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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of BaWang International (Group) Holding Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

The Board refers to the positive profit alert announcement of the Company dated 17 November 2023. The Company turned around to make an operating profit of approximately RMB14.9 million for 2023 from an operating loss for 2022. The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2023:

Total revenue of the Group was approximately RMB237.7 million, representing a decrease of approximately 3.5% from approximately RMB246.3 million for 2022.

Revenue from the online sales channel was approximately RMB126.2 million, representing an increase of approximately 9.1% from approximately RMB115.7 million in 2022.

Operating profit of the Group was approximately RMB14.9 million, as compared with an operating loss of approximately RMB17.3 million for 2022.

Net profit was approximately RMB13.6 million, as compared with a net loss of approximately RMB19.3 million for 2022.

Profit attributable to owners of the Company was approximately RMB13.6 million, as compared with the loss attributable to owners of the Company of approximately RMB19.3 million for 2022.

Earnings per share (basic and diluted) was approximately RMB0.4309 cent.

Following review of the operating results of the Group, the Board does not recommend the payment of a final dividend.

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Revenue	3	**237,653**	246,341
Cost of sales		**(117,935)**	(153,822)
Gross profit		**119,718**	92,519
Other income	4	**2,907**	3,565
Selling and distribution costs		**(81,106)**	(83,507)
Administrative expenses		**(27,602)**	(32,379)
Reversal of impairment losses recognised in respect of trade receivables		**1,148**	2,993
Other expenses		**(183)**	(524)
Operating profit/(loss)		**14,882**	(17,333)
Finance costs	5	**(1,338)**	(2,098)
Profit/(loss) before taxation		**13,544**	(19,431)
Income tax credit	6	**83**	110
Profit/(loss) for the year attributable to owners of the Company	7	**13,627**	(19,321)
Other comprehensive income/(expense)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(441)**	(404)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		**13,186**	(19,725)
Earnings/(loss) per share	9		
Basic		**RMB0.4309 cent**	RMB(0.6110) cent
Diluted		**RMB0.4309 cent**	RMB(0.6110) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**31 December 2023** **RMB'000**	31 December 2022 *RMB'000* (Restated)	1 January 2022 *RMB'000* (Restated)
Non-current assets				
Property, plant and equipment		**34,575**	40,515	61,938
Right-of-use assets		**22,573**	31,301	52,211
Deferred tax assets		**379**	296	186
Time deposit		**30,000**	50,000	50,000
		87,527	122,112	164,335
Current assets				
Inventories		**25,831**	27,056	40,815
Right to returned goods asset		**719**	737	795
Trade and other receivables	*10*	**27,984**	20,214	26,308
Amount due from a related party		**—**	—	242
Time deposit		**—**	—	4,000
Bank balances and cash		**88,272**	74,404	59,269
		142,806	122,411	131,429
Current liabilities				
Trade and other payables	*11*	**59,411**	79,640	83,527
Amount due to a related party		**—**	—	22
Contract liabilities		**5,225**	4,261	11,233
Refund liabilities		**1,092**	1,030	1,150
Lease liabilities		**9,208**	8,173	10,137
Provision		**—**	—	338
		74,936	93,104	106,407
Net current assets		**67,870**	29,307	25,022
Total assets less current liabilities		**155,397**	151,419	189,357
Non-current liability				
Lease liabilities		**15,895**	25,103	43,316
Net assets		**139,502**	126,316	146,041

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000* (Restated)	1 January 2022 *RMB'000* (Restated)
Capital and reserves				
Share capital		**277,932**	277,932	277,932
Reserves		**(138,430)**	(151,616)	(131,891)
Total equity		**139,502**	126,316	146,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

BaWang International (Group) Holding Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate holding company is Fortune Station Limited ("**Fortune Station**"), which is incorporated in the British Virgin Islands (the "**BVI**") and is owned as to: (1) 49.57% by Heroic Hour Limited, a company that is beneficially owned as to 22.00% by Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company, and 78.00% by Mr. CHEN Zheng He's six brothers and sisters; and (2) 50.43% by Mr. CHEN Qiyuan, the chairman of the board of directors of the Company (the "**Directors**").

The address of the registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at Bawang Industrial Park, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, 510450, the People's Republic of China (the "**PRC**").

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are manufacturing and sales of the household and personal care products.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC which functional currencies are RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars ("**HK$**").

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

In the current year, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and the IFRS Interpretations Committee ("**IFRIC**") of the IASB which are effective for the Group's financial year beginning on 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities. The Group recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented. This change in accounting policy did not have any impact on the cash flows for the year ended 31 December 2023 and 2022.

