

**BAOFENG MODERN INTERNATIONAL HOLDINGS COMPANY LTD:
NOT A COLOURFUL COMPANY,
BUT A MONEY-SPINNER, NEVERTHELESS**

For a decade-old company, making only slippers, mainly for the markets of the People's Republic of China (PRC), proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC, and achieving an Annual Turnover of between 429 million renminbi and 588 million renminbi for the 36 months, ended December 31, 2009, it, really, is not bad going.

But Baofeng Modern International Holdings Company Ltd () (Code: 1121, Main Board, The Stock Exchange of Hongkong Ltd) is unlikely, ever, to be another '*darling*' of the premier equity market of the HKSAR and, perhaps, more's the pity.

Baofeng Modern International Holdings Company Ltd pitched its Global Offering Prospectus on January 18, 2011, with an Offering of 350 million, \$US0.01 Shares at an Offer Price, ranging from a low of \$HK1.99 per Share and a high of \$HK2.98 per Share.

Of the total number of Shares on Offer, 35 million New Shares were Offered to investors of the HKSAR, with 215 million New Shares and 100 million Sale Shares, Offered to International Investors.

The names of the Selling Shareholders and the number of shares that they are offloading are given at Appendix VI-34 of the Global Offering Prospectus as follows:

| | |
|---------------------------------------------------------------------------------------------------------------|-------------------|
| CITIC Capital China Mezzanine Fund Ltd, which is, beneficially, controlled by the Government of the PRC | 50 million shares |
| Best Mark International Ltd ¹ | 35 million shares |
| Fortune Best Holdings Ltd ² | 15 million shares |

1. Best Mark International Ltd is a company, domiciled in the British Virgin Islands, and it is beneficially owned by Mr Sze Ching Bor (), one of the Founders of Baofeng Modern International Holdings Company Ltd who is, currently, a Controlling Shareholder of the publicly Company. He is, also, a Non-Executive Director of Baofeng Modern International Holdings Company Ltd.
2. Fortune Best Holdings Ltd is a company, domiciled in the British Virgin Islands, and it is, beneficially, owned by Ms Chan Sau Fong (), the mother of Mr Zang Jian Bo (), who is a Director of Quanzhou Baofeng Shoes Company Ltd (), which, in turn, is a wholly owned, indirect subsidiary of Baofeng Modern International Holdings Company Ltd.

The Offer Price of the shares of Baofeng Modern International Holdings Company Ltd are far from being cheap, the Prospective, Price-Earnings Multiple, being between 15.30 times (at the lowest Offer Price of \$HK1.99 per Share), rising to about 22.90 times (at the highest Offer Price of \$HK2.98 per Share).

Perhaps, however, these shares are worth such a relatively high Price-Earnings Multiple.

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