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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 2024**

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 2024 together with the comparative figures for the year ended 31 December 2023.

The Board refers to the profit warning announcement of the Company dated 15 November 2024 on the consolidated net profit for the first 10 months in 2024. The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2024:

Total revenue of the Group was approximately RMB253.0 million, representing an increase of approximately 6.4% from approximately RMB237.7 million for 2023.

Revenue from the online sales channel was approximately RMB135.9 million, representing an increase of approximately 7.7% from approximately RMB126.2 million in 2023.

Operating profit of the Group was approximately RMB7.6 million, as compared with an operating profit of approximately RMB14.9 million for 2023, representing a decrease of approximately 49.1%.

Net profit was approximately RMB6.6 million, as compared with a net profit of approximately RMB13.6 million for 2023, representing a decrease of approximately 51.9%.

Profit attributable to owners of the Company was approximately RMB6.6 million, as compared with the profit attributable to owners of the Company of approximately RMB13.6 million for 2023, representing a decrease of approximately 51.9%.

Earnings per share (basic and diluted) was approximately RMB0.2073 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 2024*

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	3	<b>252,952</b>	237,653
Cost of sales		<u><b>(124,173)</b></u>	<u>(117,935)</u>
Gross profit		<b>128,779</b>	119,718
Other income	4	<b>1,422</b>	2,907
Selling and distribution costs		<b>(94,874)</b>	(81,106)
Administrative expenses		<b>(29,359)</b>	(27,602)
Reversal of impairment losses recognised in respect of trade receivables		<b>1,684</b>	1,148
Other expenses		<u><b>(70)</b></u>	<u>(183)</u>
Operating profit		<b>7,582</b>	14,882
Finance costs	5	<u><b>(955)</b></u>	<u>(1,338)</u>
Profit before taxation		<b>6,627</b>	13,544
Income tax (expense)/credit	6	<u><b>(72)</b></u>	<u>83</u>
Profit for the year attributable to owners of the Company	7	<b>6,555</b>	13,627
Other comprehensive expense			
<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>(589)</b></u>	<u>(441)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><b>5,966</b></u>	<u>13,186</u>
<b>Earnings per share (RMB)</b>	9		
Basic		<u><b>0.2073 cent</b></u>	<u>0.4309 cent</u>
Diluted		<u><b>0.2073 cent</b></u>	<u>0.4309 cent</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

		<b>31 December 2024</b>	31 December
	<i>Notes</i>	<b>RMB'000</b>	2023
			<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>40,840</b>	34,575
Right-of-use assets		<b>13,845</b>	22,573
Deferred tax assets		<b>307</b>	379
Deposit paid for acquisition of property, plant and equipment		<b>5,027</b>	—
Time deposit		<u>—</u>	<u>30,000</u>
		<b>60,019</b>	<u>87,527</u>
<b>Current assets</b>			
Inventories		<b>33,978</b>	25,831
Right to returned goods asset		<b>319</b>	719
Trade and other receivables	10	<b>20,793</b>	27,984
Bank balances and cash		<u><b>120,324</b></u>	<u>88,272</u>
		<b>175,414</b>	<u>142,806</u>
<b>Current liabilities</b>			
Trade and other payables	11	<b>65,798</b>	59,411
Contract liabilities		<b>7,711</b>	5,225
Refund liabilities		<b>561</b>	1,092
Lease liabilities		<u><b>10,307</b></u>	<u>9,208</u>
		<b>84,377</b>	<u>74,936</u>
<b>Net current assets</b>		<u><b>91,037</b></u>	<u>67,870</u>
<b>Total assets less current liabilities</b>		<u><b>151,056</b></u>	<u>155,397</u>
<b>Non-current liability</b>			
Lease liabilities		<u><b>5,588</b></u>	<u>15,895</u>
<b>Net assets</b>		<u><b>145,468</b></u>	<u>139,502</u>

	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>
<b>Capital and reserves</b>		
Share capital	277,932	277,932
Reserves	<u>(132,464)</u>	<u>(138,430)</u>
Total equity	<u><u>145,468</u></u>	<u><u>139,502</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 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, whose functional currency is RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars (“**HK\$**”).

## 2. APPLICATION OF 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**”), which are effective for the Group’s financial year beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

## 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 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 <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 IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

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

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

### *IFRS 18 — Presentation and Disclosure in Financial Statements*

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements 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.

