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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 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 the preliminary assessment of the Group’s unaudited management accounts for the year ended 31 December 2017 (the “**Reporting Period**”), the sales of the Group for the Reporting Period amounted to approximately RMB125.50 million, representing a decrease of approximately 41.9% when compared to the sales of approximately RMB215.83 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, resulting in a decrease in quantity ordered and delay of placing orders, and so the sales of 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 own branded automated customized graphene-based slippers (“**Graphene-based Slippers**”) with a higher gross profit margin and design and development of different styles of Graphene-based Slippers according to customer preferences in 2017. Therefore, the majority of the graphene-based sterilizing foam material was used for the production of Graphene-based Slippers, instead of selling directly to customers in 2017. In 2018, the Group will launch marketing campaigns with more resources on the Graphene-based Slippers under the O2O business model and develop the new retail model of intelligent customized graphene application products, hence the Directors expect that the sales of graphene application products under the new retail model of the Group will improve in 2018.

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 net loss before tax for the Reporting Period, 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.

Although the Group is expected to record a net loss before tax for the Reporting Period, the overall change in the net loss before tax compared to the corresponding period in 2016 will only be ascertained when all the relevant results and accounting treatments are finalised. 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 2018.

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, 26 January 2018

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.