

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**FINANCIAL SERVICES DIVISION**

**CAUSE NO. FSD OF 2020**

**IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW (2020 REVISION)**

**AND IN THE MATTER OF CHINA BAOFENG (INTERNATIONAL) LIMITED**

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**PETITION**

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**THE HUMBLE PETITION** of China Baofeng (International) Limited, whose registered office is situated in the offices of Conyers Trust Company (Cayman) Limited (previously known as the Codan Trust Company (Cayman) Limited), Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the **Company**) **SHOWS THAT:**

1. The object of this Petition is to seek the sanction of this Honourable Court for the privatisation of the Company by way of a scheme of arrangement pursuant to Section 86 of the Companies Law (2020 Revision) (the **Companies Law**) (the **Scheme**) as set out in a printed composite document (the **Scheme Document**) containing, amongst other things, the proposed Scheme between the Company and the Scheme Shareholders as defined in the Scheme Document and as set out below.
2. In this Petition the definitions given to terms in the Scheme Document are adopted unless otherwise indicated.

**The Company**

3. The Company was incorporated in the Cayman Islands on 3 August 2011 as an exempted company limited by shares. At the time of incorporation, the Company's name was MASTERCRAFT INTERNATIONAL HOLDINGS LIMITED. On 12 May 2016, the Company changed its name to China Baofeng (International) Limited.
4. The Company's shares are listed for trading on the Main Board of The Hong Kong Stock Exchange Limited (the **Stock Exchange**) (Stock Code 3966). The Company and its subsidiaries (the **Group**) are principally engaged in the photovoltaic power generation business and lighting products business. The Group mainly operates in Yinchuan City, Ningxia Hui Autonomous Region, the People's Republic of China.

5. The Company's current authorised share capital is HK\$8,000,000.00 divided into 800,000,000 shares of par value HK\$0.01 each (**Shares**). Of these, 663,846,000 Shares have been issued and are fully paid or credited as fully paid.
6. On 21 June 2020 the Company and East Step International Holdings Limited (the **Offeror**) jointly announced a proposal for the privatisation of the Company through the Scheme. The Offeror is a company incorporated in Hong Kong with limited liability, of which the issued share capital is owned as to 51.22% by Mr Dang Yanbao (**Mr Dang YB**), the Chairman and an executive Director of the Company, and 48.78% by Fung Teng Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability (**Fung Teng**).

### **Shareholders**

7. As at the date of this Petition:
  - 7.1 The Offeror does not hold any issued shares within the Company.
  - 7.2 The parties acting in concert with the Offeror are any parties acting in concert or presumed to be acting in concert with the Offeror under the definition of "acting in concert" under the Hong Kong Code on Takeovers and Mergers (the **Takerovers Code**), including Fung Teng, Mr. Dang YB, Mr Dang Ziwei (**Mr Dang ZW**) and Mr. Dang Zidong (**Mr Dang ZD**) (the **Offeror Concert Parties**). The Offeror Concert Parties hold in aggregate 464,120,000 Shares (representing approximately 69.91% of the issued share capital within the Company), of which
    - (a) Fung Teng holds 456,150,000 Shares, representing approximately 68.71% of the issued share capital of the Company. Fung Teng is wholly owned by Mr Dang ZW, who is a son of Mr Dang YB; and
    - (b) Mr Dang ZD holds 7,970,000 Shares, representing approximately 1.2% of the issued share capital of the Company. Mr Dang ZD is the Chief Executive Officer of the Company, an executive Director and a director of the Offeror. Further, Mr Dang ZD is a nephew of Mr Dang YB.
  - 7.3 All other shareholders of the Company other than the Offeror Concert Parties, who together hold the remaining 199,726,000 Shares, representing 30.09% of the issued share capital of the Company (the **Independent Shareholders**).
8. The Shares held by the Independent Shareholders and Mr Dang ZD, 207,696,000 Shares in total, will become the **Scheme Shares**. The Independent Shareholders and Mr Dang ZD will be collectively referred to as the **Scheme Shareholders**.
9. The Shares held by the Offeror Concert Parties, excluding those held by Mr Dang ZD, will not form part of the Scheme Shares and the Offeror Concert Parties (including Mr Dang ZD) will not vote on the Scheme at a Court Meeting. For avoidance of doubt, the 7,970,000 Shares held by Mr Dang ZD will form part of the Scheme Shares and will be cancelled upon the

Scheme becoming effective. Mr Dang ZD will not vote on the Scheme at the Court Meeting. Only the Independent Shareholders will vote at the Court Meeting.

