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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)

CLARIFICATION ANNOUNCEMENT

References are made to the announcements (the “**Announcements**”) of Baofeng Modern International Holdings Company Limited (the “**Company**”) dated 13 March, 15 April and 21 April 2015 in relation to the issue of 88,000,000 non-listed warrants at the issue price of HK\$0.07 per warrant (the “**Warrant Issue**”) and the annual report of the Company (the “**Annual Report**”) published on 26 April 2016 containing the consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015.

In addition to the information disclosed in the Annual Report, the Company wishes to provide further information regarding the use of proceeds from the Warrant Issue.

USE OF PROCEEDS FROM THE WARRANT ISSUE

As disclosed in the Announcements, the net proceeds from the Warrant Issue of approximately HK\$6,000,000 was intended to be retained in Hong Kong as general working capital of the Company and its offshore subsidiaries incorporated in Hong Kong and overseas (the “**Offshore Group Members**”) to settle the expenses such as administrative expenses, the professional fees and the salary expenses incurred by the Offshore Group Members. If the subscription rights attached to the warrants are fully exercised, it is expected that an additional net amount of HK\$132,000,000 will be raised and such proceeds will be used for general working capital of the Offshore Group Members and for the promotion and expansion of the sales network and development of the Online to Offline business model for the sales and distribution of the products of the Group in the offshore market.

As at the date of the Annual Report, the net proceeds of approximately HK\$6,000,000 from the Warrant Issue has been fully utilised for general working capital of the Offshore Group Members to settle the expenses such as administrative expenses, the professional fees and the salary expenses incurred by the Offshore Group Members. Further, no warrants from the Warrant Issue have been exercised as at the date of the Annual Report.

Save as the further information stated above, all the information in the Annual Report remains unchanged.

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

Hong Kong, 26 August 2016

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