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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)

POSITIVE PROFIT ALERT

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).

Based on a preliminary review of the operating results for the five months ended 31 May 2023 (“**5M2023**”), which has not yet been reviewed by the Audit and Risk Management Committee or the Company’s auditors, the Group is expected to achieve a slight positive net profit for 5M2023 of approximately RMB0.7 million as compared with a net loss of RMB24.0 million for the same period last year.

The turnaround was primarily attributable to (i) the decrease in price of raw materials, depreciation and amortization, and lease expenses, which had resulted in an increase in gross profit; and (ii) the enhanced cost control efforts that were implemented by the Group, which had resulted in a decrease in the selling and distribution expenses and also reduction in administrative expenses such as staff costs. After accounting for the effect of a slight decrease in revenue, there was a cumulative effect of a decrease in the operating costs by approximately 27% for 5M2023 as compared with the same period last year.

However, based on the management’s preliminary review of the Group’s operating data and the sales and promotion plans of the Group, the Directors expects that there would be an increase in the selling and marketing expenses such as online platform promotion fees for the month ending 30 June 2023, which might negatively impact the net profit of the Group for the six months ended 30 June 2023, and the Group may nevertheless incur an operating loss for the six-month period ending on 30 June 2023.

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.

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, 21 June 2023

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 Mr. CHEUNG Kin Wing, Dr. WANG Qi and Dr. LIU Jing.

** For identification purpose only*