

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 2021**

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 2021 together with the comparative figures for the year ended 31 December 2020.

The Board refers to the profit warning announcements dated 19 November 2021, 24 January 2022 and 2 March 2022, respectively. The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2021:

Total revenue of the Group was approximately RMB273.6 million, representing a decrease of approximately 0.9% from approximately RMB276.0 million for 2020.

Revenue from the online sales channel was approximately RMB141.0 million, representing a decrease of approximately 8.2% from approximately RMB153.5 million in 2020.

Operating loss of the Group was approximately RMB7.5 million, as compared with an operating loss of approximately RMB2.8 million for 2020.

Net loss was approximately RMB9.1 million, as compared with a net loss of approximately RMB4.0 million for 2020.

Loss attributable to owners of the Company was approximately RMB8.9 million, as compared with the loss attributable to owners of the Company of approximately RMB4.0 million for 2020.

Loss per share (basic and diluted) was approximately RMB0.2872 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 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
Revenue	3	<b>273,604</b>	275,987
Cost of sales		<u><b>(174,573)</b></u>	<u>(167,887)</u>
Gross profit		<b>99,031</b>	108,100
Other income	4	<b>8,056</b>	3,719
Selling and distribution costs		<b>(84,307)</b>	(84,476)
Administrative expenses		<b>(29,345)</b>	(27,332)
Impairment losses of trade receivables		<b>(940)</b>	(2,784)
Other expenses		<u><b>(29)</b></u>	<u>(31)</u>
Operating loss		<b>(7,534)</b>	(2,804)
Finance costs	5	<u><b>(1,550)</b></u>	<u>(1,234)</u>
Loss before taxation		<b>(9,084)</b>	(4,038)
Income tax expense	6	<u><b>—</b></u>	<u>—</u>
Loss for the year attributable to owners of the Company	7	<b>(9,084)</b>	(4,038)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<u><b>213</b></u>	<u>104</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u><b>(8,871)</b></u>	<u>(3,934)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Continued)**

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b>	2020
<b>Loss per share</b>	9		
Basic		<u><b>RMB(0.2872) cent</b></u>	<u>RMB (0.1277) cent</u>
Diluted		<u><b>RMB(0.2872) cent</b></u>	<u>RMB(0.1277) cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Notes</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>61,938</b>	78,699
Right-of-use assets		<b>52,211</b>	10,853
Time deposit		<b>50,000</b>	—
		<b><u>164,149</u></b>	<u>89,552</u>
<b>Current assets</b>			
Inventories		<b>40,815</b>	27,307
Right to returned goods asset		<b>795</b>	920
Trade and other receivables	<i>10</i>	<b>26,308</b>	24,203
Amount due from a related party		<b>242</b>	242
Time deposits		<b>4,000</b>	—
Bank balances and cash		<b>59,269</b>	122,342
		<b><u>131,429</u></b>	<u>175,014</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>83,527</b>	81,137
Amounts due to related parties		<b>22</b>	74
Contract liabilities		<b>11,233</b>	15,360
Refund liabilities		<b>1,150</b>	1,450
Lease liabilities		<b>10,137</b>	11,156
Provision		<b>338</b>	338
		<b><u>106,407</u></b>	<u>109,515</u>
<b>Net current assets</b>		<b><u>25,022</u></b>	<u>65,499</u>
<b>Total assets less current liabilities</b>		<b><u>189,171</u></b>	<u>155,051</u>
<b>Non-current liability</b>			
Lease liabilities		<b>43,316</b>	325
		<b><u>145,855</u></b>	<u>154,726</u>
<b>Capital and reserves</b>			
Share capital		<b>277,932</b>	277,932
Reserves		<b>(132,077)</b>	(123,206)
<b>Total equity</b>		<b><u>145,855</u></b>	<u>154,726</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

## 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 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 1 January 2021:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the 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.