The effects of change in accounting policies as a result of application of amendments to IAS 12 on the consolidated statements of profit or loss and other comprehensive income and earnings/(loss) per share, are as follows:

	2023	2022
	RMB'000	*RMB'000*
Impact on profit/(loss) for the year		
Increase in income tax credit	**83**	110
Increase in profit/(loss) for the year	**83**	110
Increase in profit/(loss) for the year attributable to owners of the Company	**83**	110
Impact on basic and diluted earnings/(loss) per share		
Basic and diluted earnings/(loss) per share before adjustment	**RMB0.4283 cent**	RMB(0.6144) cent
Adjustment arising from change in accounting policy in relation to application of amendments to IAS 12	**RMB0.0026 cent**	RMB0.0034 cent
Reported basic and diluted earnings/(loss) per share	**RMB0.4309 cent**	RMB(0.6110) cent

The effects of change in accounting policies as a result of application of amendments to IAS 12 on the consolidated statements of financial position at the end of the immediately preceding financial year, 31 December 2022, and the beginning of the comparative period, 1 January 2022, are as follows:

	As at 31 December 2022	**Adjustment**	**As at 31 December 2022**
	RMB'000		*RMB'000*
	(originally stated)		(restated)
Deferred tax assets	—	296	296
Total effect on net assets	—	296	296
Reserves	(151,912)	296	(151,616)
Total effect on equity	(151,912)	296	(151,616)

	As at 1 January 2022 *RMB'000* (originally stated)	Adjustment	As at 1 January 2022 *RMB'000* (restated)
Deferred tax assets	—	186	186
Total effect on net assets	—	186	186
Reserves	(132,077)	186	(131,891)
Total effect on equity	(132,077)	186	(131,891)

Amendments to IFRSs issued but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that, the application of amendments to IFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of goods, net of discounts and sales related taxes. An analysis of the Group's revenue for the year is as follows.

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
Manufacturing and sales of the household and personal care products		
Hair-care products	**217,684**	211,115
Skin-care products	**25**	87
Other household and personal care products	**19,944**	35,139
	237,653	246,341

Disaggregation of revenue from contracts with customers by timing of recognition

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**237,653**	246,341

Information reported to the executive directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance, focuses on types of goods delivered. The Directors have chosen to organise the Group around differences in products. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies.

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2023 and 2022, all the remaining performance obligations will be recognised as revenue within one year from the end of the reporting period. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Specifically, the Group's reportable segments are as follows:

- Hair-care products
- Skin-care products
- Other household and personal care products

Operating segments including manufacture and sale of other household and personal care products have been aggregated into a single reporting segment after taking into account that none of which are of a sufficient size to be reported separately.

The CODM is provided with segment information concerning segment revenue and result. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Hair-care products		**Skin-care products**		**Other household and personal care products**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sales to external customers	**217,684**	211,115	**25**	87	**19,944**	35,139	**237,653**	246,341
Segment profit/(loss)	**16,871**	(12,044)	**(17)**	(22)	**(1,775)**	(5,994)	**15,079**	(18,060)
Bank interest income							**1,627**	1,959
Other income							**1,280**	1,315
Corporate and other unallocated expenses							**(4,442)**	(4,645)
Profit/(loss) before taxation							**13,544**	(19,431)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned/(loss from) by each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, net foreign exchange gain/(losses), central administrative costs and directors' emoluments. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Other segment information

	Hair-care products		Skin-care products		Other household and personal care products		Total	
	2023	*2022*	***2023***	*2022*	***2023***	*2022*	***2023***	*2022*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment results								
Additions to property, plant and equipment	**2,075**	580	**—**	—	**190**	96	**2,265**	676
Depreciation of property, plant and equipment	**7,227**	18,778	**1**	8	**662**	3,125	**7,890**	21,911
Depreciation of right-of-use assets	**7,995**	9,093	**1**	4	**732**	1,514	**8,728**	10,611
Interest on lease liabilities	**1,226**	1,798	**—**	1	**112**	299	**1,338**	2,098
Loss on disposals of property, plant and equipment	**146**	395	**—**	—	**13**	66	**159**	461
Gain on lease modification	**—**	(453)	**—**	—	**—**	(76)	**—**	(529)
Bad debt written off	**668**	1.472	**1**	1	**61**	245	**730**	1,718
Reversal of impairment losses recognised in respect of trade receivables	**(1,052)**	(2,565)	**—**	(1)	**(96)**	(427)	**(1,148)**	(2,993)
Reversal of impairment losses recognised in respect of property, plant and equipment	**—**	(250)	**—**	—	**—**	(41)	**—**	(291)
(Reversal of allowance)/ allowance for inventories	**(126)**	9	**—**	—	**(11)**	2	**(137)**	11
Obsolete inventories written-off	**731**	1,680	**—**	1	**67**	280	**798**	1,961
Amounts regularly provided to the CODM but not included in the measure of segment results								
Government grants	**—**	—	**—**	—	**—**	—	**(436)**	(168)
Bank interest income	**—**	—	**—**	—	**—**	—	**(1,627)**	(1,959)

Geographical information

The Group's operations are mainly located in the PRC (country of domicile) and Hong Kong.

The geographical location of customers is based on the location at which the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets.

