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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 is expected to record a net operating loss for the six months ended 30 June 2019 (“**1H2019**”), which is expected to be moderately larger than the net operating loss of RMB11.4 million recorded in the same period in 2018 (“**1H2018**”).

Based on the preliminary information available to the Company, the increase in net operating loss in 1H2019 was primarily attributable to the following factors: (1) a decrease of approximately a range of 5% to 10% in the Group’s revenue as compared to 1H2018 primarily due to a decrease in sales through traditional channels, (2) an increase in employment-related expenses incurred by the Group, which had contributed to increases in administrative expenses and selling and distribution costs, (3) an increase in advertisement costs and research and development expenses due to the Group’s recent efforts to promote sales, and (4) an increase in depreciation expenses arising from capitalization of construction in progress commencing from the second half of 2018.

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 1H2019 may be different from the disclosure in this announcement. Further information on the Group’s results and performance for the 1H2019 is expected to be released on 29 August 2019 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, 5 August 2019

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*