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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)

PROFIT WARNING

This announcement is made by the board (the “**Board**”) of 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).

The Board wishes to inform the shareholders and the potential investors of the Company that, based on a preliminary review of the currently available financial information, it is expected that the Group will record a net loss in the region of approximately RMB5.0 million during the six months ended 30 June 2020 (“**1H2020**”), when compared with net loss of approximately RMB18.6 million recorded for the same period last year (“**1H2019**”).

Based on the currently available financial information, the Group’s revenue in 1H2020 is expected to moderately increase by approximately 9% when compared with 1H2019, which was mainly driven by an increase in sales of shampoo and hair-care products derived from the distributor channels in the midst of the coronavirus outbreak. Despite the increase in revenue, the Group is expected to record a net loss in 1H2020, which was primarily attributable to a change in the Group’s marketing and sales policy, whereby lower unit prices of products were offered to our distributors in place of a lower rate of reimbursable marketing expenses, which had the effect of increasing the sales volume of the Group’s products. Such policy negatively affected the Group’s gross margin during 1H2020, but was partially offset by a reduction in selling and distribution costs.

The information contained in this announcement is based on the preliminary review of the currently available information, which has not been reviewed by the Company’s auditors or its audit and risk management committee. The actual results of the Group for 1H2020 may be different from the disclosure in this announcement. Further information on the Group’s results and performance for the 1H2020 is expected to be released on 27 August 2020 and the related interim report will be published and dispatched to the shareholders in accordance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company are therefore 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, 7 August 2020

As at the date of this announcement, the Board comprises three executive directors, namely Mr. CHEN Qiyuan, Mr. CHEN Zheng He and Mr. WONG Sin Yung, and three independent non-executive directors, namely Dr. NGAI Wai Fung, Mr. CHEUNG Kin Wing and Dr. WANG Qi.

** For identification purpose only*