## New and amendments to IFRSs issued but not yet effective

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

IFRS 17	Insurance Contracts and related Amendments <sup>3</sup>
Amendments to IFRS 3	Reference to Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendment to IFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendment to IFRSs	Annual Improvements to HKFRSs 2018–2020 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that, the application of other new and 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b><u>Revenue from contracts with customers within the scope of IFRS 15</u></b>		
Disaggregated by major products		
Manufacturing and sales of the household and personal care products		
Hair-care products	232,166	249,230
Skin-care products	1,179	1,889
Other household and personal care products	<u>40,259</u>	<u>24,868</u>
	<u><u>273,604</u></u>	<u><u>275,987</u></u>

#### Disaggregation of revenue from contracts with customers by timing of recognition

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	<u><u>273,604</u></u>	<u><u>275,987</u></u>

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.

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

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

Operating segment 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.

	<u>Hair-care products</u>		<u>Skin-care products</u>		<u>Other household and personal care products</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales to external customers	<u>232,166</u>	<u>249,230</u>	<u>1,179</u>	<u>1,889</u>	<u>40,259</u>	<u>24,868</u>	<u>273,604</u>	<u>275,987</u>
Segment (loss)/profit	<u>(2,389)</u>	<u>4,190</u>	<u>211</u>	<u>(768)</u>	<u>(7,384)</u>	<u>(6,878)</u>	<u>(9,562)</u>	<u>(3,456)</u>
Bank interest income							<u>2,140</u>	1,563
Other income							<u>2,621</u>	2,156
Corporate and other unallocated expenses							<u>(4,283)</u>	(4,258)
Finance costs							<u>—</u>	<u>(43)</u>
Loss before taxation							<u><u>(9,084)</u></u>	<u><u>(4,038)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the (loss from)/profit earned by each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, net foreign exchange losses, central administrative costs, directors' emoluments and interest on bank borrowing. 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Amounts included in the measure of segment results</b>								
Additions to property, plant and equipment	865	2,687	4	20	150	268	1,019	2,975
Depreciation of property, plant and equipment	17,834	20,195	91	153	3,092	2,015	21,017	22,363
Depreciation of right-of-use assets	9,780	6,654	50	51	1,696	664	11,526	7,369
Interest on lease liabilities	1,315	1,076	7	8	228	107	1,550	1,191
Loss on disposals of property, plant and equipment	18	2	—	—	3	—	21	2
Write-off of property, plant and equipment	7	26	—	—	1	3	8	29
Gain on lease modification	—	(338)	—	(3)	—	(34)	—	(375)
Impairment losses recognised in respect of trade receivables	797	2,514	4	19	139	251	940	2,784
Reversal of impairment losses recognised in respect of property, plant and equipment	(2,796)	—	(14)	—	(485)	—	(3,295)	—
Reversal of allowance for inventories	(303)	(275)	(2)	(2)	(52)	(27)	(357)	(304)
Obsolete inventories written-off	<u>1,035</u>	<u>1,265</u>	<u>5</u>	<u>10</u>	<u>180</u>	<u>126</u>	<u>1,220</u>	<u>1,401</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results</b>								
Interest on bank borrowing	—	—	—	—	—	—	—	43
Bank interest income	—	—	—	—	—	—	(2,140)	(1,563)

## 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.

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
The PRC (country of domicile)	<b>271,087</b>	271,622	<b>113,420</b>	88,746
Hong Kong	<b>1,655</b>	2,016	<b>729</b>	806
Thailand	<b>201</b>	814	—	—
Malaysia	<b>661</b>	1,535	—	—
Total	<b>273,604</b>	275,987	<b>114,149</b>	89,552

## Information about major customers

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

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Customer A <sup>1</sup>	<b>39,663</b>	30,281

<sup>1</sup> Revenue from segment of hair-care products

#### 4. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bank interest income	2,140	1,563
Gain on sales of scrap materials	903	690
Government grants ( <i>note (a)</i> )	1,022	1,143
Reversal of impairment losses in respect of property, plant and equipment	3,295	—
Others	<u>696</u>	<u>323</u>
	<u><u>8,056</u></u>	<u><u>3,719</u></u>

*Note:*

- (a) Various government grants were granted to the Group in respect of application of Chinese herbs in daily products. During the year ended 31 December 2020, the Group recognised government grants of approximately RMB80,000 (2021: Nil) related to the Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

#### 5. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
Bank borrowing	—	43
Lease liabilities	<u>1,550</u>	<u>1,191</u>
	<u><u>1,550</u></u>	<u><u>1,234</u></u>

#### 6. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)		
— Current year	<u>—</u>	<u>—</u>

- (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 National Tax Bureau 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. Certain PRC subsidiaries of the Group were qualified during the years ended 31 December 2021 and 2020.

