process Cement Production Equipment – Part 1: Raw material preparation systems”* (《新型乾法水泥生產成套裝備技術要求第1部份:生料制備系統》), JC/T 405-2006 Conditioning tower for cement industry (《水泥工業用增濕塔》) and JC/T 406-2006 “Packing technical Conditions for cement machinery” (《水泥機械包裝技術條件》).

Mr. Ben completed Building Materials Mechanical Professional Certificate from Yancheng Industrial Institute* (鹽城工業專科學校) in the PRC in February 1996.

Mr. Ben was a director of the following companies which were incorporated in the PRC and were dissolved by way of deregistration, and the relevant details are as follows:

Company name	Date of deregistration
Jiangsu Zhongpeng Energy Technology Development Co., Ltd.* (江蘇中鵬能源技術開發有限公司)	18 May 2016
Haian County Strength Machinery Co., Ltd.* (海安縣實力機械有限公司)	20 May 2016

As confirmed by Mr. Ben, the aforementioned companies were solvent at the time when they were deregistered and he is not aware of any actual or potential claim that has been or will be made against him or these companies as a result of their respective deregistration. For further information, please refer to the paragraph headed “Disposal of or deregistration of subsidiaries and associated companies by the Group during the Track Record Period” in the section headed “History, development and Reorganisation” in the Prospectus.

2. INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Lanrong (張嵐榮) (“Ms. Zhang”), with former name Zhang Lanrong (張蘭榮), aged 63, was appointed as an independent non-executive Director of the Company on 25 October 2019. She is responsible for providing independent judgment on the Group’s strategy, performance and financial operation.

Ms. Zhang has more than 12 years of experience in building materials industry. Prior to joining the Group, Ms. Zhang has worked as the chief editor of “Jiangsu Building Materials”* (《江蘇建材》) magazine since January 2006. She was appointed as the secretary of the board of directors of China Jiangsu International Economic and Technical Cooperation Group Ltd. (中國江蘇國際經濟技術合作集團有限公司) from December 2015 to June 2017.

Ms. Zhang was previously elected as the secretary general of the 3rd committee, the vice-president of the 4th committee and the executive vice-president of the 5th Committee of the Jiangsu Province Building Materials Industry Association* (江蘇省建材行業協會) in June 2006, April 2012 and March 2018, respectively. Ms. Zhang was regarded as National Building Materials Association Advanced Worker by China Building Materials Industry Association* (中國建築材料工業協會) in June 2007.

Ms. Zhang was accredited by Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) as a senior economist, senior international business executive and a senior political economist in November 2010, November 2011 and September 2013, respectively.

Ms. Zhang obtained a Bachelor's degree in Economics Management from Nanjing University of Science and Technology (南京理工大學) in the PRC in July 1995 and a certificate of the master's degree training course in Economics Management from Nanjing Agricultural University (南京農業大學) in the PRC in November 1998. She also completed a chief editor training course from Jiangsu Province Journal Association* (江蘇省期刊協會) in October 2011.

Mr. Ding Zaiguo (丁再國) ("Mr. Ding"), aged 56, was appointed as an independent non-executive Director of the Company on 25 October 2019. He is responsible for providing independent judgment on the Group's strategy, performance, financial operation and legal related matters.

Mr. Ding has more than 20 years of legal experience. He is currently a qualified lawyer in the PRC as accredited by the People's Republic of China Ministry of Justice Lawyer Qualification Review Committee* (中華人民共和國司法部律師資格審查委員會) in August 1996. He is also accredited by Nantong City Professional Lawyers Review Committee* (南通市律師專業評委) as a level four lawyer in July 1999 and obtained professional lawyer license from Jiangsu Province Judicial Department* (江蘇省司法廳) in October 1997. Prior to joining the Group, Mr. Ding worked as a lawyer and a deputy manager in Jiangsu Victory Law Firm* (江蘇維多利律師事務所) from March 1996 to May 2002. Since then, Mr. Ding has worked as the deputy manager in Jiangsu Bright Eyes Law Firm* (formerly known as Nantong Nanhai Law Firm* (南通南海律師事務所)) (江蘇慧眼律師事務所) and subsequently promoted as the manager in July 2017.

Mr. Ding obtained a Bachelor of Laws from Southeast University (東南大學) in the PRC in March 2005 through long distance learning course.