	Revenue from external customers		Non-current assets	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (country of domicile)	**233,696**	243,239	**56,345**	71,022
Hong Kong	**2,051**	1,136	**803**	794
Malaysia	**775**	1,056	**—**	—
Outer Mongolia	**647**	216	**—**	—
Thailand	**484**	344	**—**	—
Russia	**—**	350	**—**	—
Total	**237,653**	246,341	**57,148**	71,816

Information about major customers

Details of the customer contributing over 10% of total revenue of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A[1]	**N/A[2]**	26,785

1 Revenue from segment of hair-care products

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**1,627**	1,959
Government grants *(note a)*	**436**	168
Gain on sales of scrap materials	**200**	569
Gain on waiver of legal cost	**—**	338
Reversal of impairment losses in respect of property, plant and equipment	**—**	291
Others *(note b)*	**644**	240
	2,907	3,565

Notes:

(a) Various government grants were granted to the Group in respect of application of Chinese herbs in daily products. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

(b) During the year ended 31 December 2023, the Group wrote off account payable of RMB644,000 (2022: RMB204,000), which would be payable to suppliers as performance bond and are long outstanding, are considered to be no longer needed and have been recognised as other income.

5. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**1,338**	2,098

6. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Deferred income tax	**83**	110

(a) Under the Law of the PRC on Enterprise Income Tax (the "**PRC EIT Law**") and Implementation Regulation of the PRC EIT Law, the tax rate of the subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to circular issued by Ministry of Finance and State Taxation Administration on 17 January 2019, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2021. On 2 April 2021, a circular was issued by Ministry of Finance and State Taxation Administration, the corporate income tax was halved on the basis of above preferential policies and the policies were extended from 1 January 2021 to 31 December 2022. On 26 March 2023, a circular was issued by Ministry of Finance and State Taxation Administration, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 is entitled to a preferential tax treatment of 25% included in taxable income and application of income tax rate as 20% from 1 January 2023 to 31 December 2024. On 2 August 2023, a circular was issued by Ministry of Finance and State Taxation Administration and the above preferential policies were further extended to 31 December 2027. Certain PRC subsidiaries of the Group were qualified for this preferential tax treatment during the years ended 31 December 2023 and 2022.

The PRC EIT Law allows enterprises to apply for the certificates of "High and New Technology Enterprise" ("**HNTE**") which entitles the qualified companies to a preferential income tax rate of 15%. Bawang (Guangzhou) Co., Ltd. ("**Bawang Guangzhou**"), a PRC subsidiary of the Group, was qualified as a HNTE since 2009. For the year ended 31 December 2023, Bawang Guangzhou has no tax payable on the profit arising in PRC since the assessable profit is wholly absorbed by tax losses brought forward. For the year ended 31 December 2022, Bawang Guangzhou did not have any assessable profits subject to EIT.

(b) No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2023 and 2022 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2023 and 2022.

(c) Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during the years ended 31 December 2023 and 2022.

7. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging (crediting):

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration		
— Statutory audit	**939**	850
— Other non-audit services	**224**	162
Cost of inventories recognised as an expense *(note (a))*	**118,072**	153,811
Depreciation of property, plant and equipment	**7,890**	21,911
Depreciation of right-of-use assets	**8,728**	10,611
Loss on disposals of property, plant and equipment	**159**	461
Net foreign exchange (gains)/losses	**(503)**	594
Research and development costs recognised as an expense *(note (b))*	**12,507**	14,123
Bad debt written off	**730**	1,718
(Reversal of allowance)/allowance for inventories (included in cost of inventories recognised as an expense)	**(137)**	11
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	**798**	1,961

Notes:

(a) Cost of inventories recognised as an expense included depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs of approximately RMB7,577,000 (2022: RMB20,068,000), RMB8,728,000 (2022: RMB10,611,000) and RMB15,368,000 (2022: RMB18,262,000) respectively. The amounts were also included in the respective amounts disclosed above.

(b) Included in research and development expenses was staff costs of approximately RMB5,687,000 (2022: RMB4,549,000).

8. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2023 (2022: nil), nor has any dividend been proposed since the end of the reporting period (2022: nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit/(Loss)		
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**13,627**	(19,321)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**3,162,441**	3,162,441

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022 or at the end of both reporting periods.

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Receivables within the scope of IFRS 15 at amortised cost comprise:		
Trade receivables	**21,504**	19,278
Less: allowance for impairment of trade receivables	**(3,849)**	(4,997)
	17,655	14,281
Prepayment for purchase of raw materials	**8,553**	1,864
Other prepayments	**1,007**	1,402
Bank interest receivables	**180**	1,500
Non-income tax receivables	**175**	131
Other receivables	**414**	1,036
	27,984	20,214

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2023	2022
	RMB'000	*RMB'000*
Less than 3 months	**17,452**	14,281
More than 3 months but less than 6 months	**193**	—
More than 6 months but less than 12 months	**6**	—
More than 12 months	**4**	—
	17,655	14,281

11. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**19,078**	35,710
Promotion fee payables	**9,218**	10,091
Accrued payroll	**3,651**	1,897
Non-income tax payables	**2,195**	3,979
Other payables and accruals	**25,269**	27,963
	59,411	79,640

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**10,525**	21,451
After 1 month but within 3 months	**8,553**	14,259
	19,078	35,710

The average credit period on purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

BUSINESS REVIEW

The Directors report that the total revenue of the Group for the year ended 31 December 2023 was approximately RMB237.7 million, representing a decrease of approximately 3.5% from approximately RMB246.3 million for 2022. The operating profit of the Group for the year ended 31 December 2023 was approximately RMB14.9 million as compared with an operating loss of approximately RMB17.3 million for 2022.