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. However, Bawang Guangzhou did not have any assessable profits subject to EIT for the years ended 31 December 2021 and 2020.

- (b) No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2021 and 2020 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2021 and 2020.
- (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 for the years ended 31 December 2021 and 2020.

## 7. LOSS FOR THE YEAR

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor’s remuneration	994	903
Cost of inventories recognised as an expense ( <i>note (a)</i> )	174,930	168,191
Depreciation of property, plant and equipment	21,017	22,363
Depreciation of right-of-use assets	11,526	7,369
Loss on disposals of property, plant and equipment	21	2
Write-off of property, plant and equipment	8	29
Net foreign exchange losses	222	98
Research and development costs recognised as an expense ( <i>note (b)</i> )	15,035	13,586
Staff costs ( <i>note (c)</i> )	54,682	55,909
Reversal of allowance for inventories (included in cost of inventories recognised as an expense)	(357)	(304)
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	1,220	1,401
	<u>1,220</u>	<u>1,401</u>

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 RMB20,141,000 (2020: RMB21,278,000), RMB11,526,000 (2020: RMB7,369,000) and RMB20,066,000 (2020: RMB21,967,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) Included in research and development expenses was staff cost of approximately RMB6,041,000 (2020: RMB4,824,000).
- (c) Redundancy costs of approximately RMB626,000 was included in staff costs for the year ended 31 December 2020. (2021: Nil).

## 8. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2021 (2020: Nil), nor has any dividend been proposed since the end of the reporting period (2020: Nil).

## 9. LOSS PER SHARE

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

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><b>(9,084)</b></u>	<u>(4,038)</u>
	<b>2021</b>	2020
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>3,162,441</b></u>	<u>3,162,441</u>

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020 or at the end of both reporting periods.

## 10. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Receivables within the scope of IFRS 15 at amortised cost comprise:		
Trade receivables	27,959	29,160
Less: allowance for impairment of trade receivables	<u>(7,990)</u>	<u>(7,050)</u>
	<b>19,969</b>	22,110
Prepayment for purchase of raw materials	3,717	680
Other prepayments	1,739	655
Non-income tax receivables	258	278
Other receivables	<u>625</u>	<u>480</u>
	<b><u>26,308</u></b>	<b><u>24,203</u></b>

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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 3 months	19,320	21,858
More than 3 months but less than 6 months	<u>649</u>	<u>252</u>
	<b><u>19,969</u></b>	<b><u>22,110</u></b>

## 11. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	42,695	35,108
Payable for acquisition of property, plant and equipment	1,288	1,933
Promotion fee payables	9,271	8,681
Accrued payroll	2,452	2,833
Non-income tax payables	2,311	1,681
Other payables and accruals	<u>25,510</u>	<u>30,901</u>
	<b><u>83,527</u></b>	<b><u>81,137</u></b>

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 month	<b>16,173</b>	26,839
After 1 month but within 3 months	<u><b>26,522</b></u>	<u>8,269</u>
	<u><b>42,695</b></u>	<u>35,108</u>

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 2021 was approximately RMB273.6 million, representing a decrease of approximately 0.9% from approximately RMB276.0 million for 2020. The operating loss of the Group for the year ended 31 December 2021 was approximately RMB7.5 million as compared with an operating loss of approximately RMB2.8 million for 2020.

For the year ended 31 December 2021, the net loss of the Group was approximately RMB9.1 million, as compared with a net loss of approximately RMB4.0 million for 2020.

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.