Mr. Mak Hing Keung, Thomas (麥興強) ("Mr. Mak"), aged 57, was appointed as an independent non-executive Director of the Company on 25 October 2019. He is responsible for providing independent judgement on the Group's strategy, performance, resources and financial operations.

Mr. Mak has over 15 years experiences in accounting and financial management. Mr. Mak is currently a member of the Canadian institute of Chartered Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Prior to joining the Group, Mr. Mak worked in Ernst & Young for about 7 years. From October 1997 to May 2000, Mr. Mak worked as a manager in the listing division of Stock Exchange. From June 2000 to June 2001, Mr. Mak worked as a senior manager in the corporate finance department in Vickers Ballas. From June 2001 to January 2006, Mr. Mak worked as the chief financial officer of Bison Finance Group Limited (formerly known as RoadShow Holdings Limited) (Hong Kong stock code: 888). From February 2006 to October 2007, Mr. Mak worked as the chief financial officer of MMG Limited (formerly known as Minmetals Resources Limited) (Hong Kong stock code: 1208). From October 2007 to April 2010, Mr. Mak worked as the chief financial officer of Redgate Media (Hong Kong) Limited, a wholly owned subsidiary of Redgate Media Group. From May 2010 to April 2014, Mr. Mak worked as the chief financial officer of South China Media Group. Mr. Mak was the chief financial officer and the company secretary of China Shandong Hi-Speed Financial Group Limited (former known as Heritage International Holdings Limited, (Hong Kong stock code: 412) from October 2014 to May 2015. Mr. Mak then worked as the chief operations officer of HF Financial Group Limited from May 2015 to January 2017. Mr. Mak worked as an executive director of Millennium Pacific Group Holdings Limited (Hong Kong Stock Code: 8147) from May 2015 to July 2017. Also, Mr. Mak worked as a non-executive director of Cocoon Holdings Limited (formerly known as Huge China Holdings Limited) (Hong Kong stock code: 428) from July 2015 to November 2018. Mr. Mak worked as chief financial officer of Fortunet E-Commerce Group Limited (Hong Kong stock code: 1039) from January 2017 to January 2020. Since then, Mr. Mak has worked as the chief financial officer of M800 Limited. Mr. Mak has also been an independent non-executive director of Tao Heung Holdings Limited (Hong Kong stock code: 573) since June 2007 and was an independent non-executive director of China Greenfresh Group Co., Ltd. (Hong Kong stock code: 6183) from May 2015 to July 2018.

Mr. Mak obtained a bachelor degree of commerce from Queen's University, Canada in May 1989.

Except as disclosed above, there are no other matters in respect of each of the Directors that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other material matters relating to the Directors that need to be brought to the attention of the Shareholders.

Each of Mr. Wang Jiaan, Mr. Zhou Yinbiao, Mr. Dai Xianru and Mr. Ben Daolin, being the executive Directors, has entered into a service agreement with the Company. The initial term of their service agreements is three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service agreement or by not less than three months' notice in writing served by either party on the other. Save for the amount of Directors' remuneration, particulars of the service agreements of the executive Directors are in all material respects the same.

Each of Ms. Zhang Lanrong, Mr. Ding Zaiguo and Mr. Mak Hing Keung, Thomas, being the independent non-executive Directors, has entered into a letter of appointment with the Company for a fixed term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Each of Ms. Zhang Lanrong and Mr. Ding Zaiguo is entitled to an annual Director's remuneration in the range from RMB72,000 to RMB96,000, while Mr. Mak Hing Keung, Thomas is entitled to an annual Director's remuneration of HKD180,000, effective from the Listing Date. Mr. Wang Jiaan, Mr. Zhou Yinbiao, Mr. Dai Xianru and Mr. Ben Daolin receive no Director's remuneration. The Directors' remuneration was determined by reference to the performance of the individual and the Company as well as market practice and conditions.

