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East Step International Holdings Limited

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)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF CHINA BAOFENG
(INTERNATIONAL) LIMITED BY THE OFFEROR BY WAY OF
A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF
THE COMPANIES LAW OF THE CAYMAN ISLANDS)**

AND

**(2) PROPOSED WITHDRAWAL OF LISTING OF
CHINA BAOFENG (INTERNATIONAL) LIMITED
DESPATCH OF SCHEME DOCUMENT**

Exclusive Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

The Scheme Document, including further details of the Proposal and the Scheme, an explanatory statement as required under the Companies Law and the rules of the Grand Court, the expected timetable, the recommendations of the Independent Board Committee, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, notices of the Court Meeting and the EGM, together with the relevant forms of proxy, as well as other particulars required by the Takeovers Code, will be despatched to the Shareholders on 23 July 2020.

INTRODUCTION

References are made to (i) the joint announcement issued by East Step International Holdings Limited (the “**Offeror**”) and China Baofeng (International) Limited (the “**Company**”) dated 21 June 2020 in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Law of the Cayman Islands and (ii) the joint announcement issued by the Offeror and the Company dated 10 July 2020 in relation to the extension of time for despatch of the Scheme Document (together, the “**Announcements**”). Capitalised terms used in this joint announcement shall have the same meanings as those defined in the Announcements unless otherwise stated.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document, including further details of the Proposal and the Scheme, an explanatory statement as required under the Companies Law and the rules of the Grand Court, the expected timetable, the recommendations of the Independent Board Committee, a letter of advice from Somerley Capital Limited (“**Somerley Capital**”), the independent financial adviser to the Independent Board Committee (the “**Independent Financial Adviser**”), notices of the Court Meeting and the EGM, together with the relevant forms of proxy, as well as other particulars required by the Takeovers Code, will be despatched to the Shareholders on 23 July 2020.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising Mr. Cheng Hoo, Mr. Chung Kin Shun, Jimmy, Mr. Xia Zuoquan, Dr. Tyen Kan Hee, Anthony and Mr. Guo Xuewen, all being non-executive Directors who have no direct or indirect interest in the Proposal, to advise the Independent Shareholders in connection with the Proposal.

The Board, with the approval of the Independent Board Committee, has appointed Somerley Capital as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The Scheme Document includes, inter alia, a letter from the Independent Financial Adviser giving its advice and recommendations to the Independent Board Committee on the Proposal. The recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser are both set out in the Scheme Document.

The Shareholders are urged to read and consider carefully the Scheme Document, including the recommendations of the Independent Board Committee and the recommendations of the Independent Financial Adviser, before deciding on how to vote on the resolutions in relation to the Scheme which will be proposed at the Court Meeting and the EGM.

In the letter from the Independent Financial Adviser contained in the Scheme Document, the Independent Financial Adviser considers the terms of the Proposal to be fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Financial Adviser recommends the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

Having considered the terms of the Proposal, and having taken into account the opinion of the Independent Financial Adviser, and in particular, the factors, reasons, and recommendations as set out in the letter from the Independent Financial Adviser, the Independent Board Committee considers that the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends:

- (a) Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting; and
- (b) the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve and implement the Proposal.

COURT MEETING AND EGM

The Court Meeting and the EGM are scheduled to be held at 9:00 a.m. and 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, on Monday, 17 August 2020 at Suite 3401, 34/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. Notices of the Court Meeting and the EGM are set out in the Scheme Document and are available on the websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

It is proposed that the register of members of the Company will be closed from Wednesday, 12 August 2020 to Monday, 17 August 2020 (both days inclusive) for the purpose of determining the entitlements of the Independent Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM. In order to qualify to attend and vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited (the “**Hong Kong Branch Share Registrar**”) at Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 11 August 2020.

Subject to the resolutions having been passed at the Court Meeting and the EGM, the expected last day for dealing in the Shares on the Stock Exchange will be Friday, 21 August 2020. The Record Date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme is expected to be Friday, 4 September 2020. To qualify for entitlements under the Scheme, all duly completed instruments of transfer accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar at Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration in their names or in the names of their nominees not later than 4:00 p.m. on Wednesday, 26 August 2020.

