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## **BaWang International (Group) Holding Limited**

**霸王國際(集團)控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01338)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022 together with the comparative figures for the year ended 31 December 2021.

The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2022:

Total revenue of the Group was approximately RMB246.3 million, representing a decrease of approximately 10.0% from approximately RMB273.6 million for 2021.

Revenue from the online sales channel was approximately RMB115.7 million, representing a decrease of approximately 17.9% from approximately RMB141.0 million in 2021.

Operating loss of the Group was approximately RMB17.3 million, as compared with an operating loss of approximately RMB7.5 million for 2021.

Net loss was approximately RMB19.4 million, as compared with a net loss of approximately RMB9.1 million for 2021.

Loss attributable to owners of the Company was approximately RMB19.4 million, as compared with the loss attributable to owners of the Company of approximately RMB9.1 million for 2021.

The net loss for the full financial year 2022 has shown a minor improvement with the estimated loss of RMB25.3 million for 10 months ended 31 October 2022 as announced in the profit warning announcement dated 22 November 2022 (the “**Profit Warning Announcement**”), which was primarily due to a decrease in the prices of key raw materials and labour costs, and also interest received on time deposits.

Loss per share (basic and diluted) was approximately RMB0.6144 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 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
Revenue	3	<b>246,341</b>	273,604
Cost of sales		<u><b>(153,822)</b></u>	<u>(174,573)</u>
Gross profit		<b>92,519</b>	99,031
Other income	4	<b>3,565</b>	8,056
Selling and distribution costs		<b>(83,507)</b>	(84,307)
Administrative expenses		<b>(32,379)</b>	(29,345)
Reversal of impairment losses/(impairment losses) recognised in respect of trade receivables		<b>2,993</b>	(940)
Other expenses		<u><b>(524)</b></u>	<u>(29)</u>
Operating loss		<b>(17,333)</b>	(7,534)
Finance costs	5	<u><b>(2,098)</b></u>	<u>(1,550)</u>
Loss before taxation		<b>(19,431)</b>	(9,084)
Income tax expense	6	<u><b>—</b></u>	<u>—</u>
Loss for the year attributable to owners of the Company	7	<b>(19,431)</b>	(9,084)
Other comprehensive/(expense) 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>(404)</b></u>	<u>213</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u><b>(19,835)</b></u>	<u>(8,871)</u>
<b>Loss per share</b>	9		
Basic		<u><b>RMB(0.6144) cent</b></u>	<u>RMB(0.2872) cent</u>
Diluted		<u><b>RMB(0.6144) cent</b></u>	<u>RMB(0.2872) cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>40,515</b>	61,938
Right-of-use assets		<b>31,301</b>	52,211
Time deposit		<b>50,000</b>	50,000
		<u><b>121,816</b></u>	<u>164,149</u>
<b>Current assets</b>			
Inventories		<b>27,056</b>	40,815
Right to returned goods asset		<b>737</b>	795
Trade and other receivables	<i>10</i>	<b>20,214</b>	26,308
Amount due from a related party		<b>—</b>	242
Time deposits		<b>—</b>	4,000
Bank balances and cash		<b>74,404</b>	59,269
		<u><b>122,411</b></u>	<u>131,429</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>79,640</b>	83,527
Amount due to a related party		<b>—</b>	22
Contract liabilities		<b>4,261</b>	11,233
Refund liabilities		<b>1,030</b>	1,150
Lease liabilities		<b>8,173</b>	10,137
Provision		<b>—</b>	338
		<u><b>93,104</b></u>	<u>106,407</u>
<b>Net current assets</b>		<u><b>29,307</b></u>	<u>25,022</u>
<b>Total assets less current liabilities</b>		<u><b>151,123</b></u>	<u>189,171</u>
<b>Non-current liability</b>			
Lease liabilities		<b>25,103</b>	43,316
		<u><b>126,020</b></u>	<u>145,855</u>
<b>Capital and reserves</b>			
Share capital		<b>277,932</b>	277,932
Reserves		<b>(151,912)</b>	(132,077)
<b>Total equity</b>		<u><b>126,020</b></u>	<u>145,855</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 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 2022:

Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to IFRSs	Annual improvement to IFRSs 2018–2020

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 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <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>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</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.

