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BAOFENG MODERN INTERNATIONAL HOLDINGS COMPANY LIMITED
寶峰時尚國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1121)

(1) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE;
AND
(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE

(1) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 24 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 20,000,000 Subscription Shares at the Subscription Price of HK\$4 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company and no outstanding Share Options being exercised between the date of this announcement and the completion of the Subscription and the Placing, the Subscription Shares represent (a) approximately 1.34% of the existing issued share capital of the Company as at the date of this announcement; (b) approximately 1.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (c) approximately 1.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading price and trading volume of the Shares. The Subscription Price of HK\$4 per Subscription Share represents (i) a discount of approximately 15.97% to the closing price of HK\$4.760 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 15.68% to the average closing price of approximately HK\$4.744 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Shares will be issued under the General Mandate and will rank pari passu in all respects among themselves and with the Shares in issue on completion of the Subscription. The allotment and issue of the Subscription Shares are not subject to the approval by the Shareholders.

(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 24 March 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 100,000,000 Placing Shares at the Placing Price of HK\$4 per Placing Share to Placees who and whose ultimate beneficial owners are Independent Third Parties and are third parties independent of and not connected with the Subscriber. The maximum gross proceeds from the Placing will be approximately HK\$400,000,000.

Assuming that there will be no change in the issued share capital of the Company and no outstanding Share Options being exercised between the date of this announcement and the completion of the Subscription and the Placing, the maximum number of the Placing Shares under the Placing represent, (a) approximately 6.72% of the existing issued share capital of the Company as at the date of this announcement; (b) approximately 6.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares; and (c) approximately 6.22% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Placing Price of HK\$4 per Placing Share represents (a) a discount of approximately 15.97% to the closing price of HK\$4.760 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 15.68% to the average closing price of approximately HK\$4.744 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued under the General Mandate and will rank pari passu in all respects among themselves and with the Shares in issue on completion of the Placing. The allotment and issue of the Placing Shares are not subject to the approval by the Shareholders.

The Board intends to use the net proceeds of the Subscription and the Placing (i) as to approximately HK\$300,000,000 for the development of the photovoltaic and related business; (ii) as to approximately HK\$82,560,000 for the general working capital of the Group; (iii) as to approximately HK\$50,000,000 for the settlement of other payables and short term borrowings of the Group; and (iv) as to approximately HK\$45,000,000 for the settlement of payable for the casting silicon furnaces as disclosed in the announcement of the Company dated 29 January 2021.

APPLICATION FOR LISTING

An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Subscription Shares and the Placing Shares. The Subscription and the Placing are conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares and the Placing Shares respectively. If such condition is not fulfilled, the Subscription and the Placing (as the case may be) will not proceed.

GENERAL

Shareholders and potential investors should note that completion of the Subscription and the Placing is subject to fulfillment of the conditions under the respective Subscription Agreement and the Placing Agreement. As the Subscription and the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

(1) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 24 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 20,000,000 Subscription Shares at the Subscription Price of HK\$4 per Subscription Share.

The Subscription Agreement

Date: 24 March 2021

Parties: (a) the Company; and

(b) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) as at the date of this announcement, the Subscriber is Independent Third Party; and (ii) before the entering into of the Subscription Agreement, neither the Subscriber nor his close associates have any interests in any Shares. It is expected that the Subscriber will not become a substantial shareholder of the Company immediately upon completion of the Subscription.

The Subscription Shares

Assuming that there will be no change in the issued share capital of the Company and no outstanding Share Options being exercised between the date of this announcement and the completion of the Subscription and the Placing, a total of 20,000,000 Subscription Shares represent (i) approximately 1.34% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 1.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 1.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares.

The aggregate nominal value of the Subscription Shares is US\$200,000.

Subscription Price

Pursuant to the Subscription Agreement, the total subscription money payable by the Subscriber shall be settled within three (3) Business Days from the date of the Subscription Agreement.

The Subscription Price of HK\$4 per Subscription Share represents:

- (i) a discount of approximately 15.97% to the closing price of HK\$4.760 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 15.68% to the average closing price of approximately HK\$4.744 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$3.99 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading price and trading volume of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent of the Subscription

Completion of the Subscription shall be subject to and conditional upon the following:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (b) all necessary consent and approvals required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated thereunder having been obtained.