For the year ended 31 December 2023, the net profit of the Group was approximately RMB13.6 million, as compared with a net loss of approximately RMB19.3 million for 2022.

For further information on the operating performance of the Group, please refer to the "Financial Review" section of this announcement.

During the year under review, the Group continued to operate under the value-chain-oriented business model, which enabled the Group to control the cost of sales and operating costs at a sustainable level.

During the period under review, we advertised our Bawang branded products inside the metro stations of Shenzhen and other 1st-tier cities so as to enhance the publicity and exposure of our Bawang branded products. We made use of our official Weibo (微博) to initiate blogs to follow up the discussions of popular topics and charities for implanting publicity for Bawang branded products at the same time.

During the year under review, we continued to make use of popular social media platforms to promote and cultivate customers' interest in our branded products through graphics + text and short video clips at Douyin (抖音), Weibo, Xiaohongshu (小紅書) and Bilibili (嗶哩嗶哩). Through in-store exciting and vivid counter-shows in our display counters at various hypermarkets, onsite cosmetic course and dissemination of shampooing and hair-care knowledge during the various festivals of the year and the anniversary celebrations of the malls, which attracted the participation of consumers, we enhanced the interactions with consumers so as to arouse their interest to buy our products and thereby increased the sales revenue of the conventional channel.

During the year under review, we conducted integrated marketing through Xiaohongshu (小紅書), Weibo, Wechat (微信) official account right before we launched the Bawang Fragrant Bottle with a discussion theme "Avoid hair-fall while staying up late, use Bawang Fragrant Bottle" for extended dissemination. At the same time, we cooperated with more than 50 well-known Blue-Verified bloggers of Xiaohongshu (小紅書) to relay onto their blogs the publicity materials of Bawang fragrant shampoo bottles from our official Weibo and embedded a hyperlink that would automatically be directed to our flagship shop at T-Mall (天猫) so as to increase online sales revenue.

During the year under review, we continued to participate in community welfare events so as to enhance our public image as a responsible corporation. During the Women's Day on the 8th of March and in conjunction with the Guangzhou Qianjin Sub-district Social Service Station, we made courtesy visits and donated shampoos, shower gels and other household care products to the needy women in the community. In collaboration with the Guangzhou Community Social Service Station of Qianjin Sub-district, Tianhe District, we carried out the charitable sales in the neighbourhood and donated shampoos, shower gels and other household care products to the impoverished families. In the Christmas time of 2023, household and personal care ("**HPC**") products including 300 bottles of shampoo and 300 bottles of show gel were sold at cost to the Tung Wah Group of Hospitals of Hong Kong for charitable distribution to the underprivileged families. We believe that these types of social activities help to publicise our corporate mission and enhance our corporate image.

As at 31 December 2023, the Bawang brand distribution network comprised approximately 949 distributors and six KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the Bawang-branded products were also sold in Hong Kong, Singapore, Thailand, Malaysia, USA, and Mongolia.

During the year under review, the Group enhanced its product formula and upgraded packaging to promote new Royal Wind branded shampoo products primarily for the online sales channel. As at 31 December 2023, the Royal Wind brand distribution network comprised approximately 949 distributors and six KA retailers, covering 27 provinces and four municipalities in China.

The Litao products mainly comprise shower gels and laundry detergents, which target consumers living in the second-tier or third-tier cities in China. The Group's goal is to maintain market coverage in the traditional channel. As at 31 December 2023, the Litao products distribution network comprised approximately 905 distributors, covering 27 provinces and four municipalities in China.

The Group has established 11 online retailing platforms for our Bawang, Royal Wind and Herborn branded products, of which two were established during the year under review.

For the year under review, we obtained and/or renewed and/or possessed the certificates and/or recognitions as follows:

— the permit for production of cosmetic products, which was issued by Guangdong Provincial Medical Products Administration, which is valid until May 2027;

— Our Chinese herbal hair care series shampoo, Chinese anti-dandruff series shampoo and Chinese herbal skin care series body wash series products have been recognized as "The 2022 Elite High-Tech Products in Guangdong Province (2022年度廣東省名優高新技術產品)" by the Guangdong Provincial New Hi-tech Enterprise Association (廣東省高新技術企業協會) in January 2023 and valid for a period of three years until January 2026;

— our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2025 as to meet the requirements of US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008;

— our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2025 as to meet the requirements of ISO22716-2007 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007;

— we have been accredited as a "Committee Unit" by Guangdong Provincial Food & Drug Technology Association for Evaluation & Certification (廣東省食品藥品審評認證技術協會), which is valid until December 2023; and

— On 8 August 2023, we were accredited as Grade A credit rating taxpayer for the year 2022 by Guangzhou Municipal Tax Service of the State Taxation Administration (國家稅務總局廣州市稅務局).