	2022 <i>RMB'000</i>	2021 <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	211,115	232,166
Skin-care products	87	1,179
Other household and personal care products	<u>35,139</u>	<u>40,259</u>
	<u><b>246,341</b></u>	<u><b>273,604</b></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	<u><b>246,341</b></u>	<u><b>273,604</b></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 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	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Sales to external customers	<u>211,115</u>	<u>232,166</u>	<u>87</u>	<u>1,179</u>	<u>35,139</u>	<u>40,259</u>	<u>246,341</u>	<u>273,604</u>
Segment (loss)/profit	<u>(12,044)</u>	<u>(2,389)</u>	<u>(22)</u>	<u>211</u>	<u>(5,994)</u>	<u>(7,384)</u>	<u>(18,060)</u>	<u>(9,562)</u>
Bank interest income							1,959	2,140
Other income							1,315	2,621
Corporate and other unallocated expenses							<u>(4,645)</u>	<u>(4,283)</u>
Loss before taxation							<u>(19,431)</u>	<u>(9,084)</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 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	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	580	865	—	4	96	150	676	1,019
Depreciation of property, plant and equipment	18,778	17,834	8	91	3,125	3,092	21,911	21,017
Depreciation of right-of-use assets	9,093	9,780	4	50	1,514	1,696	10,611	11,526
Interest on lease liabilities	1,798	1,315	1	7	299	228	2,098	1,550
Loss on disposals of property, plant and equipment	395	18	—	—	66	3	461	21
Write-off of property, plant and equipment	—	7	—	—	—	1	—	8
Gain on lease modification	(453)	—	—	—	(76)	—	(529)	—
Bad debt written off	1,472	—	1	—	245	—	1,718	—
(Reversal of impairment losses)/impairment losses recognised in respect of trade receivables	(2,565)	797	(1)	4	(427)	139	(2,993)	940
Reversal of impairment losses recognised in respect of property, plant and equipment	(250)	(2,796)	—	(14)	(41)	(485)	(291)	(3,295)
Allowance/(reversal of allowance) for inventories	9	(303)	—	(2)	2	(52)	11	(357)
Obsolete inventories written-off	<u>1,680</u>	<u>1,035</u>	<u>1</u>	<u>5</u>	<u>280</u>	<u>180</u>	<u>1,961</u>	<u>1,220</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results</b>								
Bank interest income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,959)</u>	<u>(2,140)</u>

## 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	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The PRC (country of domicile)	243,239	271,087	71,022	113,420
Hong Kong	1,136	1,655	794	729
Thailand	344	201	—	—
Outer Mongolia	216	—	—	—
Russia	350	—	—	—
Malaysia	1,056	661	—	—
Total	<u>246,341</u>	<u>273,604</u>	<u>71,816</u>	<u>114,149</u>

## Information about major customers

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A <sup>1</sup>	<u>26,785</u>	<u>39,663</u>

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

#### 4. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	1,959	2,140
Gain on sales of scrap materials	569	903
Government grants ( <i>note (a)</i> )	168	1,022
Reversal of impairment losses in respect of property, plant and equipment	291	3,295
Gain on waiver of legal cost	338	—
Others	<u>240</u>	<u>696</u>
	<u><u>3,565</u></u>	<u><u>8,056</u></u>

*Note:*

- (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.

#### 5. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on lease liabilities	<u>2,098</u>	<u>1,550</u>

#### 6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <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 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. Certain PRC subsidiaries of the Group were qualified during the years ended 31 December 2022 and 2021.

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 2022 and 2021.

- (b) No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2022 and 2021 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2022 and 2021.
- (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 2022 and 2021.

## 7. LOSS FOR THE YEAR

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

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Auditor's remuneration	<b>1,012</b>	994
Cost of inventories recognised as an expense ( <i>note (a)</i> )	<b>153,811</b>	174,930
Depreciation of property, plant and equipment	<b>21,911</b>	21,017
Depreciation of right-of-use assets	<b>10,611</b>	11,526
Loss on disposals of property, plant and equipment	<b>461</b>	21
Write-off of property, plant and equipment	—	8
Net foreign exchange losses	<b>594</b>	222
Research and development costs recognised as an expense ( <i>note (b)</i> )	<b>14,123</b>	15,035
Bad debt written off	<b>1,718</b>	—
Allowance/(reversal of allowance) for inventories (included in cost of inventories recognised as an expense)	<b>11</b>	(357)
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	<b>1,961</b>	1,220

*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 RMB20,068,000 (2021: RMB20,141,000), RMB10,611,000 (2021: RMB11,526,000) and RMB18,262,000 (2021: RMB20,066,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) Included in research and development expenses was staff costs of approximately RMB4,549,000 (2021: RMB6,041,000).

