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BONNY INTERNATIONAL HOLDING LIMITED

博尼国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1906)

PROFIT WARNING

This announcement is made by Bonny International 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders and potential investors of the Company that according to the preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2021 (the “**Period**”) and the preliminary assessment of the information currently available to the Board, the Group expects to record a consolidated loss attributable to owners of the parent company ranging from approximately RMB8 million to RMB10 million for the Period, while a consolidated profit attributable to owners of the parent company of approximately RMB48 million was recorded for the year ended 31 December 2020 (the “**Corresponding Period of Last Year**”).

The Group’s turnaround from profit to loss for the Period was mainly attributable to the following factors:

1. due to reduced business hours for self-operating brand stores in compliance with the COVID-19 pandemic control measures in certain infected areas, the gross profit of the Company’s self-operating segment reduced by over 10% compared with the Corresponding Period of Last Year as more promotions were used to drive continued results;

2. due to the impact of the COVID-19 pandemic, original design manufacturer (“ODM”) business experienced shrinkage in business volume, resulting in a decrease of approximately 19% in the Company’s ODM segment income compared with the Corresponding Period of Last Year;
3. the Group experienced a high employee turnover after relocating its production site to Beiyuan Street, Yiwu, Zhejiang Province, the People’s Republic of China (the “PRC”). In order to ensure timely production and delivery, the Group raised remunerations and benefits, employed temporary workers, subcontracted part of the production process and prepared for the processing plant in Yushan County, Shangrao, Jiangxi Province, the PRC. As a result, the production cost increased by approximately RMB20 million; and
4. due to the COVID-19 pandemic and the implementation of the government policy regarding energy consumption reduction in the PRC, the production costs were driven up by the increase in raw material prices.

The Board would like to emphasise that the Company is still finalising the consolidated results of the Group for the Period, the Group’s actual financial results for the Period may differ from those disclosed in this announcement. The information contained in this announcement is based on the information currently available to the Company and the preliminary assessment made on the Group’s unaudited consolidated management accounts for the Period, which have not been audited by the auditors of the Company nor reviewed by the audit committee of the Company. Shareholders and potential investors of the Company are advised to read carefully the Group’s annual results announcement for the Period, which is expected to be published on or before 31 March 2022 in accordance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Bonny International Holding Limited
Jin Guojun
Chairman

Hong Kong, 10 March 2022

As at the date of this announcement, the Board comprises Mr. Jin Guojun and Mr. Zhao Hui as executive Directors; Ms. Gong Lijin and Ms. Huang Jingyi as non-executive Directors; and Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe as independent non-executive Directors.