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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 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 the review of the currently available information, it is expected that the Group will record a net operating profit for the year ended 31 December 2016 as compared to a net operating loss recorded for the corresponding period in 2015.

The net operating profit for the year ended 31 December 2016 is primarily attributable to the following factors: (a) the introduction of new products with higher margins and increased revenue generated through e-commerce channels, resulting in an increase in operating revenues and gross profits; (b) an one-off amount received by the Company after the conclusion of litigation with Next Magazine Publishing Ltd.; (c) a reduction in administrative expenses due to the conclusion of litigation with Next Magazine Publishing Ltd. and a decrease in provisions for bad debts; and (d) a reduction in sales and product promotions expenses due to the efforts by the management to optimise and more efficiently utilise various advertising channels to promote the Group’s products.

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 the year ended 31 December 2016 may be different from the disclosure in this announcement. Further information on the Group’s results and performance for the year ended 31 December 2016 is expected to be released in March 2017 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, 14 March 2017

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. LI Bida and Mr. CHEUNG Kin Wing

** For identification purpose only*