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CHINA TAIFENG BEDDINGS HOLDINGS LIMITED
中國泰豐床品控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 873)

**INSIDE INFORMATION –
LITIGATION**

This announcement is made by China Taifeng Beddings Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 16 August 2016, the Company has received a notice of response to action issued by 山東省高級人民法院 (High People’s Court of Shandong Province) (the “**Court**”), that the litigation on loan contract disputes (the “**Litigation**”) between 中國銀行股份有限公司萊蕪分行 the Bank of China Limited (Laiwu Branch) (the “**Bank**” or “**Plaintiff**”) and five defendants including (i) the Company, (ii) Shandong Taifeng Textile Co., Ltd (“**Shandong Taifeng**”), the subsidiary of the Company, (iii) Mr. Liu Qingping (“**Mr. Liu**”), the chairman of the Company, (iv) Taifeng Textile Group Company Limited (“**Taifeng Textile Group**”), a customer of the Company and (v) an independent third party of the Company has been accepted.

LITIGATION

Cause of Action of the Plaintiff

On 17 December 2013, Shandong Taifeng, a wholly-owned subsidiary of the Company, as the borrower and the Bank of China Limited (Laiwu Branch) as the lender entered into a credit agreement (the “**Credit Agreement**”) in relation a loan in the amount of RMB100 million (the “**Loan**”) in which the Company, Mr. Liu and Taifeng Textile Group have undertaken the guarantee responsibility. After the maturity date of the Loan, the Bank did not receive the relevant payment from Shandong Taifeng as agreed. The Bank alleged that Shandong Taifeng has failed to meet the repayment obligation as required under the Credit Agreement and led to a breach of the Credit Agreement.

Claims from the Plaintiff

1. Shandong Taifeng shall repay a principal amount of RMB100 million together with relevant interests and overdue interests;
2. Taifeng Textile Group shall bear the guarantee responsibility with its pledged properties in the first place of the above liability under the Litigation;
3. the Company and Mr. Liu, as the guarantors of the Loan, shall perform their guarantee responsibilities in respect with the Loan by repaying the respective guaranteed amount as agreed; and
4. the defendants shall bear the expenses and other relevant fees arising from the Litigation.

The first hearing of the Litigation is scheduled to be held on 17 October 2016. As the final results of the trial or enforcement of the Litigation are still uncertain, the Board, for the time being, could not estimate the current and ultimate impact of the Litigation on the profit and loss of the Company. The Company will continue to pay attention to the developments and make a timely disclosure of relevant information (if necessary).

The Company will keep the Shareholders and public informed of any material development in connection with the above matters by way of periodic announcements and/or further announcement(s) as and when appropriate.

By Order of the Board
China Taifeng Beddings Holdings Limited
Liu Qingping
Chairman

Shandong, the PRC, 26 August 2016

As at the date of this announcement, the Board comprises of three executive Directors, namely, Mr. LIU Qingping, Mr. ZOU Shengzhong and Ms. QI Tongli; and three independent non-executive Directors, namely, Mr. CHAN Kin Sang, Mr. LI Yuchun and Mr. DAI Shunlin.