FINANCIAL REVIEW

Revenue

During the year under review, the Group's revenue was approximately RMB237.7 million, representing a decrease of approximately 3.5% from approximately RMB246.3 million for 2022. The revenue through the online sales channel was approximately RMB126.2 million, representing an increase of approximately 9.1% from approximately RMB115.7 million in 2022 and the revenue through the conventional sales channel decreased by approximately 14.7% as compared with 2022.

The Group's core brand, Bawang, generated approximately RMB226.0 million in revenue, which accounted for approximately 95.1% of the Group's total revenue by product category in 2023, and represented a decrease of approximately 4.9% as compared with 2022.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB2.0 million in revenue, which accounted for approximately 0.9% of the Group's total revenue by product category in 2023, and represented a decrease of approximately 48.4% as compared with 2022.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB3.9 million in revenue, which accounted for approximately 1.6% of the Group's total revenue by product category in 2023, and represented a decrease of approximately 15.1% as compared with 2022.

We sold our products through extensive distribution and retail networks, and via conventional and online sales channels. During the year ended 31 December 2023, a summary of our sales revenue in percentage through different networks and/or channels is as follows:

Network/Channel	**Conventional**	**Online**	**Total**
	(%)	*(%)*	*(%)*
Distributor	43.3	23.7	67.0
Retailer	3.6	29.4	33.0
Total	46.9	53.1	100.0

In 2023, the sales to Hong Kong and the overseas markets accounted for approximately 1.0% of our total revenue.

Cost of Sales

Cost of sales in 2023 amounted to approximately RMB117.9 million, representing a decrease of approximately 23.3% compared with approximately RMB153.8 million in 2022. The overall decrease in cost of sales was mainly due to a decrease in the prices of raw materials and packaging materials, direct labor costs, and the depreciation charges on the right of use assets and property, plant and equipment, which led to an overall decrease in aggregate manufacturing cost. Cost of sales was further reduced by a decrease in sales volume which caused a corresponding drop in production volume. As a percentage of revenue, cost of sales decreased from approximately 62.4% in 2022 to approximately 49.6% in 2023.

Gross Profit

During the year under review, the Group's gross profit increased to approximately RMB119.7 million, representing an increase of approximately 29.4% as compared with approximately RMB92.5 million for 2022. The gross profit margin increased from approximately 37.6% for 2022 to approximately 50.4% for 2023. Such increase was mainly attributable to a decrease in the average unit cost of production as aforementioned.

Other Income

During the year under review, other income decreased to RMB2.9 million, representing a decrease of 18.5% as compared with 2022. Such decrease was mainly attributable to a decrease in the bank interest income and a decrease in the gain on sales of scrap materials.

Selling and Distribution Costs

Selling and distribution costs decreased to approximately RMB81.1 million for 2023, representing a decrease of approximately 2.9% as compared with approximately RMB83.5 million in 2022. Such decrease was mainly due to a decrease in salaries and bonus and redundancy costs, but such decrease was partially offset by an increase in promotion expenses and goods delivery expenses. As a percentage of revenue, our selling and distribution costs slightly increased from approximately 33.9% in 2022 to 34.1% in 2023.

Administrative Expenses

Administrative expenses for 2023 amounted to approximately RMB27.6 million, representing a decrease of approximately 14.8% as compared with approximately RMB32.4 million in 2022. Such decrease was mainly due to the decrease in research and development expenses, salaries and bonus and redundancy costs, which was partially offset by the increase in provision for bad debt and vehicle expenses. As a percentage of revenue, our administration expenses decreased from approximately 13.1% in 2022 to 11.6% in 2023.

Impairment Losses Reversed in respect of Trade Receivables

For the year under review, the Group has reversed impairment losses of approximately RMB1.1 million in respect of trade receivables, following the management's assessment on credit risk of our financial assets by adopting the expected credit loss (the "**ECL**") according to IFRS 9.

Profit from Operations

The Group recorded an operating profit of approximately RMB14.9 million for 2023, as compared with an operating loss of approximately RMB17.3 million for 2022. Such turnaround from loss to profit was mainly because of the increase of gross profit and the decrease in administrative expenses.

Finance Costs

For the year ended 31 December 2023, no interest on bank borrowings was incurred (2022: Nil). Additionally, interest on lease liabilities amounted to approximately RMB1.3 million (2022: RMB2.1 million).

Income Tax

During the year ended 31 December 2023, the Group had income tax credit of RMB0.08 million (2022: RMB0.1 million).

