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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)

SUBSCRIPTION OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board is pleased to announce that on 20 April 2021 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$100,000,000 at the Conversion Price of HK\$6.11 per Conversion Share.

Based on the initial Conversion Price of HK\$6.11 per Conversion Share, a total of 16,366,612 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds in full, which represent 1.04% of the existing issued share capital of the Company and approximately 1.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The gross proceeds of the Subscription are approximately HK\$100,000,000. The net proceeds of the Subscription are approximately HK\$99,780,000 after deducting the relevant expenses for the Subscription. The Board intends to use the net proceeds of the Subscription for the development of the photovoltaic and related business.

The Conversion Shares upon exercise of the Conversion Rights attached to the Convertible Bonds will be issued under the General Mandate. The issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are not subject to the approval by the Shareholders.

GENERAL

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

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board is pleased to announce that on 20 April 2021 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$100,000,000 at the Conversion Price of HK\$6.11 per Conversion Share.

The Subscription Agreement

Date: 20 April 2021

Parties: (a) the Company; and
(b) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner, Ms. Ng Lai Ling, Winnie are Independent Third Parties.

Conditions precedent

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

- i. all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- ii. all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- iii. the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds;

- iv. none of the warranties given by the Company under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- v. none of the warranties given by the Subscriber under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

The Company shall use its best endeavours to procure the fulfillment of the conditions precedent set out in paragraphs (i), (iii) and (iv) above as soon as practicable and in any event on or before the Long Stop Date. The Subscriber shall use its best endeavours to procure the fulfillment of the conditions precedent set out in paragraphs (ii) and (v) above as soon as practicable and in any event on or before the Long Stop Date. The conditions precedent set out in paragraphs (i), (ii) and (iii) above are incapable of being waived. The Subscriber may at any time by notice in writing to the Company waive the condition set out in paragraph (iv) above. The Company may at any time by notice in writing to the Subscriber to waive the condition set out in paragraph (v) above. If the conditions precedent are not fulfilled (or waived) on or before the Long Stop Date, the Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement save in respect of any antecedent breach of any obligation thereof.

Principal amount of the Convertible Bonds

Before the Long Stop Date or one Business Day before the date of completion of the Subscription (whichever is the earlier), the Subscriber may notify the Company in writing to reduce the principal amount of the Convertible Bonds to be subscribed by the Subscriber. Such notice shall be final and conclusive and no further notice for the reduction of the principal amount may be delivered by the Subscriber to the Company. In the event that the principal amount of the Convertible Bonds to be subscribed by the Subscriber falls below HK\$50,000,000, in addition to the amount equal to the face value of the Convertible Bonds, the Subscriber shall pay HK\$1,000,000 in cash to the Company at completion of the Subscription as a non-refundable fee for reduction of the principal amount of the Convertible Bonds to be subscribed by the Subscriber.

Completion of the Subscription

Completion of the Subscription will take place within thirty calendar days (or such other day as agreed by the Company and the Subscriber) after fulfillment or waiver (as the case may be) of all conditions precedent pursuant to the terms of the Subscription Agreement.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarised below:

- Issuer: The Company
- Principal amount: HK\$100,000,000
- Maturity Date: The date immediately following the expiry of two years from the date of issue of the Convertible Bonds (the “**Maturity Date**”)
- Interest: The Convertible Bond will bear interest from the date of issue at the rate of 5% per annum on the principal amount of the Convertible Bond outstanding payable by the Company annually in arrears with the first interest payment to be made on the date falling one year from the date of issue of such Convertible Bonds and thereafter on the last day of the successive one-year period (each an “**Interest Payment Date**”). If an Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day. Interest on the principal amount of the Convertible Bond shall be calculated on a 365-day year basis.
- Conversion Price: The Conversion Price of HK\$6.11 (subject to adjustments) represents:
- i. a discount of 4.23% to the closing price of HK\$6.38 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
 - ii. a premium of approximately 10.37% over the average closing price per Share of HK\$5.536 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Conversion Price was arrived at based on arm's length negotiations between the parties with reference to the recent trading price and trading volume of the Shares, the existing capital market conditions, the funding needs and prospects of the Group's businesses.

The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion Shares:

Based on the initial Conversion Price of HK\$6.11 per Conversion Share, a total of 16,366,612 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds in full, which represent 1.04% of the existing issued share capital of the Company and approximately 1.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank pari passu with the Shares already in issue on the conversion date.

The aggregate nominal value of 16,366,612 Conversion Shares is US\$163,666.12.

Adjustment provisions:

The Conversion Price shall from time to time be adjusted upon occurrence of the following events:

- i. an alteration of the nominal value of the Shares by reason of any consolidation, sub-division or reclassification;
- ii. an issue of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- iii. a capital distribution being made by the Company to Shareholders;
- iv. an offer or grant being made by the Company to Shareholders by way of rights, options, warrants or other rights to subscribe for or purchase new Shares at a price which is less than 80% of the market price;

- v. an issue being made by the Company wholly for cash any securities (other than the Convertible Bonds) which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities shall be less than 80% of the market price; or
- vi. an issue being made by the Company wholly for cash any Shares at a price per Share which is less than 80% of the market price.

Conversion period:

The Bondholder(s) shall, subject to compliance with the procedures of the Convertible Bonds, have the right at any time during the period commencing from the date falling three months from the date of issue of the relevant Convertible Bond(s) up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the Maturity Date.