Save as disclosed herein and as at the Latest Practicable Date, each of the above Directors did not have, and was not deemed to have any interests or short positions in any Shares, underlying Shares or interests in debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above and immediately preceding the Latest Practicable Date, each of the above Directors has not held any directorships in other listed public companies during the past three years, does not hold any other position with the Company or other members of the Group and does not have any other relationships with any of the other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning each of the Directors that need to be brought to the attention of the Shareholders in connection with his/her re-election and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

3. NOMINATION POLICY AND PROCEDURE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS

The Nomination Committee has assessed and reviewed each of the independent non-executive Directors' annual written confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the independent non-executive Directors remain independent. The nominations were made in accordance with the nomination policy and the objective criteria (including but not limited to qualifications, skills, integrity, experience and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company, details of which are set

out in the annual report of the Company for the year ended 31 December 2019. The Nomination Committee is of the view that the retiring independent non-executive Directors, namely Ms. Zhang Lanrong, Mr. Ding Zaiguo and Mr. Mak Hing Keung, Thomas have extensive experience in different fields and professions that are relevant to the Company's business. In addition, their respective background, experience and knowledge allow them to provide the Company valuable and relevant insights and contribute to the diversity of the Board. Accordingly, the Nomination Committee has recommended them to the Board for re-election and the Board has endorsed the recommendations of the Nomination Committee and recommended all retiring Directors to stand for re-election at the Annual General Meeting.

** For identification purposes only*

The following is an explanatory statement required by the Stock Exchange to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

1. LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- (i) the shares to be purchased by a company must be fully paid-up;
- (ii) the company has previously sent to its shareholders an explanatory statement complying with the Listing Rules; and
- (iii) all on market purchase of shares by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such purchase, and a copy of such resolution together with the necessary documentation have been delivered to the Stock Exchange in accordance with the Listing Rules.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 500,000,000 Shares of nominal value of HK\$0.01 each. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to buy-back a maximum of 50,000,000 Shares which represent 10 per cent of the issued share capital of the Company during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting.

3. REASONS AND FUNDING OF THE BUY-BACK

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to purchase its Shares. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and the Shareholders as a whole.

Purchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands. The Cayman Companies Law provides that the amount of capital repaid in connection with a Share purchase may be paid out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the purchase or out of capital subject to and in accordance with the Cayman Companies Law. The amount of premium over the par value of the Shares payable on purchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Shares are purchased in the manner provided for in the Cayman Companies Law.

The Directors have no present intention to purchase any Shares and they would only exercise the power to purchase in circumstances where they consider that the purchase would be in the best interests of the Company and the Shareholders as a whole. The Directors consider that if the Buy-back Mandate was to be exercised in full, it might not have a material adverse impact on the working capital or the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. TAKEOVERS CODE

If as a result of a purchase of the Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, Mr. Wang Jiaan, together with the Company controlled by him, namely Ambon Holding Limited ("**Ambon**"), was interested in 207,444,000 Shares, representing approximately 41.49% of the issued share capital of the Company.

In the event that the Directors should exercise in full the Buy-back Mandate and assuming there will be no other change in the issued share capital of the Company, the interests of Mr. Wang Jiaan will be increased to approximately 46.10% of the issued share capital of the Company, and such increase would give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any purchase of Shares pursuant to the Buy-back Mandate. The Directors currently have no intention to exercise the Buy-back Mandate to such an extent that would give rise to such obligation under the Takeovers Code.

The Listing Rules prohibit a company from making purchase on the Stock Exchange if the result of the purchase would be that less than 25 per cent (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital of the Company would be in public hands. The Directors do not have intention to exercise the Buy-back Mandate which would result in less than the prescribed minimum percentage of Shares in public hands.

5. DIRECTORS, THEIR CLOSE ASSOCIATES AND THE COMPANY'S CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made reasonable enquiries, any of their close associates (as defined in the Listing Rules) has any present intention, in the event that the Buy-back Mandate is approved by Shareholders, to sell Shares to the Company. No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has any present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Buy-back Mandate is approved by the Shareholders.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed Buy-back Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the Articles of Association.

7. SHARE BUY-BACK MADE BY THE COMPANY

No purchases of Shares have been made by the Company since the Listing Date to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

8. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during the period from the Listing Date to the Latest Practicable Date were as follows:

Month	Highest traded prices <i>HK\$</i>	Lowest traded prices <i>HK\$</i>
2019		
November	1.600	1.010
December	1.210	1.020
2020		
January	1.050	0.880
February	1.030	0.910
March	1.340	0.920
April	1.480	1.220
May (up to the Latest Practicable Date)	1.340	1.240

Note: The Shares were listed on the Stock Exchange on 15 November 2019.