	2024 <i>RMB'000</i>	2023 <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	230,393	217,684
Skin-care products	1	25
Other household and personal care products	<u>22,558</u>	<u>19,944</u>
	<u><u>252,952</u></u>	<u><u>237,653</u></u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	<u><u>252,952</u></u>	<u><u>237,653</u></u>

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

As at 31 December 2024, all the remaining performance obligations will be recognised as revenue within one year (2023: within one year) from the end of the reporting period. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales to external customers	<u>230,393</u>	217,684	<u>1</u>	25	<u>22,558</u>	19,944	<u>252,952</u>	237,653
Segment profit/(loss)	<u>14,122</u>	16,871	<u>—</u>	(17)	<u>(4,739)</u>	(1,775)	<u>9,383</u>	15,079
Bank interest income							1,225	1,627
Other income							197	1,280
Corporate and other unallocated expenses							<u>(4,178)</u>	<u>(4,442)</u>
Profit before taxation							<u>6,627</u>	<u>13,544</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by/(loss from) each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, other miscellaneous income, net foreign exchange (losses)/gains, 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

	<u>Hair-care products</u>		<u>Skin-care products</u>		<u>Other household and personal care products</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023	2024	2023
	<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>
<b>Amounts included in the measure of segment results</b>								
Additions to property, plant and equipment	12,695	2,075	—	—	1,243	190	13,938	2,265
Depreciation of property, plant and equipment	6,942	7,227	—	1	680	662	7,622	7,890
Depreciation of right-of-use assets	7,950	7,995	—	1	778	732	8,728	8,728
Interest on lease liabilities	870	1,226	—	—	85	112	955	1,338
Loss on disposal of property, plant and equipment	30	146	—	—	3	13	33	159
Bad debt written off	—	668	—	1	—	61	—	730
Reversal of impairment losses recognised in respect of trade receivables	(1,534)	(1,052)	—	—	(150)	(96)	(1,684)	(1,148)
Allowance/(reversal of allowance) for inventories	336	(126)	—	—	33	(11)	369	(137)
Obsolete inventories written-off	<u>634</u>	<u>731</u>	<u>—</u>	<u>—</u>	<u>62</u>	<u>67</u>	<u>696</u>	<u>798</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results</b>								
Government grants	—	—	—	—	—	—	—	(436)
Bank interest income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,225)</u>	<u>(1,627)</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 are 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The PRC (country of domicile)	250,143	233,696	58,881	56,345
Hong Kong	1,620	2,051	831	803
Malaysia	815	775	—	—
Outer Mongolia	374	647	—	—
Thailand	—	484	—	—
Total	<u>252,952</u>	<u>237,653</u>	<u>59,712</u>	<u>57,148</u>

*Note:* Non-current assets excluded financial instruments and deferred tax assets.

## Information about major customers

During the years ended 31 December 2024 and 2023, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

## 4. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	1,225	1,627
Government grants ( <i>note a</i> )	—	436
Gain on sales of scrap materials	138	200
Others ( <i>note b</i> )	<u>59</u>	<u>644</u>
	<u>1,422</u>	<u>2,907</u>

*Notes:*

- (a) Various government grants were granted to the Group in respect of application of Chinese herbs in daily products. There are no unfulfilled conditions and other contingencies related to receipts of these grants.
- (b) During the year ended 31 December 2023, the Group wrote off trade payables of RMB644,000 (2024: nil), which would be payable to suppliers as performance bond and were long outstanding, but were considered to be no longer needed and had been recognised as other income.

## 5. FINANCE COST

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	<u>955</u>	<u>1,338</u>

## 6. INCOME TAX (EXPENSE)/CREDIT

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Deferred income tax (expense)/credit	<u>(72)</u>	<u>83</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 PRC 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) was entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2021. On 2 April 2021, a circular was issued by Ministry of Finance and State Taxation Administration, the corporate income tax was halved on the basis of above preferential policies and the policies were extended from 1 January 2021 to 31 December 2022. On 26 March 2023, a circular was issued by Ministry of Finance and State Taxation Administration, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 was entitled to a preferential tax treatment of 25% included in taxable income and application of income tax rate as 20% from 1 January 2023 to 31 December 2024. On 2 August 2023, a circular was issued by Ministry of Finance and State Taxation Administration and the above preferential policies were further extended to 31 December 2027. Certain PRC subsidiaries of the Group were qualified for this preferential tax treatment during the years ended 31 December 2024 and 2023.