Profit for the Year

As a result of the combined effect of the above mentioned factors, the Group recorded a net profit of approximately RMB13.6 million for 2023, as compared with a loss of approximately RMB19.3 million for 2022.

The net profit for the full financial year 2023 is within a similar range with the estimated net profit in the region of RMB14.0 million for the 10 months ended 31 October 2023 as disclosed in the positive profit alert announcement of the Company dated 17 November 2023. This is because the Company incurred a higher average monthly selling expenses in November and December of 2023 than those of the previous 10 months following the recognition of end of year promotion expenses payable to the distributors during the last two months of 2023.

Profit for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a profit attributable to owners of the Company of approximately RMB13.6 million for 2023, as compared with a loss attributable to owners of the Company of approximately RMB19.3 million for 2022.

Restatements of Consolidated Statement of Financial Position

The Group adopted the amendments to IAS 12 from 1 January 2023, as a result of which restatements were required to our consolidated statement of financial position. For further information about the reasons for making such restatements, and the impact and effects of the adoption of the amendments to IAS 12 on our financial statements, please refer to note 2 to the consolidated financial statements on pages 6 to 8 of this announcement.

OUTLOOK

In late January 2024, the International Monetary Fund ("**IMF**") revised China's gross domestic product ("**GDP**") growth prediction for 2024 from previous estimate by 0.4 percent points from 4.2 percent to 4.6 percent because of the carryover from stronger-than-expected growth in 2023 and the increase in government spending on capacity building to respond to natural disasters, but the GDP growth could drop to 3.0 percent range in 2024–25 without policy response on the real estate sector.

The actual China's year-on-year GDP growth was 5.2 percent in 2023. According to the IMF, the performance of Chinese economy in 2023 was slightly above expectations, and to sustain the China's economic momentum, decisively addressing the challenges, including the stress in the property sector, and managing local government debt is crucial. The IMF went on to say that some actions have already been taken by the Chinese government in the property sector and that China's commitment to the green economy is evident in notable decisions, particularly in sectors like electric vehicles.

The IMF projected in late January 2024 that the global economy would grow 3.1 percent in 2024, unchanged from that in 2023, but this is an improvement over the growth prediction of 2.9 percent made in October 2023. Although the IMF raised the global growth forecast, the IMF also said that there is still a need "to be mindful of risks", and that with conflicts still going on between Russia and Ukraine, and Israel and Hamas, the complex geopolitical situation still brings uncertainties to the global economic outlook.

In mid-January 2024, the National Bureau of Statistics ("**NBS**") indicated the retail sales of consumer goods increased by 7.2 percent year-on-year in 2023, which is a major indicator of the China's consumption strength and the main driving force for economic growth. The NBS went on to say that China's consumption potential is still huge because the steady advancement of urbanization and the upgrading of consumption structure provide broad space for the growth of consumption. The NBS expects that policy incentives will be rolled out to stabilize and expand traditional consumption, cultivate new consumption and improve the consumption environment.

In the National People's Congress ("**NPC**") of China in March 2024, an ambitious GDP growth target of around 5.0 percent in 2024 has been made, which is an upward revision of 0.8 percentage points from the IMF's forecast of 4.2 percent in October 2023 and also higher than the Reuter's poll forecast average of 4.6 percent in 2024. The China's Premier Li Qiang stressed that stability is of overall importance, as it is the basis for everything. He went on to say that making progress is the goal of our country, and that it is also what motivates us. In particular, China must push ahead with transforming the growth model, making structural adjustments, improving quality, and enhancing performance.

According to an economist of a foreign bank, a target of around 5.0 percent growth in GPD is ambitious, but achievable, which entails more aggressive easing policies and measures. As a result, it may also improve the growth outlook among households and corporate. The same analyst indicated that, however, meeting a similar growth target in the coming year could be significantly tougher because the nationwide restrictions of Covid-19 in 2022 were rampant, which adversely affected the economy and set a low base for the year-on-year comparison of 2022 and 2023.

Premier Li admitted that achieving the growth target will not be easy. He continued to state that given the need to boost employment and incomes and prevent and defuse risks, the government would "stabilize and expand consumption, while targeting an increase in spending on big-ticket items including electronics and new-energy vehicles.

Owing to the uncertainties and challenges against the overall economic recovery as mentioned above, the Directors tend to be very cautious about the Chinese economic environments and the worldwide geopolitical situations in 2024 and hence are conservative in formulating the strategies and operational plans for the Company.