In the event that the conditions precedent of the Subscription are not fulfilled on or before 4:00 p.m. on 23 April 2021 (or such other date and time as may be agreed between the parties to the Subscription Agreement), the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement. All fund which shall be returned to the Subscriber shall be without interest.

Completion of the Subscription

For the Subscription, completion shall take place at or before 4:00 p.m. within ten (10) Business Days from the date of fulfilment of all the conditions precedent of the Subscription (or such other date and time as may be agreed between the parties to the Subscription Agreement).

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Company that, for a period of 6 months from the date of completion of the Subscription, he, without the prior written approval of the Company, will not sell or enter into any agreement to sell the Subscription Shares or grant any option, right, interest or create any other encumbrances including any option, pledge, lien, encumbrance, right of first refusal or any other third party interest on the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on completion of the Subscription.

General Mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 297,371,921 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. As such, the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval at a general meeting of the Company. The 20,000,000 Subscription Shares constitute approximately 6.73% of the General Mandate.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 24 March 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

The Placing Agreement

Date: 24 March 2021

Parties: (i) the Company; and
(ii) the Placing Agent.

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 100,000,000 Placing Shares at the Placing Price of HK\$4 per Placing Share to Placees who and whose ultimate beneficial owners are Independent Third Parties and are third parties independent of and not connected with the Subscriber. The Company will make further announcement in accordance with the Listing Rules if the number of Placees is less than six. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing commission

The Placing Agent will charge the Company a placing commission equivalent to 0.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company and no outstanding Share Options being exercised between the date of this announcement and the completion of the Subscription and the Placing, the maximum number of the Placing Shares under the Placing represent:

(a) approximately 6.72% of the existing issued share capital of the Company as at the date of this announcement;

- (b) approximately 6.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares; and
- (c) approximately 6.22% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares.

The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be US\$1,000,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon allotment and issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The maximum gross proceeds from the Placing will be approximately HK\$400,000,000.

The Placing Price of HK\$4 per Placing Share represents:

- (a) a discount of approximately 15.97% to the closing price of HK\$4.760 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 15.68% to the average closing price of approximately HK\$4.744 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing including the Placing Price are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deduction of relevant expenses, is approximately HK\$3.98 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 297,371,921 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Placing Shares. As such, the allotment and issue of the Placing Shares is not subject to the Shareholders' approval at a general meeting of the Company. The 100,000,000 Placing Shares constitute approximately 33.63% of the General Mandate.

Condition precedent of the Placing

Completion of the Placing shall be subject to and conditional upon the following:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

If the above conditions precedent are not fulfilled by not later than 19 April 2021 (or such later date as may be agreed between the Placing Agent and the Company in writing), the Placing Agreement shall terminate and the rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and the Placees, Placing Agent and the Company shall be released from all rights and obligations pursuant to the Placing save for antecedent breach of any obligation under the Placing Agreement.

The Placing is not inter-conditional with the Subscription.

Completion of the Placing

Completion of the Placing shall take place on the third Business Day after the fulfilment of the above conditions precedent or on such later date as the Company and the Placing Agent shall agree in writing.

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent shall be entitled by notice to the Company given prior to 8:00 a.m. on the date of completion of the Placing to terminate the Placing Agreement if:

- (a) there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) there is any adverse change in the financial position of the Company which is material in the context of the Placing.

Upon termination of the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription and the Placing (assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement to completion of the Subscription and the Placing) are as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription		Immediately upon completion of the Subscription and the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Best Mark International Limited (Note 1)	240,720,365	16.18	240,720,365	15.96	240,720,365	14.97
Total Shine Investments Limited (Note 2)	233,155,792	15.67	233,155,792	15.46	233,155,792	14.50
Bluestone Technologies (Cayman) Limited (Note 3)	220,000,000	14.79	220,000,000	14.59	220,000,000	13.68
Leung Tsz Chung (Note 4)	6,000,000	0.40	6,000,000	0.40	6,000,000	0.38
<i>Public Shareholders</i>						
Subscriber	–	–	20,000,000	1.33	20,000,000	1.24
Placees	–	–	–	–	100,000,000	6.22
Other public Shareholders	<u>788,083,451</u>	<u>52.96</u>	<u>788,083,451</u>	<u>52.26</u>	<u>788,083,451</u>	<u>49.01</u>
Total	<u>1,487,959,608</u>	<u>100.00</u>	<u>1,507,959,608</u>	<u>100.00</u>	<u>1,607,959,608</u>	<u>100.00</u>

