**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 SIX MONTHS ENDED 30 JUNE 2017 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 six months ended 30 June 2017 (the "Reporting Period"), the sales of the Group for the Reporting Period amounted to RMB79.33 million, representing a decrease of approximately 16.4% when compared to the amount of approximately RMB94.85 million for the corresponding period in 2016, which was mainly attributable to the decline in sales of Original Equipment Manufacturer ("OEM") business during the Reporting Period. As the slippers retail industry experiences stiff competition from online retailers, some overseas customers try to scale back their shops and control the stock level and so the orders from OEM business declined in the Reporting Period.

After the successful launch of graphene-based sterilizing foam material product in the second half of 2016, the Group focused on the development of Online-to-Offline ("O2O") business model for the sales and distribution of higher gross profit margin own branded automated customized graphene-based slippers ("Graphene-based Slippers") in the first half of 2017. Therefore, the graphene-based sterilizing foam material was mainly used for the production of Graphene-based Slippers, instead of selling directly to customers in the first half of 2017. Since the Group in the second half of 2017 will launch marketing campaign with more resources on the Graphene-based Slippers under the O2O business model, the Directors expect that sales of the Group will improve in the second half of 2017.

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 2016, which is mainly attributable to 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 amortisation expense of intangible assets is non-cash accounting treatment and has no effect on the cash flow for the Group's operation.

The Company is still in the process of preparing and finalising the interim 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 confirmed or reviewed by the audit committee of the Company, and the actual results of the Group for the Reporting Period may be different from what are disclosed herein.

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

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

On behalf of the Board
**Baofeng Modern International Holdings Company Limited**
**Zheng Jingdong**
*Chairman*

Hong Kong, 28 July 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 Professor Zhao Jinbao, Mr. Chen Shaohua and Ms. An Na.*