Redemption by the Subscriber:

The Bondholder(s) may at any time before the Maturity Date by serving at least fourteen (14) days' prior written notice on the Company with the total amount proposed to be redeemed specified therein, demand the Company to redeem the Convertible Bond(s) at par upon the occurrence any of the event of default as defined in the terms of the Convertible Bonds.

The Bondholder(s) may at any time after one year from the date of issue of the Convertible Bonds but before the Maturity Date by serving at least fourteen (14) days' prior written notice on the Company with the total amount proposed to be redeemed specified therein, demand the Company to redeem the Convertible Bond(s) at par.

Transferability: The Bondholder(s) may freely assign or transfer the Convertible Bond(s) to the transferee (who is not a Restricted Holder) subject to not less than 10-Business Day prior notification to the Company. The Convertible Bond(s) may not be assigned or transferred, in whole or in part, to any connected person of the Company (as defined under the Listing Rules) without prior written consent of the Company. The Convertible Bond(s) may be assigned or transferred in whole or in part (in authorised denominations) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Convertible Bond(s), including making any necessary applications to the Stock Exchange for the said approval (if required).

Voting: The Bondholder will not be entitled to attend or vote at any meeting of the Company by reason only of it being the holder of the Convertible Bonds.

General Mandate to issue the Conversion Shares

The Conversion 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, the General Mandate has been utilized as to 20,000,000 Shares and 57,000,000 Shares have been issued under the Share Subscription and the Placing respectively on 19 April 2021. As at the date of this announcement, the remaining balance of the General Mandate is 220,371,921. The General Mandate is sufficient for the allotment and issue of the Conversion Shares. As such, the allotment and issue of the Conversion Shares is not subject to the Shareholders' approval at a general meeting of the Company. The 16,366,612 Conversion Shares constitute approximately 5.50% of the General Mandate.

Application for listing

No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. 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 Conversion Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription (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 no notice has been received from the Subscriber for reduction of the principal amount of the Convertible Bonds) are as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Best Mark International Limited (Note 1)	240,720,365	15.36	240,720,365	15.20
Total Shine Investments Limited (Note 2)	233,155,792	14.88	233,155,792	14.72
Bluestone Technologies (Cayman) Limited (Note 3)	220,000,000	14.04	220,000,000	13.90
Leung Tsz Chung (Note 4)	6,000,000	0.38	6,000,000	0.38
<i>Public Shareholders</i>				
Subscriber	–	–	16,366,612	1.03
Other public Shareholders	867,307,451	55.34	867,307,451	54.77
Total	<u>1,567,183,608</u>	<u>100.00</u>	<u>1,583,550,220</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, an 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.

INFORMATION OF THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in Hong Kong with limited liability, which is wholly owned by Ms. Ng Lai Ling, Winnie.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Placing and the Share Subscription, the Company has not conducted any equity fund raising activity in the past 12 months immediately prior to the date of this announcement.

Date of announcement	Fund raising activities	Intended use of proceeds	Approximate gross proceeds	Approximate net proceeds
24 March 2021	Subscription of 20,000,000 Shares under General Mandate (the “ Share Subscription ”)	(i) Development of photovoltaic and related business; (ii) general working capital of the Group; (iii) settlement of other payables and short term borrowings of the Group; and (iv) settlement of payable for the casting silicon furnaces as disclosed in the announcement of the Company dated 29 January 2021.	HK\$80,000,000	HK\$79,700,000

Date of announcement	Fund raising activities	Intended use of proceeds	Approximate gross proceeds	Approximate net proceeds
24 March 2021	Placing of 57,000,000 Shares under General Mandate (the “ Placing ”)	(i) Development of photovoltaic and related business; (ii) general working capital of the Group; (iii) settlement of other payables and short term borrowings of the Group; and (iv) settlement of payable for the casting silicon furnaces as disclosed in the announcement of the Company dated 29 January 2021.	HK\$228,000,000	HK\$226,720,000

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE CONVERTIBLE BONDS

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; (iii) the production of slippers for branding and resale by others; and (iv) the manufacturing of large size cast monocrystalline silicon (“Cast-mono”) wafers and high efficiency heterjunction (“HJT”) solar cells.

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-mono wafers, which was then used to manufacture 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 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 are approximately HK\$100,000,000. The net proceeds of the Subscription are approximately HK\$99,780,000 after deducting the relevant expenses for the Subscription. The Board intends to use the net proceeds of the Subscription for the development of the photovoltaic and related business. The net Conversion Price is approximately HK\$6.10, assuming 16,366,612 Conversion Shares are issued at the Conversion Price of HK\$6.11 per Conversion Share.

The Directors consider that the Subscription represent an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription 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 is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription 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
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	any day (excluding a Saturday, a Sunday or a public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 12:00 noon and is not lowered at or before 12:00 noon) on which banks in Hong Kong are generally open for business throughout their normal business hours
“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)
“Convertible Bonds”	the 5% convertible bonds in the aggregate principal amount of HK\$100,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$6.11 per Conversion Share (subject to adjustments)
“Conversion Rights”	the rights of the Bondholder to convert the principal amount (or any part(s) thereof) of the Convertible Bonds into Conversion Shares during the conversion period

“Conversion Shares”	Shares to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds
“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 Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	20 May 2021 or such other date as may be agreed by the Company and the Subscriber
“Restricted Holder”	a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of Conversion Rights by the relevant Bondholder in the manner provided in the conversion notice and the conditions of the Convertible Bonds or the performance by the Company of the obligations expressed to be assumed by it under the instrument or the conditions of the Convertible Bonds or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	D&A Performance Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Subscription”	the subscription for the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 April 2021 entered into between the Company and the Subscriber in relation to the Subscription
“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, 20 April 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.