Notes:

1. *Best Mark International Limited is wholly owned and controlled by Mr. Sze Ching Bor.*
2. *Total Shine Investments Limited is wholly owned and controlled by Ms. Lin Weihuan, a non-executive Director.*
3. *Bluestone Technologies (Cayman) Limited is wholly owned and controlled by Mr. Zhuang Chaohui.*
4. *Mr. Leung Tsz Chung is an executive Director.*

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past 12 months immediately prior to the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND THE PLACING

The Group is principally engaged in: (i) manufacturing and selling of Boree branded slippers, sandals and casual footwear; (ii) the production of graphene-based ethylene-vinyl acetate foam material and slippers, and graphene deodorizing and sterilizing chips for air purifiers and air conditioners; and (iii) the production of slippers for branding and resale by others.

As disclosed in the Company's announcements dated 25 January, 29 January and 11 March 2021, the Group successfully utilized casting technology to produce cast monocrystalline silicon ("Cast-mono") wafers, which was then used to manufacture heterojunction technology ("HJT") solar cells with an energy conversion efficiency exceeding 24.0% in September 2020. Besides, the Group entered into a casting silicon furnaces purchase agreement with the subsidiary of GCL-Poly Energy Holdings Limited on 29 January 2021, and entered into a license letter of intent with GS-Solar (Fujian) Company Limited and its subsidiary in relation to the patents and process techniques of HJT solar cells, together with a lease framework agreement in respect of the lease of production equipment for 500MW high efficiency HJT solar cells and a plant located in Fujian Province on 11 March 2021. Through the above arrangements, the Group transforms from a traditional manufacturing company to a material technology company, and become a supplier of low cost, high efficiency Cast-mono wafers and HJT solar cells.

In light of the above, the Group would focus on the new business in Cast-mono wafers and HJT solar cells in this year and intends to deploy more resources on the development of the photovoltaic business in order to develop new markets and new business.

The gross proceeds of the Subscription and the Placing are approximately HK\$80,000,000 and HK\$400,000,000 respectively. The net proceeds of the Subscription and the Placing, are approximately HK\$79,700,000 and HK\$397,860,000 respectively after deducting the relevant expenses for the Subscription and the Placing respectively.

The Board intends to use the net proceeds of the Subscription and the Placing (i) as to approximately HK\$300,000,000 for the development of the photovoltaic and related business; (ii) as to approximately HK\$82,560,000 for the general working capital of the Group; (iii) as to approximately HK\$50,000,000 for the settlement of other payables and short term borrowings of the Group; and (iv) as to approximately HK\$45,000,000 for the settlement of payable for the casting silicon furnaces as disclosed in the announcement of the Company dated 29 January 2021.

The Directors consider that the Subscription and the Placing represent an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above without any interest burden, as well as to enlarge Shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Directors consider that the Subscription Agreement and the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and the Placing Agent and that the terms of the Subscription Agreement and the Placing Agreement are fair and reasonable in the interests of the Company and the Shareholders as a whole.

GENERAL

Shareholders and potential investors should note that completion of the Subscription and the Placing is subject to fulfillment of the conditions under the respective Subscription Agreement and the Placing Agreement. As the Subscription and the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 5 June 2020
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“close associates”	has the meaning ascribed to it under the Listing Rules
“Company”	Baofeng Modern International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1121)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in Shares by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as the subscribers of the Placing Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Prime China Securities Limited, a licensed corporation to carry on type 1 and type 4 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the exclusive agent of the Company to the Placing
“Placing Agreement”	the conditional placing agreement dated 24 March 2021 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Placing
“Placing Price”	the placing price of HK\$4 per Placing Share
“Placing Shares”	an aggregate of 100,000,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company

“Share Option(s)”	the options granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 8 January 2011
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Lin Dongliang, an Independent Third Party
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 24 March 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$4 per Subscription Share
“Subscription Shares”	an aggregate of 20,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

On behalf of the Board
Baofeng Modern International Holdings Company Limited
Leung Tsz Chung
Chairman

Hong Kong, 24 March 2021

As at the date of this announcement, the executive Directors are Mr. Leung Tsz Chung, Mr. Zheng Jingdong and Dr. Xu Zhi; the non-executive Director is Ms. Lin Weihuan; and the independent non-executive Directors are Professor Zhao Jinbao, Mr. Chen Shaohua and Ms. An Na.