## 8. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2022 (2021: nil), nor has any dividend been proposed since the end of the reporting period (2021: 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>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(19,431)</u>	<u>(9,084)</u>
	<b>2022</b> <i>'000</i>	2021 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>3,162,441</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 2022 and 2021 or at the end of both reporting periods.

## 10. TRADE AND OTHER RECEIVABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Receivables within the scope of IFRS 15 at amortised cost comprise:		
Trade receivables	<b>19,278</b>	27,959
Less: allowance for impairment of trade receivables	<u>(4,997)</u>	<u>(7,990)</u>
	<b>14,281</b>	19,969
Prepayment for purchase of raw materials	<b>1,864</b>	3,717
Other prepayments	<b>1,402</b>	1,739
Bank interest receivables	<b>1,500</b>	—
Non-income tax receivables	<b>131</b>	258
Other receivables	<u>1,036</u>	<u>625</u>
	<u><b>20,214</b></u>	<u>26,308</u>

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.

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 3 months	<b>14,281</b>	19,320
More than 3 months but less than 6 months	<u>—</u>	<u>649</u>
	<b><u>14,281</u></b>	<b><u>19,969</u></b>

#### 11. TRADE AND OTHER PAYABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	<b>35,710</b>	42,695
Payable for acquisition of property, plant and equipment	—	1,288
Promotion fee payables	<b>10,091</b>	9,271
Accrued payroll	<b>1,897</b>	2,452
Non-income tax payables	<b>3,979</b>	2,311
Other payables and accruals	<u><b>27,963</b></u>	<u>25,510</u>
	<b><u>79,640</u></b>	<b><u>83,527</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>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	<b>21,451</b>	16,173
After 1 month but within 3 months	<u><b>14,259</b></u>	<u>26,522</u>
	<b><u>35,710</u></b>	<b><u>42,695</u></b>

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 2022 was approximately RMB246.3 million, representing a decrease of approximately 10.0% from approximately RMB273.6 million for 2021. The operating loss of the Group for the year ended 31 December 2022 was approximately RMB17.3 million as compared with an operating loss of approximately RMB7.5 million for 2021.

For the year ended 31 December 2022, the net loss of the Group was approximately RMB19.4 million, as compared with a net loss of approximately RMB9.1 million for 2021.

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-sector collaborations in the past, the Group continued to cooperate with a number of well-known brands in different industry sectors through developing a series of creative marketing strategies and programs, 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 a cross-sector cooperation with an online game company “**Mengjianghu 夢江湖**”. A “**Bawang haircare salon**” was established and implanted into the scene of the interactive game. Additionally, a hyperlink was inserted into the Bawang haircare salon which directed the game players onto the official online flagship shop of Bawang. During the period of 30 days when the Bawang haircare salon was active, it attracted over 3.0 million users visiting our online store, which in-turn led to an increase our online sales revenue.

During the year under review, we made another cross-sector cooperation with an online game company whereby we successfully tailor-made a limited edition of co-branded haircare gift-pack known as “Bawang and 3x7 Mutual Entertainment (霸王x三七互娛)” to celebrate the Programmer’s Day on 24th of October. We also initiated a discussion topic titled “Internet Bloggers, Erupt!” on various social media, which attracted a readership of over 5.7 million. These helped with our publicity promotion efforts and the promotion of our branded products.

During the year under review, we made another cross-sector cooperation with Jin Dafu Jewelry Company, whereby Bawang and Jin Dafu each carried out interactive lucky draws on each other’s official accounts at Weibo, WeChat, Little Red Book, which attracted very substantial exposures on the web. At the same time, both Bawang and

Jin Dafu recruited 10 to 20 brand bloggers for re-direction of the lucky draw activity to each other. The browsing volume reached an aggregate of 3.2 million, which had the effect of extensively publicizing and promoting our branded products.

