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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that despite an expected growth in the Group's gross profit, the Group is presently expected to experience a substantial decline in its net profit for the six months ended 30 June 2012 as compared with that for the corresponding period of 2011, which is mainly attributable to an expected loss on fair value change due to the recognition of convertible notes and warrants at fair value in accordance with the International Financial Reporting Standards by the Company during the six months ended 30 June 2012.

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

This announcement is made by Baofeng Modern International Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rules 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that based on the preliminary review of the unaudited management accounts of the Group, it is expected that despite a growth in the Group's gross profit, the Group will experience a substantial decline in its net profit for the six months ended 30 June 2012 as compared with that for the corresponding period of 2011, which is mainly attributable to an expected loss on fair value change due to the recognition of convertible notes and warrants at fair value in accordance with the International Financial Reporting Standards by the Company during the six months ended 30 June 2012.

The Board considers that the overall operation of the Group as a whole remains sound and intact, and the financial position of the Group remains solid.

The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited management accounts of the Group, which have not been reviewed or audited by the Company's auditors and are subject to possible adjustments arising from further review.

Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2012 which is expected to be issued on or before 31 August 2012.

Shareholders and potential investors 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 Liuhe
Chairman

Hong Kong, 13 July 2012

As at the date of this announcement, the executive Directors are Mr. Zheng Liuhe, Mr. Zhang Aiguo, Mr. Chen Qingwei and Mr. Zheng Jingdong, the non-executive Directors are Mr. Sze Ching Bor and Mr. Cheung Miu, and the independent non-executive Directors are Professor Bai Changhong, Mr. Lee Keung and Ms. An Na.