CONDITIONS OF THE PROPOSAL

The Proposal is subject to the fulfilment or waiver, as applicable, of all the Conditions as set out in the section headed “4. Conditions of the Proposal and the Scheme” in the Explanatory Statement appearing on pages 53 to 56 of the Scheme Document. All of the Conditions will have to be fulfilled or waived, as applicable, on or before Friday, 4 September 2020 (or such later date the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive), otherwise, and subject to the requirements of the Takeovers Code, the Scheme will lapse. Assuming that all of these Conditions are fulfilled or, as applicable, waived, it is expected that the Scheme will become effective on Friday, 4 September 2020, Cayman Islands time, and the listing of the Shares on the Stock Exchange is expected to be withdrawn with effect from 4:00 p.m. on Monday, 7 September 2020 pursuant to Rule 6.15(2) of the Listing Rules.

EXPECTED TIMETABLE

Shareholders should note that the timetable is subject to change and is indicative only. Further announcement(s) will be made in the event that there is any change to the timetable.

Hong Kong time
(unless otherwise stated)

Latest time for lodging transfers of Shares
in order to qualify for attending and voting
at the Court Meeting and the EGM 4:00 p.m. Tuesday, 11 August 2020

Register of members of the Company closed
for determination of entitlements of Scheme
Shareholders to attend and vote at the Court
Meeting and of Shareholders to attend and vote
at the EGM ^(Note 1) Wednesday, 12 August 2020 to
Monday, 17 August 2020
(both days inclusive)

Latest time for lodging forms of proxy in respect of the: ^(Note 2)

- Court Meeting 9:00 a.m. on Saturday, 15 August 2020
- EGM 11:00 a.m. on Saturday, 15 August 2020

Meeting Record Date Monday, 17 August 2020

Court Meeting ^(Note 3) 9:00 a.m. on Monday, 17 August 2020

EGM ^(Note 3) 11:00 a.m. on Monday, 17 August 2020
(or immediately following the
adjournment or conclusion of
the Court Meeting)

Announcement of results of the Court Meeting
and the EGM Monday, 17 August 2020

Expected last day for dealing in the Shares on
the Stock Exchange Friday, 21 August 2020

Latest time for lodging transfers of Shares
in order to qualify for entitlements under
the Scheme 4:00 p.m. Wednesday, 26 August 2020

Register of members of the Company closed
for determining entitlements to qualify
under the Scheme^(Note 4) from Thursday, 27 August 2020 onwards

Grand Court hearing of the petition to sanction
the Scheme and to confirm the capital
reduction Thursday, 3 September 2020
(Cayman Islands time)

Announcement of the result of the Grand Court
hearing to sanction the Scheme and to confirm
the capital reduction Friday, 4 September 2020

Scheme Record Date Friday, 4 September 2020

Effective Date^(Note 5) Friday, 4 September 2020
(Cayman Islands time)

Announcement of the Effective Date and
the withdrawal of the listing of the Shares on
the Stock Exchange Monday, 7 September 2020

Expected withdrawal of the listing of
Shares on the Stock Exchange
becomes effective^(Note 6) 4:00 p.m. Monday, 7 September 2020

Latest time to despatch cheques for cash
payment under the Scheme Tuesday, 15 September 2020

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of Hong Kong Branch Share Registrar, at Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than the times and dates stated above. In order to be valid, the **pink form** of proxy for the Court Meeting and the **white form** of proxy for the EGM must be lodged no later than the latest times and dates stated above. If the **pink form** of proxy is not so lodged, it may also be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Scheme Shareholder and Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the form of proxy will be deemed to have been revoked.
- (3) The Court Meeting and the EGM will be held at Suite 3401, 34/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong at the times and dates specified above. Please see the notice of Court Meeting set out in Appendix IV to the Scheme Document and the notice of EGM set out in Appendix V to the Scheme Document for details.
- (4) The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (5) The Scheme will only become effective on this date if all the Conditions set out in the paragraph headed "4. Conditions of the Proposal and the Scheme" in Part VII of the Scheme Document have been fulfilled or waived (as applicable).
- (6) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn after trading hours on this date.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders are contained in the Scheme Document.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.

By Order of the Board
East Step International Holdings Limited
Siu Sik Yin
Director

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

Hong Kong, 23 July 2020

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Dang Zidong and Ms. Siu Sik Yin.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.