The PRC EIT Law allows enterprises to apply for the certificates of “High and New Technology Enterprise” (“**HNTE**”) which entitles the qualified companies to a preferential income tax rate of 15%. Bawang (Guangzhou) Co., Ltd. (“**Bawang Guangzhou**”), a PRC subsidiary of the Group, was qualified as a HNTE since 2009. For the years ended 31 December 2024 and 2023, Bawang Guangzhou has no tax payable on the profit arising in PRC since the assessable profit is wholly absorbed by tax losses brought forward.

- (b) Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2024 and 2023 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2024 and 2023.
- (c) Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during the years ended 31 December 2024 and 2023.

## 7. PROFIT FOR THE YEAR

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

	2024 RMB'000	2023 RMB'000
Auditor's remuneration		
— Statutory audit	980	939
— Other non-audit services	231	224
Cost of inventories recognised as an expense	123,084	118,072
Depreciation of property, plant and equipment	7,622	7,890
Depreciation of right-of-use assets	8,728	8,728
Loss on disposal of property, plant and equipment	33	159
Net foreign exchange losses/(gains)	50	(503)
Research and development costs recognised as an expense (note (a))	13,015	12,507
Bad debt written off	—	730
Allowance/(reversal of allowance) for inventories (included in cost of inventories recognised as an expense)	369	(137)
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	<u>696</u>	<u>798</u>

*Note:*

- (a) Included in research and development expenses was staff costs of approximately RMB5,661,000 (2023: RMB5,687,000).

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 9. EARNINGS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Profit</b>		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>6,555</u>	<u>13,627</u>
	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>3,162,441</u>	<u>3,162,441</u>

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023 or at the end of both reporting periods.

## 10. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Receivables within the scope of IFRS 15 at amortised cost comprise:		
Trade receivables	19,367	21,504
Less: allowance for impairment of trade receivables	<u>(2,165)</u>	<u>(3,849)</u>
	17,202	17,655
Prepayment for purchase of raw materials	1,148	8,553
Other prepayments	1,177	1,007
Bank interest receivables	806	180
Tax receivables other than income tax	115	175
Other receivables	<u>345</u>	<u>414</u>
	<u>20,793</u>	<u>27,984</u>

As at 31 December 2024, the gross amount of trade receivable arising from contracts with customers amounted to RMB19,367,000 (2023: RMB21,504,000).

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>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Less than 3 months	<b>17,202</b>	17,452
More than 3 months but less than 6 months	—	193
More than 6 months but less than 12 months	—	6
More than 12 months	—	4
	<u><b>17,202</b></u>	<u>17,655</u>

#### 11. TRADE AND OTHER PAYABLES

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Trade payables	<b>21,644</b>	19,078
Promotion fee payables	<b>9,305</b>	9,218
Accrued payroll	<b>3,903</b>	3,651
Tax payables other than income tax	<b>6,677</b>	2,195
Other payables and accruals	<u><b>24,269</b></u>	<u>25,269</u>
	<u><b>65,798</b></u>	<u>59,411</u>

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

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Within 1 month	<b>9,283</b>	10,525
After 1 month but within 3 months	<u><b>12,361</b></u>	<u>8,553</u>
	<u><b>21,644</b></u>	<u>19,078</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 2024 was approximately RMB253.0 million, representing an increase of approximately 6.4% from approximately RMB237.7 million for 2023. The operating profit of the Group for the year ended 31 December 2024 was approximately RMB7.6 million as compared with an operating profit of approximately RMB14.9 million for 2023.

For the year ended 31 December 2024, the net profit of the Group was approximately RMB6.6 million, as compared with a net profit of approximately RMB13.6 million for 2023.

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.

