

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **China Baofeng (International) Limited**

**中國寶豐(國際)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3966)**

### **UPDATE ON VERY SUBSTANTIAL ACQUISITION ACQUISITION OF EQUIPMENT AND FINANCE LEASE ARRANGEMENTS AND ASSIGNMENT OF RECEIVABLES REDUCTION OF THE CONSIDERATION**

This announcement is made by China Baofeng (International) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the requirement under Rule 14.36 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the circular of the Company dated 11 April 2019 (the “**Circular**”) and the announcement on poll results of extraordinary general meeting of the Company dated 30 April 2019 in relation to the acquisition of certain photovoltaic power generation equipment by the Group and the related finance lease arrangements. Unless otherwise specified herein, terms used in this announcement shall have the same meanings as defined in the Circular.

As disclosed in the Circular, the Consideration for the Equipment under the Sale and Purchase Agreement amounted to RMB2,398,153,588, which included value-added tax (“**VAT**”) in the amount of RMB330,779,805.24. Completion of the Sale and Purchase Agreement took place in May 2019 and the First Payment and the Second Payment of the Consideration amounting to a total of RMB1,700,000,000 had already been made by the Lessor to the Vendor under the Finance Lease Agreement.

On 30 July 2019, the Vendor notified the Purchaser in writing that due to the reduction of the VAT rate from 16% to 13% effective on 1 April 2019 pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, the Vendor has agreed to reduce the amount of the Consideration to RMB2,336,132,374.52, which included VAT in the amount of RMB268,758,591.76 calculated at the new tax rate of 13% (the amount of VAT is reduced by RMB62,021,213.48). There is no change to the amount of Consideration before tax as disclosed in the Circular (i.e. RMB2,067,373,782.76).

As a result of the aforesaid adjustment to the Consideration, the amount of the Third Payment is reduced by RMB62,021,213.48 from RMB698,153,588 to RMB636,132,374.52, which will be settled by way of assignment of the benefit of the Tariff Adjustment Receivables in the corresponding amount of RMB636,132,374.52 by the Purchaser to the Vendor.

The Directors are of the view that since the aforesaid variation to the Consideration was due to the change in the relevant PRC policy in relation to VAT and it reduces the amount of the Tariff Adjustment Receivables to be assigned by the Purchaser to the Vendor, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save and except disclosed above, all other terms and conditions of the Sale and Purchase Agreement remain unchanged and continue in full force and effect.

By order of the Board  
**China Baofeng (International) Limited**  
**Dang Yanbao**  
*Chairman and Executive Director*

Hong Kong, 30 July 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. Dang Yanbao, Mr. Dang Zidong, Mr. Liu Yuanguan and Mr. Gao Jianjun; the non-executive Directors are Mr. Cheng Hoo and Mr. Chung Kin Shun, Jimmy and the independent non-executive Directors are Mr. Xia Zuoquan, Dr. Tyen Kan Hee, Anthony and Mr. Guo Xuwen.*