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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 the Board’s preliminary review of the currently available information, it is expected that the Group will record a net operating loss ranging approximately from RMB14.0 million to RMB15.0 million for the six months ended 30 June 2018 (“**1H2018**”) as compared to a net operating profit of approximately RMB1.1 million for the same period in 2017 (“**1H2017**”).

The expected net operating loss in 1H2018 was primarily attributable to the following factors: (1) a decrease in other income because the Group ceased to receive research and development subsidies from the PRC government, (2) an increase in the Group’s selling and distribution expenses (such as sales promotions and marketing) due to increased efforts by the Group to promote its brands and to distribute its products through the online channel, and (3) an increase in the costs of direct labour and packaging materials. The Group’s net operating loss was partially offset by an increase in revenue in 1H2018 as compared to 1H2017.

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 1H2018 may be different from the disclosure in this announcement. Further information on the Group’s results and performance for the 1H2018 is expected to be released on 31 August 2018 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, 15 August 2018

*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*