For brand promotion, the Group adopted the following strategies for publicity and promotion of its branded products and increased the revenue during the year under review:

- (1) We continued to provide consumers with quality Bawang branded products. Leveraging on the Chinese consumers’ desire for and confidence in domestically manufactured products in promoting our Bawang branded products series, we will deepen their understanding in our brand concept of “Daunted by hair-fall, Use Bawang Shampoo”.
- (2) Through our official blogs in popular social media platforms including Weibo, Douyin, Kuaishou and Xiaohongshu, we implanted word-of-mouth marketing to improve the awareness and reputation of our brand, which stimulated the interest of target customers to purchase our products and accelerate the sales of our branded products.
- (3) We continued to leverage on our new hi-tech equipment, various patents and special permits, and innovative packaging of Bawang branded products to attract more consumers’ attention. To attract the interest of young consumers in our products, we rolled out anti-hair fall shampoo products with fresh packaging young consumers are fond of by adhering to their favourite lifestyles.

- (4) We carried out a variety of marketing activities to increase our face-to-face interaction with consumers. We carried out quizzes with prizes for enhancement of brand recognition. We carried out festival and holiday promotion activities and conduct educational webinars and seminars in hair health and haircare for enhancement of consumers' understanding and knowledge of anti-hair fall so as to enhance the professional brand image of Bawang anti-hair fall, and to build up a preference for consumers to select Bawang branded products.
- (5) Through the continuous participations in community welfare events, we concurrently implanted some advertisements for promoting our Bawang branded products and brand image.
- (6) Through a variety of styles in livestreaming sales which increased the exposures of our products and consumer's participation and improve the consumers' feedbacks mechanism, we performed analytical reviews to understand the consumers' opinions with a view to addressing their needs and optimizing our products and services.
- (7) Through visual design and marketing techniques, we created more energetic and youthful publicity materials that attracted more young consumers and to improve the conversion rates for sales. We rolled out Bawang Brand membership program. We offered members' privileges, bonus point awards and personalized services for building up brand loyalty and repeated purchases.
- (8) We participated in the COSMOPROF Asia Hong Kong. We have successfully enhanced the recognition of Bawang brand in both the local and overseas markets, which has aroused the brand awareness by more consumers both at home and abroad and also laid the foundation for future co-operations.

For conventional channels, the Group adopted the following strategies for publicity and promotion of its branded products and increased the revenue during the year under review:

- (1) We continued our market development project known as "Thousand Townships for Ten Thousand Points-of-Sales", which has commenced since March 2024. To expedite the distribution of products to the local market for enhancement of sales revenue, we have appointed a number of key distributors in our traditional channel across Hainan Island, which ensured that our shampoo products will swiftly be delivered to all point-of-sales in their respective township networks. Additionally, publicity and promotional events were carried out to enhance the awareness and confidence of our brand. Such marketing initiatives demonstrated our determinations to extensively develop the market and to enhance our brand influence. This market development project has extensively and thoroughly covered the southern China region after a year, and we have started to promote this project on a nationwide basis.



- (2) We invited our national distributors to participate in our new year wealth-creation and new products roll-out conference after the Spring Festival holiday in 2024. During the conference, we showcased our new products and their respective functionalities. The fresh packaging designs and the unique functionalities of the new products have aroused the distributors' interest to place orders for these newly-launched products, which have successfully increased the purchase order quantity and enhanced our sales revenue.
- (3) We increased the frequency of weekend promotions and counter shows and made use of creative performance and interactions with consumers to successfully catch shoppers' attention so as to arouse their interest in purchasing our products.

For online sales channel, the Group adopted the following strategies for publicity and promotion of its branded products and increased the revenue during the year under review:

1. The operations of JD's self-operated stores recorded significant increase in the same-store sales revenue. At the same time, we expanded our live streaming team and successfully expanded our channels into retail platforms of Meituan and 1688 for enriching our online distribution channels.
2. We successfully developed and launched the "Fragrance Bottle" product targeting late-night users. At the same time, we also expanded our product offerings horizontally by introducing best-selling hair care essential oils, hair masks, and dandruff essences, enriching the variety of products in this channel.
3. In terms of marketing promotion, we fully leverage on the broad user base of platforms like Weibo and Xiaohongshu (Little Red Book) to conduct diversified content marketing activities in order to acquire customer traffic to our online stores. By implanting high-quality product recommendation notes, user experience sharing, and creative short videos, we successfully attracted the attention of a large number of target users, effectively enhancing brand exposure and product awareness.
4. We actively expanded our influencer marketing cooperation with influencers and established long-term partnerships with numerous influential figures. With the help of these influencers' professional recommendations and follower-base, our products were quickly marketed to a broader consumer audience, further stimulating market vitality and acquiring customer traffic, which resulted in significant growth in sales performance through this channel.