During the year under review, we made a cross-sector cooperation with Fairy Sword and Chivalrous Legend. We produced a cobranded haircare shampoo gift-pack with the images of Fairy Sword and Chivalrous Legend packaging design coupled with Bawang classic regrow shampoo. Whilst carrying out the publicity, we sold the gift-packs at our flagship shop, which increased the sales revenue.

As part of our longstanding marketing campaign to cultivate and establish the haircare market segment of the young generation, we have maintained our presence at various college campuses in China. During the course of their orientation programs and college festivals, we participate and sponsor the students' activities by freebies and trial Bawang shampoo products and at the same time conduct on-campus publicity of our branded products and herbal haircare education, which have 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 visited different campuses in six cities for face-to-face interactive communication and carried out brand publicity promotions. Apart from this, the Group participated in 2022 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 and/or showcased in our online platforms, points-of-sale TVs, metro stations, public transport, outdoor post-board and industry exhibitions. The purpose is to speak the language of young generation for promoting our products.

It has been our Group's marketing strategy to create a youthful image of our products and expand our customer base in the youth market segment. We rolled out and promoted our Bawang products through a consolidation of ACGN with Bawang wash and care for this particular segment. During the year under review, we have successfully rolled out our branded product, Bawang Blossom Flower Shower Gel, to the market, which helped the Group develop into the new flower shower gel market segment. We have also successfully rolled out the Bawang branded toothpaste series, and this expansion in our product range has helped the Group develop into the new herbal-based oral hygiene market segment. Leveraging on an unique IP image of Bawang, we rolled out new product series under Bawang Herbal Fairy Animations Series.

To satisfy the young customers' need for controlling ladies' oily-hair and dandruff issues, we successfully rolled out anti-dandruff and oil-controlling shampoo products for sale on the T-Mall online sales platform during the year under review. We also upgraded our anti-hair fall products for this segment.

During the year under review, we have successfully applied a special permit for our Bawang branded anti-hair-fall product series, which enhanced the consumer's confidence in purchasing our products and thereby increased the sales revenue from the product series.

During the year under review, we educated consumers and promoted our branded products on popular content platforms such as Douyin, Kuaishou, Weibo, Little Red Book, Bilibili using communication means that are well-liked by customers such as graphics + text and short video clips. We attract consumers to buy our products through instore counter-shows in various hypermarkets, so as to strengthen our distributors' confidence and accelerate the development of a new distribution network.

During the year under review, for the domestic market, we successfully re-activated various major distribution channels in northern, eastern and western China. We successfully launched our classic herbal products series into the Russian and Mongolian markets. Additionally, we successfully launched our hot selling anti-hair fall and hair care products into the US market. Whilst expanding our overseas sales channel, we have enhanced at the same time the influence of our products in overseas markets.

During the year under review, we continued to participate in community welfare events so as to enhance our public image as a responsible corporation. The Group made donations of Bawang branded household and personal care (“HPC”) products and antiseptic sanitary products to the impoverished families in the hilly areas of north Guangdong. During the Women's Day on the 8th of March and in conjunction with the Guangzhou Hailong Sub-district Social Service Station, we made courtesy visits and donated complimentary caring product packs. In collaboration with the Guangzhou Community Social Service Station, we carried out the 2022 Bawang Warm-Hearted activity and donated Bawang and Royal Wind branded products to the frontline anti-pandemic workers to show our appreciation to these workers for fighting the pandemic together. We believe that these types of social activities help to publicise our corporate mission and enhance our corporate image.

As at 31 December 2022, the Bawang brand distribution network comprised approximately 818 distributors and eight KA retailers, covering 22 provinces and four municipalities in China. Furthermore, the Bawang-branded products were also sold in Hong Kong, Singapore, Thailand, Malaysia, USA, Russia 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 2022, the Royal Wind brand distribution network comprised approximately 818 distributors and eight 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 2022, the Litao products distribution network comprised approximately 755 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 group purchase.