Having found the effective disseminations of our brand concepts through cross-industry cooperations in the past, the Group implemented a series of creative marketing strategies and programs to cooperate with a number of well-known brands in different industry sectors with a view to accelerating the publicity and to enhance promotion of our brand image and branded products to potential customers.

During the year under review, we made use of an intangible cultural heritage “Puppetry” to publicize and promote our brand image, triggering the purchase interests of our target consumers. Through the cooperation with a veteran puppetry artist, we have produced a series of Bawang Herbal Fairy animations. We have rolled out a co-branded anti-hair fall haircare gift-pack known as “Cross-sector Co-branded Puppetry Giftbox” for online sales. To strengthen our brand image, we have created four distinct puppet characters and naming them after Bawang branded products and Chinese herbs. These characters gained publicity through video clips and participation in cultural activities in various cities in China such as the China Animation Exhibition. At the same time, discussion topics on “Bawang’s contribution to the preservation of an Intangible Cultural Heritage — Puppetry” were initiated on Bawang’s official Weibo and WeChat accounts, which attracted substantial attention and discussions from the audience with total views exceeding 15 million and attracted media coverages by over 25 news agencies in China. Because of these activities, the attentions of some readers were diverted to the Group’s online sales platform, which drove up interest in our brand and resulted in increased sales. Additionally, our creative marketing strategy was recognised and we earned two 5S gold awards, namely, “Upward 2021” 11th Entertaining Marketing Forum 5S Short Video Marketing Prize and Nomination Award of Grand Prize in the 11th Entertaining Marketing Forum in December 2021.

During the year under review, we cooperated with Grain Mill (五穀磨房) in the launch of a giftbox containing both Bawang Black Sesame Shampoo and Grain Mill's Eruptive Hair-grow Black Sesame Pills, which are both made from black sesame. The purpose of this cross-industry cooperation and joint marketing effort is for enhancement of consumers' recognition of the functionality of Bawang haircare products. For publicity and promotion of our brand in a novel way, we cooperated with RIO cocktail (銳澳雞尾酒) in the launch of giftboxes containing the products of both companies, which enhance the recognition and influence of our brand in the young generation.

During the year under review, we also cooperated with Baidu for carrying out online forums for key opinion leaders and key opinion consumers to interact with consumers in different industries for ascertaining consumers' specific requirements in haircare. To satisfy their needs and to attract the consumers, we had then tailor-made a series co-branded haircare gift-pack known as "Bawang & Baidu-MEUX in five different colours and vivid black" with a theme "In search of a nearby designer who cares about you (尋找關愛你的身邊設計師)", which had the effect of successfully publicising and promoting our branded products.

During the year under review, we have set up a professional team to promote our brand and to carry out instant sales of our branded products online during live-streaming programs. Leveraging on popular social media platforms, we publicized and promoted our anti-hair fall branded products online through Little Red Book, Weibo, B Station and Tik Tok.

To cultivate the haircare market segment of the young generation, Bawang from time to time extends our presence into various college campuses in China and participate in their orientation programs and college festivals, for the purposes of giving away freebies and sponsoring the students' activities, while at the same time conducting on-campus publicity herbal haircare education, which has the effect of making more and more young people understand Bawang's haircare concept and the functionalities of Bawang branded haircare products. During the year under review, to enhance the involvement and strengthen the students' understanding of Bawang's brand concept, the Group recruited 100 college students as Haircare Ambassadors for promoting Bawang branded products on campus, which enable the selected student ambassador to have a deeper understanding of different Bawang product series so that they can in turn help to promote the Bawang branded products to their peers. Additionally, the student ambassadors were assigned to regularly assist the Group in on-campus publicity and promotion activities for the purpose of increasing the exposure of Bawang products and brands to young consumers. Apart from this, the Group participated in the 19th College Students Advertising Festival (大學生廣告藝術節) through inviting entries of creative work to publicize and promote Bawang branded products through poster designs and multimedia videos. Selected winning entries have subsequently been adopted by the Group in our displays in our points-of-sales, metro stations, public

transport, outdoor posters and industry exhibitions. Selected winning video clips were also showcased in our online sales platforms, instore TVs and outdoor screens for promoting our products.

