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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)**
- (2) PROPOSED WITHDRAWAL OF LISTING OF CHINA BAOFENG (INTERNATIONAL) LIMITED**
- (3) RESULTS OF THE COURT MEETING AND THE EGM**
- AND**
- (4) CLOSURE OF REGISTER OF MEMBERS**

**Exclusive financial adviser to the Offeror**



### **RESULTS OF THE COURT MEETING AND EGM**

#### **The Court Meeting**

On Monday, 17 August 2020, at the Court Meeting, the resolution to approve the Scheme was approved by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting.

## **The EGM**

On Monday, 17 August 2020, at the EGM, (i) the special resolution to approve the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares was approved; (ii) the special resolution to approve the withdrawal of the listing of the Shares on the Stock Exchange following the Scheme becoming effective was approved; and (iii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and to apply the credit arising in the Company's books of accounts as a result of the aforesaid reduction of issued share capital, to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of Scheme, credited as fully paid, for issuance to the Offeror was approved, in each case by the Shareholders present and voting either in person or by proxy at the EGM.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining those Scheme Shareholders who are qualified for entitlements under the Scheme, the register of members of the Company will be closed from Thursday, 27 August 2020 onwards. No transfer of Shares will be effected as from such date.

Reference is made to the scheme document dated 23 July 2020 jointly issued by East Step International Holdings Limited (the “**Offeror**”) and China Baofeng (International) Limited (the “**Company**”) in relation to the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement (under section 86 of the Companies Law) and the proposed withdrawal of listing (the “**Scheme Document**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings ascribed to them in the Scheme Document.

## **RESULTS OF THE COURT MEETING**

The Court Meeting was held at 9:00 a.m. on Monday, 17 August 2020 at Suite 3401, 34/F, Two Pacific Place, 88 Queensway Admiralty, Hong Kong. Independent Shareholders who were present either in person or by proxy were entitled to vote in respect of all of their Shares.

In compliance with both section 86 of the Companies Law and Rule 2.10 of the Takeovers Code, the approval required to be obtained in respect of the Scheme at the Court Meeting would be regarded as obtained if:

- (1) the Scheme is approved (by way of poll) by a majority in number of the Scheme Shareholders representing 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative or by proxy at the Court Meeting; and
- (2) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative or by proxy at the Court Meeting voting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders.

The poll results in respect of the resolution to approve the Scheme at the Court Meeting were as follows:

	<b>Numbers of votes (approximate %)</b>		
	<b>Total</b>	<b>For</b>	<b>Against</b>
Number of the Independent Shareholders who attended and voted	38 (100%) <i>(Note)</i>	32 (84.21%)	6 (15.79%)
Number of Shares held by the Independent Shareholders who were present and voting	118,630,051 (100%)	118,378,000 (99.79%)	252,051 (0.21%)
Approximate percentage of number of Shares voted by the Independent Shareholders over the number of votes attaching to all Shares held by all the Independent Shareholders (being 199,726,000 Shares)	59.40%	59.27%	0.13%

*Note:* In accordance with the direction from the Grand Court, HKSCC Nominees may cast votes both for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). HKSCC Nominees Limited shall be treated as a “multi-headed member” of the Company for the purposes of calculating the number of members voting at the Court Meeting. Each CCASS Participant who instructs HKSCC Nominees to vote in favour of the Scheme shall be counted as a single member of the Company voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees to vote against the Scheme shall be counted as a single member of the Company voting against the Scheme. HKSCC Nominees itself, as opposed to instructing CCASS Participants, shall not be counted as a member of the Company for the purpose of calculating the number of members voting.

Accordingly,

- (1) the resolution to approve the Scheme was duly passed (by way of poll) by a majority in number of the Scheme Shareholders representing at least 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative, or by proxy at the Court Meeting; and
- (2) the resolution to approve the Scheme was duly passed (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative, or by proxy at the Court Meeting voting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders.

Therefore, both section 86 of the Companies Law and Rule 2.10 of the Takeovers Code have been complied with.

As at the date of the Court Meeting, the total number of Shares in issue was 663,846,000 Shares and the total number of Shares entitling the Independent Shareholders to attend and vote for or against the Scheme at the Court Meeting was 199,726,000 Shares, representing approximately 30.09% of the total number of issued Shares.

As at the date of this announcement, the Offeror did not hold any Shares and the Offeror Concert Parties beneficially owned or controlled 464,120,000 Shares, representing approximately 69.91% of the total number of issued Shares. For the purpose of satisfying Rule 2.10 of the Takeovers Code, Shareholders who are not Independent Shareholders were required to abstain from voting at the Court Meeting. It was stated in the Scheme Document that the Offeror Concert Parties (including without limitation Mr. Dang ZD but except Shares held by the CLSA Group on behalf of non-discretionary investment clients) are required to abstain from voting at the Court Meeting in accordance with the Takeovers Code, and none of the Offeror Concert Parties voted their Shares at the Court Meeting. Save as disclosed, no Shareholders were required to abstain from voting at the Court Meeting in accordance with the Takeovers Code or the Listing Rules, nor did any person indicate in the Scheme Document that he intended to abstain from voting on or vote against the Scheme at the Court Meeting. There were no Shares entitling the Shareholders to attend and abstain from voting in favour of the Scheme pursuant to Rule 13.40 of the Listing Rules.