### **Options, Warrants and Convertible Securities**

10. As at the date of this Petition, there are no other options, warrants or convertible securities in respect of shares held, controlled or directed by the Offeror or the Offeror Concert Parties, or outstanding derivatives in respect of the securities of the Company entered into by the Offeror or the Offeror Concert Parties.
11. As at the date of this Petition, there are no other outstanding options, warrants, derivatives or other relevant securities issued by the Company that carry a right to subscribe for or which are convertible into Shares.

### **The Scheme**

12. The object of the Scheme is the privatisation of the Company by the Offeror. This will be achieved by:
  - 12.1 the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price, which is defined in paragraph 13 below;
  - 12.2 the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by means of the issuance of new Shares in the same number as the Scheme Shares (which were cancelled) to the Offeror, credited as fully paid out of the credit arising in the Company's books of account as a result of the issued share capital reduction; and
  - 12.3 the withdrawal of the listing of the Shares on the Stock Exchange.
13. The Scheme Shareholders of the Company will be offered a cancellation price of HK\$2.60 per Scheme Share, payable in cash (the **Cancellation Price**).
14. For the Scheme to become effective, certain conditions must be complied with. These conditions are set out in the Scheme Document. Included in these conditions are the passing of a special resolution to approve the reduction of the Company's issued share capital and the confirmation of the reduction of issued share capital by this Honourable Court. It is proposed that an Extraordinary General Meeting to consider, amongst other things, the proposed reduction of issued share capital be held immediately after the Court Meeting, and that separate proceedings be issued in this Honourable Court pursuant to section 15(1) of the Companies Law if the shareholders approve the reduction.

15. The Company proposes to hold a Court Meeting pursuant to orders made on the Summons for Directions filed simultaneously with this Petition and to advertise such meeting pursuant to the orders of this Honourable Court.
16. The Scheme is such that an intelligent and honest person, being a member of the Scheme Shareholders, and acting in respect of their interests, might reasonably approve it.

#### Undertakings

17. The Offeror and the Offeror Concert Parties undertake to the Cayman Islands Grand Court to be bound by the Scheme, and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them for the purpose of giving effect to this Scheme. This undertaking includes, but not limited to the following:
  - (a) Fung Teng and Mr. Dang ZD have undertaken that if the Scheme is approved at the Court Meeting, they will cast the votes in respect of those Shares held by them in favour of the resolutions to be proposed at the EGM. Please see page 20 of the Scheme Document; and
  - (b) Each of the parties acting in concert with the Offeror will procure that any Shares in respect of which they are beneficially interested in will not be represented or voted at the Court Meeting for the purpose of considering and if thought fit, approving the Scheme. Please see page 66 of the Scheme Document.

#### **YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:**

1. The Scheme be sanctioned by this Honourable Court so as to be binding on the Company and the Scheme Shareholders.
2. Such Court meetings be held as this Honourable Court shall see fit to order on the Summons for Directions filed in this matter.
3. Such further orders as to the Court seems fit.

Dated this 9th of July 2020

*Appleby (Cayman) Ltd.*

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**APPLEBY (CAYMAN) LTD.**

**NOTE:** This petition is not intended to be served.

**THIS PETITION** was presented by Appleby (Cayman) Ltd., Attorneys-at-Law for the Petition, whose address for service is 71 Fort Street, PO Box 190, KY1-1104, George Town, Grand Cayman, Cayman Islands (Ref: 448920.0001/ES/VC)

**NOTICE OF HEARING**

**TAKE NOTICE THAT** the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on the            day of            at            am/pm.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, Cayman Islands, KY1-1106 telephone (+1 345) 949 4296.