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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)

**UPDATES ON RECENT DEVELOPMENTS OF
SUSPENSION OF TRADING**

Reference is made to the announcements of China Taifeng Beddings Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2015, 31 March 2015, 1 April 2015, 17 April 2015, 22 May 2015, 2 June 2015, 25 June 2015, 19 July 2015, 22 July 2015, 7 August 2015, 31 August 2015 and 28 October 2015 (the “**Previous Announcements**”), in relation to, amongst other matters, the delay in publication of the 2014 Annual Results and 2015 Interim Results, change of auditors, and the conditions for resumption of trading in the Company’s shares (the “**Shares**”) on the Stock Exchange. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

UPDATE ON PROGRESS OF FORENSIC INVESTIGATION

As mentioned in the announcement of the Company dated 28 October 2015, the Company engaged FTI Consulting (Hong Kong) Limited (“**FTI Consulting**”) as the independent forensic specialist to conduct investigations into the Audit Issues raised by BTHK (the “**Forensic Investigation**”). Following its appointment, FTI Consulting has taken steps to conduct the Forensic Investigation, which included but not limited to: (1) paying visits to the Company’s principal place of business in Laiwu City, Shandong Province, the PRC and

conducting interviews with the relevant officers of the Group and obtaining information and documents regarding some of the Audit Issues raised by BTHK; (2) paying visits to various locations in the PRC to conduct interviews with the Group's distributors with a view to obtaining, among other things, the details concerning the channel restructuring plan as mentioned in the Company's announcement dated 19 July 2015; and (3) paid visits to some stores allegedly operated by the Group's distributors.

As at the date of this announcement, FTI Consulting is still in the process of investigating and reviewing the relevant information. The Company will keep its Shareholders and potential investors informed of the progress of the development of the Forensic Investigation and will make further announcement when the Forensic Investigation is completed.

THE COMPANY'S BUSINESS OPERATION AND FINANCIAL POSITION

The current businesses of the Company in all respects are under normal operation. The operational data of the Group for the financial year ended 31 December 2015 in comparison with the corresponding period in 2014 is as follows:

Revenue decreased by approximately 50.6% to approximately RMB620 million for the financial year ended 31 December 2015 from approximately RMB1,260 million for the financial year ended 31 December 2014. In particular:

- (i) revenue in the bedding products segment decreased by approximately 58.0% for the financial year ended 31 December 2015 as comparing with the corresponding period in 2014; and
- (ii) revenue in the cotton yarns segment dropped by approximately 45.1% for the financial year ended 31 December 2015 as comparing with the corresponding period in 2014.

The Directors believe that the major reason for such decreases in revenue was mainly due to decline in domestic purchasing power as a result of the economic slowdown in China.

The financial information is made according to the unaudited operational data of the Group and the information currently available to the Board, and has not been reviewed or audited by the Group's auditors. Save for the above, the Directors are not aware of any material adverse change on the financial position of the Group.

RESUMPTION CONDITIONS

Forensic Investigation

As mentioned above, FTI Consulting is still in the process of investigating and reviewing the relevant information. The Company will keep its Shareholders and potential investors informed of the progress of the development of the Forensic Investigation and will make further announcement when the Forensic Investigation is completed.

Internal Investigation

The Company engaged Elite Partners Risk Advisory Services Limited (“**EPRA**”) (鉅銘風險諮詢服務有限公司) as the internal control adviser to conduct a thorough review of the internal control systems and make recommendations to the Company. EPRA has completed its reviewing of the Company’s financial reporting procedures and internal control systems. EPRA is in the process of finalising its review report. The management of the Company has been discussing with EPRA about the findings and proposed remedial measures on financial reporting procedures and internal control systems.

Publication of 2014 Annual Results and 2015 Interim Results and Despatch of 2014 Annual Report and 2015 Interim Report

The Company’s auditor, Elite Partners CPA Limited is in the course of reviewing the 2014 Annual Results and the 2015 Interim Results. Publication of the 2014 Annual Results and 2015 Interim Results, and the despatch of the 2014 Annual Report and the 2015 Interim Report, will be made as soon as reasonably practicable. Further announcement(s) will be made to inform the shareholders of the Company on the date of release of the above as and when appropriate.

CONTINUED SUSPENSION OF TRADING OF THE SHARES

Trading in the Shares on the Stock Exchange remain suspended until further notice.

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

Hong Kong, 5 February 2016

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