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China Baofeng (International) Limited

中國寶豐(國際)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3966)

PROFIT WARNING

This announcement is made by China Baofeng (International) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (the “**Management Accounts**”), the profit attributable to the owners of the Company for the year ended 31 December 2019 is expected to decrease by approximately 30% to 35% as compared with the profit attributable to the owners of the Company of approximately RMB442.0 million for the year ended 31 December 2018. Nonetheless, it is expected that the earnings before interest and taxes, depreciation and amortisation (“**EBITDA**”) of the Group, which is a non-HKFRS measure, for the year ended 31 December 2019, would be increased by approximately 1% to 6% as compared with the EBITDA for the year ended 31 December 2018 of approximately RMB463.7 million.

Based on the currently available information, the decline in profit attributable to the owners of the Company was mainly due to (i) an increase in depreciation expenses and finance costs after the acquisition of the 350-megawatt photovoltaic power generation equipment, the ancillary facilities, the materials in stock, products and accessories of the photovoltaic project in Yinchuan City, Ningxia Hui Autonomous Region, the PRC in May 2019; and (ii) an increase in income tax expenses as a result of increased taxation in connection with the interim dividends declared on 16 August 2019 and the expiry of a tax holiday of 3-year full exemption that was entitled by a subsidiary of the Company. These negative impacts were partially offset by an increase in other income.

The information contained in this announcement is only based on a preliminary assessment with reference to the information currently available in the Management Accounts, which are subject to adjustments and finalisation and have not been reviewed by the Company's auditor or the audit committee of the Company. The Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2019 and therefore the Management Accounts are subject to the review by the Company and its auditor. The announcement of the annual results of the Group for the year ended 31 December 2019 is expected to be published before the end of March 2020 and the actual results of the Group may be different from what is disclosed herein.

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

By Order of the Board
China Baofeng (International) Limited
Dang Yanbao
Chairman and Executive Director

Hong Kong, 19 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Dang Yanbao, Mr. Dang Zidong, Mr. Liu Yuanguan, Mr. Gao Jianjun, the non-executive Directors of the Company are Mr. Cheng Hoo and Mr. Chung Kin Shun, Jimmy and the independent non-executive Directors of the Company are Mr. Xia Zuoquan, Dr. Tyen Kan Hee, Anthony and Mr. Guo Xuewen.