The corporate theme for 2024 is "Dashing All the Way for Win-Win Co-operation"

For Bawang-branded products, the Group intends to adopt the following strategies for publicity and promotion of its branded products and enhancement of revenue:

(1) Through continuous cross-sector cooperations with enterprises in other industries sharing the same vision with us, we plan to roll out limited edition products and to carry out promotional activities for enlarging our brand influence;

(2) Through our official blogs and social media platforms in Weibo, Douyin, Kuaishou and Xiaohongshu, we will continue to initiate interesting and educational blog topics to enhance interactions with consumers and improve the awareness and reputation of our brand, which can stimulate the interest of target customers to purchase our products and accelerate the sales of our branded products;

(3) We will also cooperate with influential KOLs and engage them to act as our brand ambassadors and to recommend our branded products to the consumers. Through the effect of the KOLs' followers, the exposure of our branded products will be enhanced so as to increase the purchase conversion rate;

(4) Leveraging on our new Hi-tech equipment and various patents and special permits of Bawang branded products, we will promote our hot sales item — Bawang Anti-hair fall series;

(5) We will roll out novel and attractive packaging, such as "Fragrant Bottle" and "Rosefinch Bottle", we will introduce new series of anti-hair fall branded shampoos for attracting young customers and stimulating their interests to purchase our products; and

(6) We will carry out scheduled and ad-hoc offline activities, such as product launch conferences, cosmetic courses, and content-rich and vivid counter-shows to promote our products which would attract the consumers and improve the interaction and connection between our brand and the consumers, so as to enhance the sales of our branded products at various shopping centers.

For Royal Wind branded product series, the Group will sell these branded products, which are mainly hair-care product series, through the conventional channel and online sales channel so as to attract more young consumers and to enhance sales revenue of this brand.

For Litao branded product series, the Group will continue with its household care brand positioning, and will continue to sell laundry detergent and other HPC products through our conventional channels.

For conventional channels, the Group will continue to deepen cooperation and interaction with distributors by:

(1) Hosting new product sales meeting for developing new distributors and exploring the potential green field markets for establishment of points-of-sales so as to increase the sales through this channel;

(2) Leveraging on the grand opening or anniversary celebration of shops for carrying out sales promotion activities to increase sales volume;

(3) Increasing the frequency of weekend promotion and counter shows, and making use of creative performances to catch shoppers' attention so as to achieve positive effects on our brand influence;

(4) Strengthening the sales support services offered to key distributors, key channels and key points-of-sales for enhancing the revenue generated from distribution channels; and

(5) Continuing to optimise the infrastructure of all points-of-sales and streamlining the product displays in shops so as to stabilise the sales revenue.

As for the online sales channel, the Group hopes to achieve stable growth through implementation of the following plans:

(1) the Group will re-shuffle and re-position the structure of products at T-Mall flagship stores and T-Mall Supermarket. On the basis of the current hot-sales items such as re-growing bundles and oil, the Group will re-classify the customer segments in accordance with the different scenarios of their daily life and will roll out two brand new series of anti-hair fall shampoo with novel and attractive packaging, namely "Fragrant Bottle" and "Rosefinch Bottle," with a view to upgrading the image of Bawang branded products so as to increase the sales revenue. At the same time, the Group will roll out horizontal upgraded haircare products onto this platform such as anti-dandruff, hair mast and hair conditioner for increasing sales revenue.

(2) The Group will refer to the characteristics and direction of cooperation with JD.com platform and gather the statistics of visits through the operational devises embedded in the system for increasing the sales revenue through this platform. Additionally, the Group will monitor the market reaction for launch of new products and make adjustments accordingly so as to increase the sales through this platform.

(3) The Group will continue to roll out high cost performance products which suit customers from Pinduoduo. The official 10-billion-dollar subsidy program of Pingduoduo will serve to stimulate the sales growth from this platform.

(4) For the benefit of distributors, the Group will explore the cooperation with the door-to -door distribution channel including Meituan, Pupu, and 1688 through which our products for oral care and body care will be supplied so as to expand our distribution channel and increase the sales from channel distributors.

(5) The Group will continue to increase the investment in the live-streaming platform of Duoyin. Additional live-streaming rooms will be established and new hot-sales items will be created on the basis of existing hot-sales items to boost our sales with more breakout products. At the same time, through the expansion of cooperation with market-leading and mid-tier KOLs, we will cooperate with them in recommending our products to achieve brand awareness and brand sales volume.

(6) The group will develop a green field business channel through the social media platform of Wechat Channels (微信視頻號), for which our Group does not yet have a meaningful presence, for the purpose of increasing sales revenue.

For production management, we always emphasize on the innovation of the core technology of our products with the quality of products guaranteed. We will leverage on the capability of our professional research and development team to maintain strategic cooperation with universities and research institutions. While we strive to maintain our competitive advantage, we also aim to promote Bawang brand image and market leadership through production-study-research cooperation and transformation of research achievements to high-quality products.

We will manage to enhance our corporate operational effectiveness and competitiveness through continuous improvement and optimizations of internal work process, management system, production efficiency. We will arrange overhauling of production workshops, and to enhance the factory image so as to make our production environment even safer. We will arrange to digitize our production lines by replacing the existing old production lines and equipment so as to enhance the production efficiency and to conserve energy.

We will implement a complete performance-based assessment system with the people-oriented production management concept. We will provide training and education programs for enhancement of the skills of workers and their awareness of occupational safety. We will also arouse the workers' awareness on the concept of green production which serves to reduce the production costs and at the same time increase their wages and fringe benefits.