During the year under review, we continued to participate in public welfare events so as to enhance our public image as a responsible corporation. During the International Workers' Day on the 1st of May and in conjunction with the People's Government of Guangzhou Jianggao Town, we carried out a public welfare event "Salute to Beauticians, Care Starting from the Head" by donating shampoos, shower gels and

other household care products to the environmental sanitation workers in the community. We believe that these types of social activities help to publicize our corporate mission and enhance our corporate image.

As at 31 December 2024, the Bawang brand distribution network comprised approximately 837 distributors and three KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the Bawang-branded products were also sold in Hong Kong, Singapore, Thailand, Malaysia, USA, and Mongolia.

During the year under review, the Group enhanced its product formula and upgraded packaging to promote new Royal Wind branded shampoo products primarily for the online sales channel. As at 31 December 2024, the Royal Wind brand distribution network comprised approximately 837 distributors, covering 27 provinces.

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 2024, the Litao products distribution network comprised approximately 795 distributors, covering 27 provinces.

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

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

- the permit for production of cosmetic products, which was issued by Guangdong Provincial Medical Products Administration, and is valid until May 2027;
- our Chinese herbal hair care series shampoo, Chinese anti-dandruff series shampoo and Chinese herbal skin care series body wash series products have been recognized as “The 2022 Elite High-Tech Products in Guangdong Province (2022 年度廣東省名優高新技術產品)” by the Guangdong Provincial New Hi-tech Enterprise Association (廣東省高新技術企業協會) in January 2023 and valid for a period of three years until January 2026;
- our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2025 as to meet the requirements of US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008;
- our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2025 as to meet the requirements of ISO22716: 2007 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007;

- Bawang (Guangzhou) Co., Ltd was recognized by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳) as a “Specialized Unique Innovative Small and Medium Enterprise (專精特新中小企業)” on 6 January 2024 with a validity period up to January 2027; and
- we were accredited as Grade A credit rating taxpayer for financial year 2023 by Guangzhou Municipal Tax Service of the State Taxation Administration on 1 August 2024.

## **FINANCIAL REVIEW**

### **Revenue**

During the year under review, the Group’s revenue was approximately RMB253.0 million, representing an increase of approximately 6.4% from approximately RMB237.7 million for 2023. The revenue through the online sales channel was approximately RMB135.9 million, representing an increase of approximately 7.7% from approximately RMB126.2 million in 2023 and the revenue through the conventional sales channel increased by approximately 5.0% as compared with 2023.

The Group’s core brand, Bawang, generated approximately RMB239.0 million in revenue, which accounted for approximately 94.5% of the Group’s total revenue by product category in 2024, and represented an increase of approximately 5.7% as compared with 2023.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB2.4 million in revenue, which accounted for approximately 1.0% of the Group’s total revenue by product category in 2024, and represented an increase of approximately 19.3% as compared with 2023.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB9.6 million in revenue, which accounted for approximately 3.8% of the Group’s total revenue by product category in 2024, and represented an increase of approximately 146.0% as compared with 2023.

We sold our products through extensive distribution and retail networks, and via conventional and online sales channels. During the year ended 31 December 2024, 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	43.8	19.4	63.2
Retailer	<u>2.5</u>	<u>34.3</u>	<u>36.8</u>
Total	<u><u>46.3</u></u>	<u><u>53.7</u></u>	<u><u>100.0</u></u>

In 2024, the sales to Hong Kong and the overseas markets accounted for approximately 1.1% of our total revenue.

### **Cost of Sales**

Cost of sales in 2024 amounted to approximately RMB124.2 million, representing an increase of approximately 5.3% compared with approximately RMB117.9 million in 2023. The overall increase in cost of sales was generally in line with the increase in revenue. As a percentage of revenue, cost of sales slightly decreased from approximately 49.6% in 2023 to approximately 49.1% in 2024.

### **Gross Profit**

During the year under review, the Group's gross profit increased to approximately RMB128.8 million, representing an increase of approximately 7.6% as compared with approximately RMB119.7 million for 2023. The gross profit margin slightly increased from approximately 50.4% for 2023 to approximately 50.9% for 2024. Such increase was mainly attributable to a slight decrease in the average unit cost of production as aforementioned.

