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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 operational data derived from the unaudited management accounts for the year ended 31 December 2020 (“**FY2020**”), it is expected that the Group’s revenue for FY2020 will surpass the revenue for the year ended 31 December 2019 (“**FY2019**”) by approximately 7%, and that the Group will record a lower operating loss in the region of RMB6.0 million for FY2020, as compared with an operating loss of approximately RMB12.9 million for the year ended FY2019. The decrease in operating loss was primarily attributable to the combined effect of an increase in revenue for FY2020 as mentioned above, and a decrease in the Group’s selling and distribution costs year-on-year due to a change in the Group’s marketing and sales policy. Such change in policy had lowered unit prices of products offered to our distributors in place of a lower rate of reimbursable marketing expenses.

The Group’s operating performance was also positively affected by the favourable policies implemented by the government’s relief on certain social insurance contributions that the Group is otherwise required to make as a result of the coronavirus pandemic in 2020, which also reduced the Group’s staff costs for FY2020.

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 FY2020 may be different from the disclosure in this announcement as it is subject to audit by the Company’s auditors. Further updates on the Group’s results and performance for FY2020 will be provided on a timely basis as and when necessary. The Group’s annual results announcement is expected to be released on or around 30 March 2021 and the related annual 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, 12 January 2021

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*