We will adopt a more flexible and advanced supply chain approach to reasonably utilize the production facilities and factory space, and to optimise the production processes. Subsequent to the balance sheet date, our solar energy installation has started its operations which helps to reduce the conventional power usage for the purpose of production costs saving as well as to achieve reductions in the carbon emissions. Whilst exercising stringent control over the production flow and process and at the same time ensuring the quality of products, we will minimize the materials spoilage and energy wasting so as to achieve the various environmental emission targets that have been predetermined by the Company.

For our original equipment manufacturers ("**OEM**") business, we will make use of our competitive advantages in professional design, research and development capabilities, mature production management techniques and advanced production infrastructures for expanding our OEM business with a view to strengthening our co-operations with quality customers so as to increase our market share and influence in this business sector.

We believe that through the above-mentioned resources management and workflow integration to maximise production effectiveness, we can reduce costs and enhance the efficiency. We will be able to sustain high quality development for achieving the Company's predetermined emission targets as stated in the Company's ESG report, thereby creating more returns for our shareholders.

As part of the business expansion plan, the Group will continue to explore the possibility of engaging with potential distributors for launching our branded products to other countries. The Group is open to explore further business opportunities with potential overseas distributors.

As of the date of this announcement, the Group does not have any outstanding acquisition opportunity on hand, nor is actively exploring business opportunities that may involve potential acquisition. However, the Group would consider the feasibility of any potential investment opportunities to enhance the returns to our shareholders.

Looking forward, we plan to focus on two areas to drive the strategic directions to sustain and develop our business in the volatile economic environment. In the short run, the Group intends to continue building up a management team with strong experience in both domestic and global HPC sectors, to regain the sales growth momentum and profitability, and to improve investors' confidence in the Group. In the long run, the Group will continue to focus on strengthening the business model and positioning to acquire market shares from domestic and international competitors, maintaining a multi-brand and multi-product strategy in HPC sectors, and becoming a leader in the branded Chinese herbal HPC products.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts conservative financial management policies and maintains a good and solid financial position. As at 31 December 2023, the time deposit, bank balances and cash of the Group were approximately RMB118.3 million (2022: approximately RMB124.4 million). Of which, the total time deposit of the Group was approximately RMB30.0 million (2022: approximately RMB50.0 million). A summary of liquidity and financial resources is set out below:

	31 December 2023 *RMB in million*	31 December 2022 *RMB in million*
Time deposits, bank balances and cash	**118.3**	124.4
Total loans	**0**	0
Total assets	**230.3**	244.5
The gearing ratio[1]	**0%**	0%

Note:

1. Calculate as total loans divided by total assets

MATERIAL ACQUISITION AND DISPOSAL

The Group did not engage in any material acquisition or disposal of any of its subsidiaries or associates during the year under review.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND HEDGING

The operations of the Group are mainly carried out in China, with most transactions being settled in Renminbi. The reporting currency of the Group is Renminbi. During the year under review, the Group had exported its goods to Hong Kong and certain overseas countries. The transactions were settled in either Hong Kong Dollars or United States Dollars. The Group's cash and bank deposits are mostly denominated in Renminbi. The Company will pay dividends in Hong Kong Dollars if dividends are declared. The Directors are of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange risk at the Group's operational level is not significant. As at 31 December 2023, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Directors will continue to monitor the foreign exchange exposure of the Group and are prepared to take prudent measures such as hedging when required.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023.

CAPITAL COMMITMENT

As at 31 December 2023, the Group had no material capital commitment.

CHARGE OF ASSETS

The Group had no charge of assets as at 31 December 2023.

TRADE AND OTHER PAYABLES

As at 31 December 2023, the trade and other payables of the Group was approximately RMB59.4 million (2022: RMB79.6 million). The decrease was primarily due to the decrease in trade payables and promotion fee payables, but such decrease was partially offset by the increase in accrued payroll. As at 31 December 2023 and 31 December 2022, trade and other payables did not include any balances due to related parties.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing the corporate governance of the Group, and the Board reviews and updates all such necessary measures in order to promote good corporate governance.

The Board is of the view that the Company has complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee has reviewed the annual results of the Group for the year ended 31 December 2023 with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2023 after taking into account matters contained in the dividend policy of the Group, which was announced by the Company on 31 December 2018.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**Annual General Meeting**") of the Company will be held on Friday, 31 May 2024. The register of members of the Company will be closed from Saturday, 25 May 2024 to Friday, 31 May 2024 (both days inclusive) for the purpose of determining shareholders' entitlement to attend and vote at the forthcoming Annual General Meeting, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 24 May 2024.

A notice of the Annual General Meeting will be published and despatched to shareholders in accordance with the requirements under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is also published on the websites of the Company (www.bawang.com.cn), IRasia (www.irasia.com/listco/hk/bawang/) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, banks, professional parties and employees of the Company for their continuous patronage and support.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the board of directors 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, Mr. CHEUNG Kin Wing, Dr. WANG Qi and Dr. LIU Jing.