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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)

DISCLOSEABLE TRANSACTIONS SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS BY BAWANG GUANGZHOU

On 14 January 2020, Bawang Guangzhou subscribed for the Wealth Management Products that were offered by Bank of China at an aggregate principal amount of RMB40.0 million (approximately equivalent to HK\$43.6 million). The Wealth Management Products are principal guaranteed, short-term and have a fixed-rate of return.

The Subscription constituted discloseable transactions under Chapter 14 of the Listing Rules. Since one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregate principal amounts of the Wealth Management Products exceed 5% but all of them are less than 25%, the Subscription would be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 14 January 2020, Bawang Guangzhou, a wholly-owned subsidiary of the Company, subscribed for the Wealth Management Products offered by Bank of China at an aggregate principal amount of RMB 40.0 million (approximately equivalent to HK\$43.6 million).

DETAILS OF THE SUBSCRIBED WEALTH MANAGEMENT PRODUCTS

The principal terms of the Wealth Management Products are summarised below:

Product Provider: Bank of China, a licensed state-owned commercial bank established under the law of the PRC and listed on the Shanghai Stock Exchange and the Main Board of the Stock Exchange. To the best knowledge, information and belief of the Directors of the Company having made all reasonable enquiry, Bank of China is an Independent Third Party

Name of the Wealth Management Products:	中銀保本理財人民幣按期開放理財產品 (Bank of China RMB Principal Guaranteed Investment Scheduled Deposit Wealth Management Product*)
Product type:	Principal guaranteed and fixed-rate return, with an annualised return rate of 3.2% of the principal amount subscribed for
Subscription date:	14 January 2020
Investment periods:	WM Product I: from 14 January 2020 to 14 April 2020 WM Product II: from 14 January 2020 to 29 June 2020 WM Product III: from 14 January 2020 to 14 July 2020
Subscriber:	Bawang Guangzhou
Principal amounts of Subscription:	WM Product I: RMB20.0 million (equivalent to approximately HK\$21.8 million) WM Product II: RMB10.0 million (equivalent to approximately HK\$10.9 million) WM Product III: RMB10.0 million (equivalent to approximately HK\$10.9 million)
	The aggregate subscription amount (totalling RMB 40.0 million) for WM Product I, WM Product II and WM Product III was fully settled on 14 January 2020 by way of inter-account transfer at Bank of China
Return calculation:	Return = principal of subscription x actual annualised return rate at 3.2% x number of days of investment/365 days
	Assuming that the Wealth Management Products are held for the entire durations of the investment periods, Bawang Guangzhou is expected to receive investment returns in the amounts of approximately RMB159,562, RMB146,411 and RMB159,562, respectively for WM Product I, WM Product II and WM Product III
Early redemption right:	Bank of China has a right to pre-maturely terminate the Wealth Management Products and return the principal and the investment returns for the investment periods to Bawang Guangzhou. Bawang Guangzhou may only redeem the product upon the end of the respective investment period
Investment Scope:	The Wealth Management Products mainly invest in the low-risk and

high-liquidity assets in compliance with regulatory requirements. Subscribers agree that Bank of China may adjust the investment ratio in accordance with the change in the market conditions provided the adjustment to the investment ratio does not exceed plus or minus 10%

Source of funding for Subscription: Bawang Guangzhou's internal funds

LISTING RULES IMPLICATIONS

Bawang Guangzhou subscribed the Wealth Management Products on 14 January 2020 and the Subscription was completed on the same date. The subscription amount of the Wealth Management Product was determined after making reference to the funds available at the time of Subscription and the expected capital needs of the Group.

The Subscription constituted discloseable transactions under Chapter 14 of the Listing Rules. Since one or more of the applicable percentage ratios in respect of the aggregate principal amounts of the Wealth Management Products exceed 5% but all of them are less than 25%, the Subscription would be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Bawang Guangzhou does not intend to renew the Wealth Management Products upon expiry of their respective investment periods. Should Bawang Guangzhou decide to renew one or more of the Wealth Management Products, the Company will comply with the applicable requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF SUBSCRIBING FOR WEALTH MANAGEMENT PRODUCTS

Taking into account, among others, (i) the relatively low level of risks; (ii) the expected fixed rate of return; (iii) the short term to maturity; and (iv) the reputation and credibility of Bank of China, it was believed that the Wealth Management Products will provide the Group with better rate of return than fixed or call deposits generally offered by commercial banks in the PRC.