The Group has established 9 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 March 2026;
- 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” 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 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, which is valid until December 2023;

- In January 2022, our short marketing case video “Bawang Shampoo — Contribution to the Preservation of Puppetry, a Chinese Intangible Cultural Heritage (霸王洗髮水—助力中國非遺文化布袋戲)” won the Grand Prize and Nomination Award of the overall Grand Prize in the 11th Entertainment Marketing Forum cum 5S Gold Award (第十一屆娛樂營銷論壇暨5S金獎);
- In August 2022, we were accredited as Grade A credit rating taxpayer for 2021 by Guangzhou Municipal Tax Service of the State Taxation Administration; and
- In December 2022, Bawang shampoo won two honors of “College Students’ Favorite Dynamic Brand” and “College Students’ Favorite Young Product” in the 29th China International Advertising Festival Media Enterprise Exhibition Fair (第29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 RMB246.3 million, representing a decrease of approximately 10.0% from approximately RMB273.6 million for 2021. The revenue through the online sales channel was approximately RMB115.7 million, representing a decrease of approximately 17.9% from approximately RMB141.0 million in 2021 and the revenue through the conventional sales channel slightly decreased by approximately 1.5% as compared with 2021.

The Group’s core brand, Bawang, generated approximately RMB237.7 million in revenue, which accounted for approximately 96.5% of the Group’s total revenue by product category in 2022, and represented a decrease of approximately 8.7% as compared with 2021.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB4.0 million in revenue, which accounted for approximately 1.6% of the Group’s total revenue by product category in 2022, and represented a decrease of approximately 32.3% as compared with 2021.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB4.6 million in revenue, which accounted for approximately 1.9% of the Group’s total revenue by product category in 2022, and represented a decrease of approximately 25.8% as compared with 2021.

We sold our products through extensive distribution and retail networks, and via conventional and online sales channels. During the year ended 31 December 2022, 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	48.3	25.3	73.6
Retailer	<u>4.8</u>	<u>21.6</u>	<u>26.4</u>
Total	<u><u>53.1</u></u>	<u><u>46.9</u></u>	<u><u>100.0</u></u>

In 2022, the sales to Hong Kong and the overseas markets accounted for approximately 1.2% of our total revenue.

### **Cost of Sales**

Cost of sales in 2022 amounted to approximately RMB153.8 million, representing a decrease of approximately 11.9% compared with approximately RMB174.6 million in 2021. The overall decrease in cost of sales was mainly due to a decrease in the consumption of raw materials, packaging materials and direct labour costs resulting from the decrease in sales volume, and also the decrease in the rental for factory and warehouse premises since September 2022, which led to a decrease of manufacturing costs. As a percentage of revenue, cost of sales decreased from approximately 63.8% in 2021 to approximately 62.4% in 2022.

### **Gross Profit**

During the year under review, the Group's gross profit decreased to approximately RMB92.5 million, representing a decrease of approximately 6.6% as compared with approximately RMB99.0 million for 2021. The gross profit margin increased from approximately 36.2% for 2021 to approximately 37.6% for 2022. 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 RMB3.6 million, representing a decrease of 55.7% as compared with 2021. Such increase was mainly attributable to reversal of impairment losses in respect of property, plant and equipment approximately RMB3.3 million in 2021 (2022: approximately RMB0.3 million).

## **Selling and Distribution Costs**

Selling and distribution costs decreased to approximately RMB83.5 million for 2022, representing a mild decrease of approximately 0.9% as compared with approximately RMB84.3 million in 2021. Such decrease was mainly due to a decrease in advertising and branding expenses and outsourced labour costs, but such decrease was partially offset by an increase in termination benefits and other expenses. As a percentage of revenue, our selling and distribution costs increased from approximately 30.8% in 2021 to 33.9% in 2022.

## **Administrative Expenses**

Administrative expenses for 2022 amounted to approximately RMB32.4 million, representing an increase of approximately 10.3% as compared with approximately RMB29.3 million in 2021. Such increase was mainly due to the increase in write off of trade receivable and termination benefits, but such increase was partially offset by the decrease in research and development expenses and others expenses. As a percentage of revenue, our administration expenses were approximately 13.1% and 10.7% in 2022 and 2021, respectively.

## **Impairment Losses Reversed in respect of Trade Receivables**

For the year under review, the Group has reversed impairment losses of approximately RMB3.0 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 RMB17.3 million for 2022, as compared with an operating loss of approximately RMB7.5 million for 2021, which was mainly because of the decrease of the revenue and the increase in administrative expenses.

## **Finance Costs**

For the year ended 31 December 2022, no interest on bank borrowings was incurred (2021: Nil). Additionally, interest on lease liabilities amounted to approximately RMB2.1 million (2021: RMB1.6 million).

## **Income Tax**

During the year ended 31 December 2022, the Group had no income tax expense (2021: Nil).

