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 2020 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 year ended 31 December 2020 (the "Reporting Period"), the sales of the Group for the Reporting Period amounted to approximately RMB111.9 million, representing a decrease of approximately 34.1% when compared to the amount of approximately RMB169.7 million for the corresponding period in 2019.

Although the production of the Group have fully resumed in the first half of the year, the global outbreak of the novel coronavirus epidemic has severely affected the consumer demand and the quantity ordered, resulting in a decline in the sales of the Group, especially for the Original Equipment Manufacturer business, for the current year. Although the delayed customer orders in the first half of this year were gradually resumed in the second half of the year, as some orders near the end of the year could not be completed in time during the year, the shipment had to be postponed to the first quarter of 2021, resulting in a decrease in sales in the second half of this year compared with the corresponding period in 2019. In addition, as people spend more time at home due to the outbreak of the epidemic, this drives the growth of the household goods market. The Group newly launched graphene-based sterilizing slippers for household in the first half of the year were favored by consumers and the sales continued to grow in the second half of the year. The gross profit margin of the Group during the Reporting Period is expected to reduce to approximately 15.2% as compared to approximately 17.7% for the corresponding period in 2019.

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 the impact of the epidemic, the management of the Company made a more prudent estimation on the future quantity and the speed of installation of the do-it-yourself automated vending system in the financial model. The management of the Company expected that certain impairment loss of certain technological know-how in respect of the application of graphene and includes one patent in the United States of America, four invention patent applications, three utility model patent applications and two utility model patents in the People's Republic of China, relating to the manufacturing of graphene-based ethylene-vinyl acetate foam material, graphene deodorizing and sterilizing chips for air purifiers and air conditioners and graphene-based pressure-sensitive sensors and the exclusive formula (collectively as the "Technology Know-how") and Online-to-Offline ("O2O") distribution vending system, shall be recognised during the Reporting Period. However, the actual amount of impairment loss was uncertain until the final version of the valuation working, the report of the Technology Know-how and the report of the O2O distribution vending system received from the valuer.

Although the Group expects that the sales and gross profit margin would decline during the Reporting Period due to the impact of epidemic, the Board expects that with the use of new Heterojunction with Intrinsic Thinlayer cells technique, the Company will transform from a traditional manufacturing company to a material technology company in the foreseeable future, and expand its business into the new energy field, further diversify its business portfolio and income stream in the coming year.

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 are 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 2021.

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, 29 January 2021

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.