During the year under review, we continued to participate in community welfare events so as to enhance our public image as a responsible corporation. In particular, the Group made donations of Bawang-branded HPC and antiseptic sanitary products to the residents of COVID-19 infected areas in Guangzhou, and we donated our Bawang-branded products to impoverished families in north Guangdong and to impoverished children in Liupanshui, Guizhou, which helped to publicise our corporate mission and enhance our corporate image.

As at 31 December 2021, the Bawang brand distribution network comprised approximately 866 distributors and nine KA retailers, covering 22 provinces and four municipalities in China. Furthermore, the Bawang-branded products were also sold in Hong Kong, Thailand and Malaysia.

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 2021, the Royal Wind brand distribution network comprised approximately 866 distributors and nine KA retailers, covering 22 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 2021, the Litao products distribution network comprised approximately 866 distributors, covering 22 provinces and four municipalities in China.

The Herborn Chinese herbal skin-care product series targets white-collar ladies in the age range from 25 to 45 who have relatively high net incomes and who are dedicated to pursuing a healthy and natural lifestyle. We sold the products through our online sales channel and staff or group purchase.

The Group has established 13 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 Medical Products Administration, which is valid until March 2026;

- 10 Bawang-branded Chinese herbal shampoos and hair-care series products have been recognised as “The 2019 New High-Tech Products in Guangdong Province (廣東省高新技術產品)” by the Guangdong Provincial New Hi-tech Enterprise Association (廣東省高新技術企業協會) in December 2019 for a period of three years until the end of 2022;
- our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2022 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 2022 as to meet the requirements of ISO22716 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007;
- we were accredited as Grade A credit rating taxpayer for 2020 by Guangzhou Municipal Tax Service of the State Taxation Administration on 8 June 2021;
- we have been accredited as a “Committee Unit” until December 2023 by Guangdong Food & Drug Technology Association for Evaluation & Certification;
- In October 2021, Bawang shampoo was awarded the “2021 Recommended Brand of the Mass Market of Traditional Chinese Medicine Healthy Products” by the Consumption Observation Office of Consumption Daily (消費日報社消費觀察辦公室); and
- In December 2021, Bawang shampoo respectively won two honors of “College Students Favorite Dynamic Brand” and “College Students Favorite Youth Product” in the 28th China International Advertising Festival Media Enterprise Exhibition Fair (第28屆中國國際廣告節媒企展示交易會).

## **FINANCIAL REVIEW**

### **Revenue**

During the year under review, the Group’s revenue was approximately RMB273.6 million, representing a decrease of approximately 0.9% from approximately RMB276.0 million for 2020. The revenue through the online sales channel was approximately RMB141.0 million, representing a decrease of approximately 8.2% from approximately RMB153.5 million in 2020 and the revenue through the conventional sales channel increased by approximately 8.3% as compared with 2020.

The Group's core brand, Bawang, generated approximately RMB260.4 million in revenue, which accounted for approximately 95.2% of the Group's total revenue by product category in 2021, which remained relatively stable as compared with 2020.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB5.9 million in revenue, which accounted for approximately 2.1% of the Group's total revenue by product category in 2021, and represented an increase of approximately 18.9% as compared with 2020.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB6.2 million in revenue, which accounted for approximately 2.3% of the Group's total revenue by product category in 2021, and represented a decrease of approximately 19.0% as compared with 2020.

The branded Chinese herbal skin-care series, Herborn, generated approximately RMB1.1 million in revenue, which accounted for approximately 0.4% of the Group's total revenue by product category in 2021, and represented a decrease of approximately 38.3% as compared with 2020.