## **Loss for the Year**

As a result of the combined effect of the above mentioned factors, the Group recorded a loss of approximately RMB19.4 million for 2022, as compared with a loss of approximately RMB9.1 million for 2021.

The net loss for the full financial year 2022 has shown a minor improvement with the estimated loss of RMB25.3 million as announced in the Profit Warning Announcement for 10 month ended 31 October 2022, which was primarily due to a decrease in the prices of key raw materials and labour costs, and also interest received on time deposits.

## **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 RMB19.4 million for 2022, as compared with a loss attributable to owners of the Company of approximately RMB9.1 million for 2021.

## **OUTLOOK**

In late January 2023, the International Monetary Fund (“**IMF**”) revised China’s gross domestic product (“**GDP**”) growth prediction for 2023 from 4.4% in October 2022 to 5.2%, but the growth would fall to 4.5% in 2024 because of declining business dynamism and slow progress on structural reform.

The actual China’s year-on-year GDP growth was 3.0% in 2022. According to the IMF, the rapid spread of COVID-19 dampened the economic growth in China, but the reopening in late January 2023 has paved the way for a faster-than-expected recovery.

In late January 2023, the IMF projected that the global economy growth would fall to 2.9% in 2023 from 3.4% in 2022, but this is an improvement over the growth prediction of 2.7% made in October 2022 which is due to the surprisingly resilient demand in the United States and Europe, an easing energy costs and the re-opening of China’s economy after the re-adjustment of its strict zero-COVID policy. IMF went on to predict that for 2024 the global growth would increase slightly to 3.1% because the demand might be slowed by the full impact of steeper increases in central bank interest rates.

In early February 2023, the CEIC’s weekly nowcast announced that China’s retail sales grew by 0.4% year-on-year in January 2023. The rebound in China’s consumption came after three consecutive monthly declines between October and December 2022.

In the National People’s Congress of China in March 2023, a modest GDP growth target of around 5.0% in 2023 was made, which is lower than that of the IMF’s forecast of 5.2% in 2023, but a bit higher than the Reuter’s poll forecast of 4.9% in

2023. While the China's then Premier Li Keqiang stressed the need for economic stability, expansion of consumption and creation of urban job opportunities, he warned at the same time that global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain the growth of China are escalating.

According to a research report released by a bank in Hong Kong, China's exports fell by 6.8% year-on-year in January and February 2023. Though the figures are less than expected, the exports have remained in contraction since October 2022. Imports saw a larger decline of 10.2% year-on-year, which were primarily driven by the ongoing weakness in exports as well as lower prices of key common commodities globally and soft global demand that affects the value of processing imports. Domestic demand remained relatively resilient, but the headwinds from softer global demand may continue in the coming months, which means a stronger domestic demand revival is needed to reach the growth target of "around 5.0%" in 2023.

Owing to the uncertainties and challenges against the overall economic recovery as mentioned in the above paragraphs, the Directors tend to be very cautious about the Chinese economic growth in 2023 and hence they will be conservative in formulating the strategies and operational plans for the Company.

The corporate theme for 2023 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 its branded products and enhancement of revenue: (1) we will continue to provide consumers with quality China-chic products, leveraging on the Chinese consumers' desire for and confidence in domestically manufactured products in promoting our branded products series; (2) we will roll out new Bawang branded shampoo products series, such as ginger, caviar, fleece flower root, and white truffle to the exclusive zone channel for expanding this distributor network so as to enhance the sale revenues; (3) we will roll out new products series to the online sales channel, such as body wash oil, scalp scaling scrub, scalp care essence and moisture masks so as to increase sales revenue, (4) we will roll out dedicated promotional themes and different unique IP images for various festivals together with new packaging of Bawang anti-hair fall shampoo series to attract the attention of young consumers and to arouse their purchase interests; (5) we will continue to promote Bawang branded products through implanted commercials in live streaming programs, cross-sector cooperations, and participating in more charitable communities services with implanted commercials; and (6) leveraging on the celebrity-endorsement marketing effect and continuous sharing of the views and comments by KOLs through new social media, personalised social media, Xiaohongshu promotion and sharing of product evaluations, we hope to achieve wide-spread publicity for the Bawang brand quickly and arouse our target customers' purchasing interests and to accelerate the sales growth of our branded products.