The terms of the Wealth Management Products are the same as those offered to the other corporate customers of Bank of China. The Board considers that the terms of the Wealth Management Products are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RATIFICATION AND REMEDIAL ACTIONS TO BE TAKEN BY THE COMPANY

On 5 April 2020, a Board meeting was held to ratify and approve the Subscription. During the Board meeting, the Directors (including the independent non-executive Directors) considered the terms of the Wealth Management Products were on normal commercial terms, fair and reasonable and in the interest of the Company and Shareholders as a whole.

The Company understands that an announcement should have been made as soon as possible in accordance with Rule 14.34 of the Listing Rules after the terms of the Subscription have been finalised. The Board recently became aware of the Subscription during the audit of the Company's financial statements for the year ended 31 December 2019.

The Board is of the view that the Company's delay in compliance with the applicable requirements of the Listing Rules was unintentional and was an isolated event, and was due to an oversight by the management. The Company will take the following remedial measures to prevent the recurrence of similar events in the future:

- the Group has updated its internal control manual on cash and treasury management to ensure that any future investments into wealth management products will comply with Chapter 14 of the Listing Rules;
- the Group shall enhance the training provided to the management and members of its finance department, including inviting external legal advisors of the Company to give training on the compliance requirements and examples of discloseable transactions to its staff, so as to reinforce their understanding of and to emphasize the importance of complying with the Listing Rules;
- the Group shall also remind its management and members of its finance department to report those transaction which may constitute potential discloseable transactions to the chief financial officer of the Company for approval, and the chief financial officer shall assess the disclosure requirements before the Group enters into those transactions;
- the Group has designed an internal completion checklist for control procedures that need to be followed in case of future subscription or renewal of wealth management products by the Group;
- the Group will consult with its professional advisors more closely in relation to regulatory compliance; and
- the Audit and Risk Management Committee shall report on the implementation progress of the above matters in the next published interim report of the Company.

ABOUT THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is principally engaged in the design, manufacture and sale of Chinese herbal shampoo and hair-care products as well as other products such as skincare products, toothpaste, and shower gels.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Audit and Risk Management Committee”	audit and risk management committee of our Board
“Bank of China”	Bank of China Limited, Guangdong Province Branch (中國銀行股份有限公司廣東省分行)
“Bawang Guangzhou”	霸王(廣州)有限公司(Bawang (Guangzhou) Co., Ltd.*), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	BaWang International (Group) Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2007 and the shares of which on listed on the Stock Exchange
“connected person”	has the meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Regions of the PRC
“Independent Third Party”	a third party (and where the third party is a corporation, such corporation and its ultimate beneficial owners) who is/are independent of the Company and is/are not connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Wealth Management Products by Bawang Guangzhou on 14 January 2020
“Wealth Management Products”	collectively, WM Product I, WM Product II and WM Product III
“WM Product I”	the principal-guaranteed and fixed-return wealth management product offered by Bank of China that Bawang Guangzhou subscribed for with a principal amount of RMB20.0 million at annualised return rate of 3.2% per annum, with an investment period from 14 January 2020 to 14 April 2020
“WM Product II”	the principal-guaranteed and fixed-return product offered by Bank of China that Bawang Guangzhou subscribed for with a principal amount of RMB10.0 million at annualised return rate of 3.2% per annum, with an investment period from 14 January 2020 to 29 June 2020
“WM Product III”	the principal-guaranteed and fixed-return offered by Bank of China that Bawang Guangzhou subscribed for with a principal amount of RMB10.0 million at annualised return rate of 3.2% per annum, with an investment period 14 January 2020 to 14 July 2020
“%”	per cent

By order of the Board
BaWang International (Group) Holding Limited
CHEN Qiyuan
Chairman

Hong Kong, 5 April 2020

As at the date of this announcement, the Board of the Company 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 purposes only.*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.09 to RMB1.0. Such exchange rate has been used for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.