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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)

SALES FOR THE YEAR ENDED 31 DECEMBER 2016
AND
PROFIT WARNING

This announcement is made by Baofeng Modern International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that based on preliminary assessment of the Group’s unaudited management accounts for the year ended 31 December 2016 (the “**Reporting Period**”), the sales of the Group for the Reporting Period amounted to RMB215.7 million, representing an increase of approximately 25.6% when compared to the amount of approximately RMB171.7 million for the corresponding period in 2015. In 2016, the Group has successfully applied the graphene technology and launched a new graphene-based sterilizing foam material product (the “**New Product**”). As the New Product has received the market recognition, the sales performance has improved in the second half of 2016 despite the slow-down of China’s economic growth. Also, an increase in the gross profit margin for the Reporting Period is expected after the application of the graphene technology and the commencement of the sale of the New Product, when compared with that in 2015.

The Board also wishes to inform the shareholders and potential investors of the Company that, based on preliminary assessment of the Group's unaudited management accounts for the Reporting Period, the Group is expected to record a substantial increase in net loss before tax for the Reporting Period as compared to the corresponding period in 2015, which is mainly attributable to share-based payment expenses in relation to the share options granted by the Company on 10 December 2015, 24 June 2016 and 16 December 2016 and amortisation expense of intangible assets in relation to the acquisition of the one patent in the United States of America, the four invention patent applications, three utility model patent applications and two utility model patents in the PRC and the exclusive formula from Bluestone Technologies (Cayman) Limited on 16 December 2015. The share-based payment expenses and the amortisation expense of intangible assets are non-cash accounting treatment and have no effect on the cash flow for the Group's operation.

The Company is still in the process of preparing and finalising the final results of the Group for the Reporting Period. The information contained in this announcement is a preliminary assessment made by the Board based on the information currently available to the Group and such information has not yet been audited, confirmed or reviewed by the auditors nor the audit committee of the Company, and the actual results of the Group for the Reporting Period may be different from what is disclosed herein.

Shareholders and potential investors of the Company are advised to read carefully the final results announcement of the Company for the Reporting Period which is expected to be issued on or before 31 March 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Baofeng Modern International Holdings Company Limited
Zheng Jingdong
Chairman

Hong Kong, 24 January 2017

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