We sold our products through extensive distribution and retail networks, and via conventional and online sales channels. During the year ended 31 December 2021, a summary of our sales revenue in percentage through different networks and/or channels is as follows:

<b>Network/Channel</b>	<b>Conventional</b> (%)	<b>Online</b> (%)	<b>Total</b> (%)
Distributor	42.2	25.3	67.5
Retailer	<u>6.2</u>	<u>26.3</u>	<u>32.5</u>
Total	<u><u>48.4</u></u>	<u><u>51.6</u></u>	<u><u>100.0</u></u>

In 2021, our products were also sold in Hong Kong, Thailand and Malaysia. The sales to Hong Kong and the overseas markets accounted for approximately 0.8% of our total revenue in 2021.

### **Cost of Sales**

Cost of sales in 2021 amounted to approximately RMB174.6 million, representing an increase of approximately 4.0% compared with approximately RMB167.9 million in 2020. The overall increase in cost of sales was mainly due to an increase in the price of raw materials, which lead to an increase of costs of raw materials; the increase in cost of sales was also partly contributed by the rental increases for factory and warehouse premises in 2021, which led to an increase of manufacturing costs. Such

increases were partially offset by the decrease in costs of packaging and direct labor costs. As a percentage of revenue, cost of sales increased from approximately 60.8% in 2020 to approximately 63.8% in 2021.

### **Gross Profit**

During the year under review, the Group's gross profit decreased to approximately RMB99.0 million, representing a decrease of approximately 8.4% as compared with approximately RMB108.1 million for 2020. The gross profit margin decreased from approximately 39.2% for 2020 to approximately 36.2% for 2021. Such decrease was mainly attributable to an increase in the average unit cost of production as aforementioned.

### **Other Income**

During the year under review, other income increased to RMB8.1 million, representing an increase of 116.6% as compared with 2020. Such increase was mainly attributable to an increase in reversal of impairment losses in respect of property, plant and equipment and an increase in the bank interest income.

### **Selling and Distribution Costs**

Selling and distribution costs decreased to approximately RMB84.3 million for 2021, representing a very mild decrease of approximately 0.2% as compared with approximately RMB84.5 million in 2020. Such decrease was mainly due to a decrease in salaries of sales staff and logistics expenses, but such decrease was partially offset by an increase in promotion expenses and social insurance contributions. As a percentage of revenue, our selling and distribution costs increased slightly from approximately 30.6% in 2020 to 30.8% in 2021.

### **Administrative Expenses**

Administrative expenses for 2021 amounted to approximately RMB29.3 million, representing an increase of approximately 7.3% as compared with approximately RMB27.3 million in 2020. Such increase was mainly due to the increase in research and development expenses and social insurance contributions, but such increase was partially offset by the decrease in depreciation expenses and salaries and bonuses. As a percentage of revenue, our administration expenses were approximately 10.7% and 9.9% in 2021 and 2020, respectively.

## **Impairment Losses recognised in respect of trade receivables**

For the year under review, the Group has recognised impairment losses of approximately RMB0.9 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.

## **Loss from Operations**

The Group recorded an operating loss of approximately RMB7.5 million for 2021, as compared with an operating loss of approximately RMB2.8 million for 2020, which was mainly because of the increase in cost of sales and administrative expenses.

## **Finance Costs**

For the year ended 31 December 2021, no interest on bank borrowings was incurred (2020: RMB0.04 million). Additionally, interest on lease liabilities amounted to approximately RMB1.6 million (2020: RMB1.2 million).

## **Income Tax**

During the year ended 31 December 2021, the Group had no income tax expense (2020: Nil).

## **Loss for the Year**

As a result of the combined effect of the above mentioned factors, the Group recorded a loss of approximately RMB9.1 million for 2021, as compared with a loss of approximately RMB4.0 million for 2020.

## **Loss for the Year Attributable to Owners of the Company**

As a result of the combined effect of the above factors, the Group recorded a loss attributable to owners of the Company of approximately RMB8.9 million for 2021, as compared with a loss attributable to owners of the Company of approximately RMB4.0 million for 2020.

## **OUTLOOK**

In late January 2022, the International Monetary Fund ("IMF") revised China's gross domestic product ("GDP") growth prediction for 2022 from 5.6% in October 2021 to 4.8%, with growth to edge higher again to 5.2% in 2023.