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)**

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Meeting**”) of China PengFei Group Limited (the “**Company**”) will be held at Grand Meeting Room at 8/F, Jiangsu Pengfei Group, Benjiaji, Northern Suburb, Haian City, Jiangsu Province, the People’s Republic of China on Monday, 15 June 2020 at 9:30 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor for the year ended 31 December 2019.
2. To declare and pay a final dividend of RMB0.05 per ordinary share for the year ended 31 December 2019 out of the share premium account of the Company.
3. (a) To re-elect the following retiring directors of the Company:
 - (i) Mr. Wang Jiaan, executive director
 - (ii) Mr. Zhou Yinbiao, executive director
 - (iii) Mr. Dai Xianru, executive director
 - (iv) Mr. Ben Daolin, executive director
 - (v) Ms. Zhang Lanrong, independent non-executive director
 - (vi) Mr. Ding Zaiguo, independent non-executive director
 - (vii) Mr. Mak Hing Keung, Thomas, independent non-executive director
- (b) To authorise the board of directors of the Company to fix the remuneration of the directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and authorise the board of directors of the Company to fix their remuneration.

5. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “**That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) of this resolution above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to the directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of 20 per cent of the total number of Shares in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

(a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held;
- (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

(b) “**Rights Issue**” means an offer of shares in the capital of the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares in the capital of the Company or any class thereof whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “**That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy-back shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to purchase its shares at a price determined by the Directors;
- (iii) the aggregate number of Shares, which may be bought back by the Company during the Relevant Period (as hereinafter defined) pursuant to the approval in paragraph (i) above shall not exceed 10 per cent of the total number of Shares in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iv) subject to the passing of each of the paragraphs (i), (ii) and (iii) of this resolution, any prior approvals of the kind referred to in paragraphs (i), (ii) and (iii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (v) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) “**That** conditional upon the resolutions numbered 5(A) and 5(B) set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 5(A) set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate number of Shares which may be allotted or agreed conditional or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate number of Shares bought back by the Company under the authority granted pursuant to ordinary resolution numbered 5(B) set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the total number of Shares in issue as at the date of passing of this resolution.”

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

Hong Kong, 15 May 2020

<i>Registered Office:</i>	<i>Headquarters and principal place</i>	<i>Principal place of business in</i>
Suite #4-210	<i>of business in the PRC:</i>	<i>Hong Kong:</i>
Governors Square	Benjiaji, Northern Suburb	Room 1901, 19/F, Lee Garden One
23 Lime Tree Bay Avenue	Haian City	33 Hysan Avenue
PO Box 32311	Jiangsu Province	Causeway Bay
Grand Cayman KY1-1209	the PRC	Hong Kong
Cayman Islands		

Notes:

- (i) Ordinary resolution numbered 5(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 5(A) and 5(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. On a poll, votes may be given either personally or by proxy. **The Company strongly recommends you to monitor the development of the situation with the novel coronavirus pneumonia (COVID-19) and to assess, based on the social distancing policies, the necessity for attending the above meeting in person, and the board of directors of the Company respectfully requests that, for the same reason, the shareholders to appoint the chairman of the above meeting as their proxy rather than a third party to attend and vote on their behalf at the above meeting (or any adjournment thereof).**
- (iii) In the case of joint holders, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. no later than 9:30 a.m. on Saturday, 13 June 2020, Hong Kong time) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The transfer books and register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9 June 2020.
- (vi) Subject to the approval of shareholders at the Meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 23 June 2020. The transfer books and register of members of the Company will be closed from Friday, 19 June 2020 to Tuesday, 23 June 2020, both days inclusive, during which period no transfers of shares of the Company will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 18 June 2020.
- (vii) In respect of ordinary resolutions numbered 3 above, Mr. Wang Jiaan, Mr. Zhou Yinbiao, Mr. Dai Xianru, Mr. Ben Daolin, Ms. Zhang Lanrong, Mr. Ding Zaiguo and Mr. Mak Hing Keung, Thomas, shall retire at the Meeting and being eligible, have offered themselves for re-election at the above meeting. Details of the above retiring directors are set out in Appendix I to the accompanied circular dated 15 May 2020.
- (viii) In respect of the ordinary resolution numbered 5(A) above, the directors of the Company (the "**Directors**") wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

- (ix) In respect of ordinary resolution numbered 5(B) above, the Directors wish to state that they will exercise the powers conferred by the general mandate to purchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated 15 May 2020.
- (x) Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the Meeting against the epidemic to protect the Shareholders from the risk of infection:
 - (1) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;
 - (2) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
 - (3) no souvenirs will be provided at the Meeting; and
 - (4) no refreshments will be served at the Meeting.