The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they were cast, and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they were cast will be disclosed to the Grand Court and may be taken into account by the Grand Court in deciding whether or not it should exercise its discretion to sanction the Scheme. A total number of 18 CCASS Participants holding 118,278,000 Shares voted in favour of the resolution to approve the Scheme and a total number of 2 CCASS Participants holding 252,000 Shares voted against the resolution to approve the Scheme at the Court Meeting.

Union Registrars Limited acted as scrutineer for the vote-taking at the Court Meeting.

## RESULTS OF THE EGM

The EGM was held at Suite 3401, 34/F, Two Pacific Place, 88 Queensway Admiralty, Hong Kong on Monday, 17 August 2020 after the conclusion of the Court Meeting for the purpose of considering and, if thought fit, passing the special and ordinary resolutions set out in the notice of the EGM dated 23 July 2020.

The poll results in respect of the resolutions proposed at the EGM were as follow:

Special resolutions		Number of votes (approximate %)		
		Total	For	Against
1.	To consider and approve, amongst others, the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares.	590,128,003 (100.00%)	589,876,003 (99.96%)	252,000 (0.04%)
2.	To consider and approve, amongst others, the withdrawal of the listing on the Stock Exchange upon the Scheme becoming effective.	590,128,003 (100.00%)	589,876,003 (99.96%)	252,000 (0.04%)
Ordinary resolution		Total	For	Against
3.	To consider and approve, amongst others, the increase of the issued share capital of the Company.	590,128,003 (100.00%)	589,876,003 (99.96%)	252,000 (0.04%)

Accordingly,

- (1) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares was duly passed by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative or by proxy at the EGM;
- (2) the special resolution to approve the withdrawal of the listing of the Shares from the Stock Exchange following the Scheme becoming effective was duly passed by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or, in the case of such Shareholders as are corporations, by their respective duly authorised representative or by proxy at the EGM; and
- (3) the ordinary resolution to immediately increase the issued share capital of the Company to its former amount by allotting and issuing to the Offeror, credited as fully paid at par, the same number of new ordinary shares of par value HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme was duly passed by a simple majority of the votes cast by the Shareholders present and voting either in person or by proxy at the EGM.

The total number of Shares entitling the Shareholders to attend and vote on each of the special resolutions and the ordinary resolution above was 663,846,000 Shares. There were no Shares entitling the Shareholders to attend and abstain from voting in favour of each such resolution pursuant to Rule 13.40 of the Listing Rules. No Shareholders were required to abstain from voting on each of the special resolutions and the ordinary resolution above at the EGM, nor did any person indicate in the Scheme Document that he intended to abstain from voting on or vote against such resolutions at the EGM.

Union Registrars Limited acted as scrutineer for the vote-taking at the EGM.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Scheme Shareholders who are qualified for entitlements under the Scheme, the register of members of the Company will be closed from Thursday, 27 August 2020 onwards. No transfer of Shares will be effected as from such date. In order to qualify for entitlements under the Scheme, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Union Registrars Limited, at Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by 4:00 p.m. on Wednesday, 26 August 2020.

## **Payment of the Cancellation Price to Scheme Shareholders**

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date. On the basis that the Scheme becomes effective on or about Friday, 4 September 2020 (Cayman Islands time), cheques for payment of the Cancellation Price will be paid for by the Offeror as soon as possible but in any event within 7 Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Tuesday, 15 September 2020. In the absence of any specific instructions to the contrary received in writing by the Hong Kong Branch Share Registrar, at Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, cheques will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company and CLSA will be responsible for any loss or delay in despatch. For details of the payment, please refer to the paragraph headed "17. Registration and Payment" in the Explanatory Statement in Part VII of the Scheme Document.

## **WITHDRAWAL OF THE LISTING OF THE SHARES**

If the Proposal becomes unconditional and the Scheme becomes effective, the Company expects to withdraw the listing of the Shares on the Stock Exchange with effect from 4:00 p.m. on Monday, 7 September 2020.

## **EXPECTED TIMETABLE**

**Hong Kong time**  
*(unless otherwise stated)*

Last day for dealings 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 <sup>(Note1)</sup> . . . . . from Thursday, 27 August 2020 onwards

Grant 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 results 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 <sup>(Note 2)</sup> . . . . . 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 the Shares on  
the Stock Exchange becomes effective <sup>(Note 3)</sup> . . . 4:00 p.m. on Monday, 7 September 2020

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

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

*Notes:*

- (1) 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.
- (2) 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 the Explanatory Statement of the Scheme Document have been fulfilled or waived (as applicable).
- (3) 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.



## GENERAL

Immediately before 21 June 2020 (being the commencement date of the offer period) and as at the date of this announcement, (i) the total number of Shares held, controlled or directed by the Offeror Concert Parties (including, for the avoidance of doubt, Mr. Dang ZD) were 464,120,000 Shares, representing approximately 69.91% of the total number of issued Shares, and (ii) no Shares were held, controlled or directed by the Offeror. None of the Offeror and the Offeror Concert Parties had acquired or agreed to acquire any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares during the offer period. As at the date of this announcement, none of the Offeror and the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

**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.**

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, 17 August 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.*