The actual China's year-on-year GDP growth significantly increased to 8.1% in 2021 from 2.3% in 2020, which staged a faster recovery than other major economies after recording its weakest growth rate since 1976.

China has powered much of the world's growth in recent years. The IMF pointed to the collapse of its real estate sector and the prevailing zero-Covid policy that has restricted travel, shut businesses and reduced consumption, which hampered the economic growth of China.

In January 2022, the IMF downgraded its global economic growth forecast to 4.4% for the year. Such forecast was subject to a high level of uncertainty such as the course of Covid-19 entering its third year, the prospects of climate related natural disasters, and the rising geo-political tensions, particularly around Ukraine.

The IMF went on to say that the downgrade is largely due to the growth markdowns in the world's two largest economies — the United States and China. Global growth is expected to further reduce to 3.8% in 2023.

In the fifth session of the 13th National People's Congress ("NPC") of China, the Chinese Premier announced a GDP growth target of around 5.5% in 2022, which is a bit higher than that of the IMF's projection of 4.8% for this year. Some economic analysts indicated that the growth target of around 5.5%, although below last year's 8.1%, will still likely outpace growth in many other major economies and play a key role in the global recovery amid a lingering pandemic, the Ukraine situation and mounting domestic economic pressure. They went on to say that the target reflects that top policymakers are fully aware of the difficulties faced by the Chinese economy, that China will encounter many more risks and challenges this year, and that China must keep pushing ahead to overcome these issues. Another analyst believed that China has the condition, capability and confidence to achieve the 5.5% GDP growth target despite multiple challenges and uncertainties.

Based on the above-mentioned economic predicts and analysis, the Directors expect that the Chinese economy as well as the global economy in 2022 and onward to 2023 tends to be unstable. The Company should be very cautious in formulating its business strategies and operational plans. Having said that, the prolonged pandemic situation has developed a habit of the general public to maintain their personal hygiene and health. The Group finds that some consumers have shown their confidence in and reliance on herbal household and personal care products. Hence, the Group may continue to obtain some business opportunities.

The corporate theme for 2022 is "Continue our Growth at a Steady Pace".

For Bawang-branded products, the Group intends to adopt the following strategies for publicity and promotion of this branded products and enhancement of revenue: (1) we will continue to provide consumers with quality domestic products, leveraging on the consumers' passion and confidence in China for domestic products in promoting our branded products series; (2) we will appoint Internet celebrities as brand ambassadors on a short-term basis to enhance exposure of our brands, and drive up the sales revenue through bonding between Internet celebrities and their followers; (3) we will

roll out dedicated promotional themes and different unique IP images for various festivals together with fresh packaging of Bawang anti-hair fall shampoo series to attract the attention of young consumers and to arouse their purchase interests; (4) we will actively develop Bawang toothpaste and shower gel products series to increase sales revenue; (5) we will showcase our brand advertisements on underground metros, buildings and public ground transports in first and second tier cities; and (6) we will continue to promote Bawang branded products through implanted commercials in live streaming programs, cross-industry cooperations, and participating in charitable communities services.

For Royal Wind branded product series, the Group has successfully rolled out four new anti-dandruff branded product series during the second half of 2021 for sales through the conventional channels. The Group will also sell these new products through the 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 plan to launch a family-size new fragrant shower gel. We will continue to sell these products through our conventional channels.

For conventional channels, the Group will continue to deepen cooperation and interaction with distributors by: (1) making use of various festive days such as the Women's Day, the Labour Day, Dragon Boat Festival, Mid-Autumn Festival and the National Day Holiday, the year-end shopping period and the shopping mall anniversaries for carrying out promotional activities to increase sales and continuing with the closed-encounter promotional activities at key points-of-sale through showcasing various Chinese dance performances so as to attract customers' attention and enhance our brand influence; (2) stimulating the sales revenues in certain regions through enhancement of the new Royal Wind anti-dandruff shampoo products through trendy packaging design to attract the young consumer group; (3) strengthening the quality sales support services offered to key accounts so as to stabilise the sales revenue generating from this channel; (4) actively invigorating the point-of-sales counters at various chain stores such as Hubei Zhongbai, Wushang and Beijing Wumei; and (5) actively promoting the development of customers in the beauty salon channel, actively exploring the green field markets that have good sales potential and new distribution network, and points-of-sales to increase sales.

