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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01338)

UPDATE ON PROFIT WARNING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of BaWang International (Group) Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement of the Company dated 13 January 2015 (the “**Profit Warning Announcement**”).

Further to the Profit Warning Announcement, the Board wishes to inform the shareholders of the Company and the potential investors of the Company that based on the currently available information, it is expected that the net operating loss for the Group for the year ended 31 December 2014 would be approximately RMB117.0 million (2013: approximately RMB143.5 million).

Although the Group would continue to incur net operating loss for the year ended 31 December 2014 due to the decrease in the overall sales revenue of the continuing operations in the manufacturing and sales of the household and personal care products as mentioned in the Profit Warning Announcement, the Board wishes to update the shareholders of the Company and potential investors of the Company that the net operating loss is expected to decrease as compared with that of 2013 mainly because of the various cost saving measures persistently adopted by the Group resulting in a decrease in selling, distribution and administration costs of approximately RMB171.0 million for the year ended 31 December 2014, as compared with those of 2013. However, such decrease was partially offset by the impairment loss of assets of approximately RMB28.9 million (2013: approximately RMB17.1 million) following a valuation of the property, plant and equipment in use in the continuing operations, by reference to their value in use.

The information contained in this announcement is based on the preliminary review of the currently available information, which have not been reviewed or audited by the Company’s auditors. As such, the actual results of the Group for the year ended 31 December 2014 may be different from the disclosure in this announcement.

Further information on the Group's results and performance for the year ended 31 December 2014 is expected to be released by end of March 2015 and the related annual report will be published and despatched to the shareholders of the Company in accordance with the requirements under the Listing Rules.

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

By order of the Board
BaWang International (Group) Holding Limited
CHEN Qiyuan
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises of four executive Directors, namely Mr. CHEN Qiyuan, Ms. WAN Yuhua, Mr. CHEN Zheng He and Mr. WONG Sin Yung, and three independent non-executive Directors, namely Dr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEUNG Kin Wing.

** For identification purpose only*