For Royal Wind branded product series, the Group will sell these branded products, which are mainly hair-care product series, 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 will continue to sell laundry detergent and other HPC products through our conventional channels.

For Herborn branded product series, the Group will sell these branded products, mainly hair-care product series, hair-conditioner, shower gel, body lotion, make-up remover and face masks, through the online sales channel to enhance sales revenue of this brand.

For conventional channels, the Group will continue to deepen cooperation and interaction with distributors by: (1) leveraging on the increasing customer flow at the big shopping malls following the re-opening of the economic activities in late January 2023, we will make use of various major festive days such as the International Women's Day, the Labour Day, the Mid-Autumn Festival and the National Day Holiday for carrying out promotional activities at the malls to increase sales; (2) increasing the frequency of weekend promotion and publicity counter-shows inside those major points-of-sales and making use of the creative performance to arouse shoppers' attention and to achieve positive impacts on our brand influence; (3) building a creative and attractive image of window displays at those major points-of-sales for enhancing the sales revenue; (4) strengthening the quality sales support services offered to key accounts so as to stabilise the sales revenue generating from this channel; (5) continuing to promote economical family-size Bawang Blossom Flower shower gel; and (6) actively exploring the green field markets that have good sales potential and new distribution network, and points-of-sale to increase sales.

As for the online sales channel, the Group hopes to achieve stable growth through implementation of the following plans: (1) the Group will optimise the operational efficiency, and stabilise market share for hot sales items such as anti-hair fall haircare product series. The Group will create further hot sales items such as ginger shampoo, scalp essence and haircare essence oil products to increase sales revenue; (2) the Group will continue to optimize our merchandises available for sales at T-Mall flagship stores, to maintain the sales of hot-items whilst stabilizing the existing customer base, and to roll out new products for developing new customer base; (3) the Group will develop further shops at Pingduoduo and to increase sales through channel-specific tailor-made products; (4) the Group will increase its spending in the live video-streaming so as to develop new channels for increasing sales in Duoyin and Kuaishou through channel broadcasters to carry out instant online sales to increase sale revenue; (5) the Group will continue to develop online channel distributors and partners for making use of the mutual advantages to increase sales; and (6) for the self-operating channels at T-Mall and JD.com, we will make use of the scale and influence of our brand for further cooperation with the online platforms and streamlining the operations so as to increase sales revenue.

For production management, quality and cost control are our motto. We always put our top priority on product quality through reasonable utilizations of the existing production resources. We will continue to strengthen our research and development capability, to optimize our production process, to implement centralized production for conservation of water, electricity and gas energy so as to reduce production costs, and to strictly enforce intensive controls over the production flows and process which ensure the quality of our products while at the same time minimizing the spoilage and wastage 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 so as to minimize the production costs.

We will implement a complete performance-based assessment system, which serves to ignite the dynamism and enthusiasm from individual staff members, for the purpose of enhancing efficiency, reducing the production costs and increasing the rewards to workers.

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 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 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 2022, the time deposits, bank balances and cash of the Group were approximately RMB124.4 million (2021: approximately RMB113.3 million). Of which, the total time deposits with various maturity dates of the Group were approximately RMB50.0 million (2021: approximately RMB54.0 million). A summary of liquidity and financial resources is set out below:

	<b>31 December 2022</b>	31 December 2021
	<i>RMB in million</i>	<i>RMB in million</i>
Time deposits, bank balances and cash	<b>124.4</b>	113.3
Total loans	<b>0</b>	0
Total assets	<b>244.2</b>	295.6
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 2022, 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 2022.

## **CAPITAL COMMITMENT**

As at 31 December 2022, the Group had no material capital commitment.

## **CHARGE OF ASSETS**

The Group had no charge of assets as at 31 December 2022.

## **TRADE AND OTHER PAYABLES**

As at 31 December 2022, the trade and other payables of the Group was approximately RMB79.6 million (2021: RMB83.5 million). The decrease was primarily due to the decrease in trade payables and accrued payroll, but such decrease was partially offset by the increase in other payables and accruals. As at 31 December 2022 and 31 December 2021, 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 2022 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 2022.

## **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 2022 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 2022 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, 2 June 2023. The register of members of the Company will be closed from Thursday, 25 May 2023 to Friday, 2 June 2023 (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 Wednesday, 24 May 2023.

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 2022 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, 30 March 2023

*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.*