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

- (1) the Group will optimise the operations, stabilise market share for hot sales items such as anti-hair fall haircare product series, and the Group plans to expand our product offering to include hair care essence oil products, to develop new ginger-series products, and to create hot sales items in order to increase the sales of online flagship stores;

- (2) the Group will develop the live video-streaming channel by making use of the channel broadcasters and scenes for increasing the depth of our product mix, and we will enhance cooperation with Internet celebrities while at the same time strengthening our own live broadcast channel so as to increase sales;
- (3) the Group will endeavour to maintain the good relationship with online distributors and to provide the main-stream online platforms such as T-mall, JD.com, Pinduoduo and Tik Tok with products and services in line with consumers' demands, and to provide tailor-made products for key online distributors so as to increase sales; and
- (4) the Group will design a channel for effective marketing communication of our brand concepts and products so as to enhance brand awareness and favourable customers perception.

Apart from this, the Group plans to develop live streaming resources through some social media platforms to enhance sales revenue. In addition to maintaining our existing customer resources, the Group will leverage on active user-group networks and user-to-user connections to other platform users to increase our sales revenue.

For production management, we have always put top priority on our product quality. We will continue to strengthen our research and development capability, to reasonably allocate our corporate resources, to optimise our production processes to implement initiatives to reduce utilities expenditure to reduce production costs, and to enhance the training and development of production workers to minimise spoilage and wastage in our production, so as to achieve competitive cost advantage in the market.

We will adopt a flexible supply chain management approach to plan and design the production process so as to maximise the production effectiveness and to optimise the utilisations of production facilities and factory space.

For original equipment manufacturers (“**OEM**”) business, we will continue to make use of our professional design, research and development capabilities, mature production management techniques and advanced production infrastructures for expanding our OEM business so as to generate additional revenue through strengthening our customer base in different types of personal care products. We target to establish stable business relationships with a couple of key clients.

We believe that through the above-mentioned resources management optimisations and workflow integration to maximise production effectiveness, we can create 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 is open to potential investment opportunities.

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 2021, the time deposits, bank balances and cash of the Group were approximately RMB113.3 million (2020: approximately RMB122.3 million). Of which, the total time deposits with various maturity dates of the Group were approximately RMB54.0 million (2020: Nil). A summary of liquidity and financial resources is set out below:

	<b>31 December 2021</b>	31 December 2020
	<i><b>RMB in million</b></i>	<i>RMB in million</i>
Time deposits, bank balances and cash	<b>113.3</b>	122.3
Total loans	<b>0</b>	0
Total assets	<b>295.6</b>	264.6
The gearing ratio <sup>1</sup>	<b>0%</b>	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 2021, 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 2021.

## **CAPITAL COMMITMENT**

As at 31 December 2021, the Group had no material capital commitment.

## **CHARGE OF ASSETS**

The Group had no charge of assets as at 31 December 2021.

## **TRADE AND OTHER PAYABLES**

As at 31 December 2021, the trade and other payables of the Group was approximately RMB83.5 million (2020: RMB81.1 million). The increase was primarily due to the increase in trade payables, but such increase was partially offset by the decrease in other payables and accruals. As at 31 December 2021 and 31 December 2020, 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 2021 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 14 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 2021.

## **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 10 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 2021 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 2021 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, 27 May 2022. The register of members of the Company will be closed from Saturday, 21 May 2022 to Friday, 27 May 2022 (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, 20 May 2022.

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](http://www.bawang.com.cn)), IRAsia ([www.irasia.com/listco/hk/bawang/](http://www.irasia.com/listco/hk/bawang/)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for the year ended 31 December 2021 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, 29 March 2022

*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, Dr. NGAI Wai Fung, Mr. CHEUNG Kin Wing and Dr. WANG Qi.*