### **Other Income**

During the year under review, other income decreased to RMB1.4 million, representing a decrease of 51.1% as compared with 2023. Such decrease was mainly attributable to a decrease in bank interest income and a decrease in government grants.

### **Selling and Distribution Costs**

Selling and distribution costs increased to approximately RMB94.9 million for 2024, representing an increase of approximately 17.0% as compared with approximately RMB81.1 million in 2023. Such increase was mainly due to an increase in expenses spent in the promotion and advertising of the Group's products in various online

platforms such as Douyin and JD.com, and the conventional channel, but was partially offset by the decrease in outsourced labour costs. As a percentage of revenue, our selling and distribution costs increased from approximately 34.1% in 2023 to 37.5% in 2024.

### **Administrative Expenses**

Administrative expenses for 2024 amounted to approximately RMB29.4 million, representing an increase of approximately 6.4% as compared with approximately RMB27.6 million in 2023. Such increase was mainly due to the increase in research and development expenses, and salaries and bonus, which was partially offset by the decrease in provision for bad debt, and the waiver of trade payables. As a percentage of revenue, our administration expenses was approximately 11.6% which is the same as 2023.

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

For the year under review, the Group has reversed impairment losses of approximately RMB1.7 million (2023: approximately RMB1.1 million) in respect of trade receivables, following the management's assessment on credit risk of our financial assets by adopting the expected credit loss (the "ECL") according to IFRS 9.

### **Profit from Operations**

The Group recorded an operating profit of approximately RMB7.6 million for 2024, as compared with an operating profit of approximately RMB14.9 million for 2023, representing a decrease of approximately 49.1% year-on-year. Such decrease was mainly because of the increase in selling and distribution costs and administrative expenses, but was partially offset by the increase of gross profit.

### **Finance Costs**

For the year ended 31 December 2024, no interest on bank borrowings was incurred (2023: Nil). Interest on lease liabilities amounted to approximately RMB1.0 million (2023: RMB1.3 million).

### **Income Tax Expense/Credit**

During the year ended 31 December 2024, the Group had deferred income tax expense of RMB0.07 million (2023: deferred income tax credit of approximately RMB0.08 million).

## **Profit for the Year**

As a result of the combined effect of the above mentioned factors, the Group recorded a net profit of approximately RMB6.6 million for 2024, as compared with a net profit of approximately RMB13.6 million for 2023, representing a decrease of approximately 51.9% year-on-year.

The net profit for the full financial year ended 31 December 2024 increased by RMB1.6 million as compared to the estimated net profit in the range of approximately RMB5.0 million for the ten months ended 31 October 2024 as announced in the profit warning announcement of the Company dated 15 November 2024. Such increase was due to the increase in the sales in the last two months of 2024 and the decrease in the depreciation for fixed assets, but was partially set off by the increase in the recognition of selling expenses payable to the distributors during the last two months of 2024.

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

As a result of the combined effect of the above factors, the Group recorded a profit attributable to owners of the Company of approximately RMB6.6 million for 2024, as compared with a profit attributable to owners of the Company of approximately RMB13.6 million for 2023, representing a decrease of approximately 51.9% year-on-year.

## **OUTLOOK**

In mid-January 2025, the International Monetary Fund (“**IMF**”) slightly increased China’s gross domestic product (“**GDP**”) growth prediction for 2025 from previous estimate by 0.1 percent points from 4.5 percent to 4.6 percent because of the carryover from 2024 and the stimulus measures announced in November 2024, which largely offsets the negative effect on the investment from trade policy uncertainty and the struggling property market, but the growth would stabilize at 4.5 percent in 2026 as trade uncertainty dissipated and higher retirement ages slowed the decline in the labor supply of the country.

The actual China’s year-on-year GDP growth was 5.0 percent in 2024. According to the IMF, the development of Chinese economy in 2024 was a “positive surprise” compared to the IMF’s forecast of 4.8 percent. Some analysts indicated that China’s achievement of a 5.0 percent GDP growth in 2024 can be attributed to a combination of strong export performance, effective stimulus measures, balanced sectoral growth, targeted policy support for domestic demand, and favorable global economic conditions.

In late January 2025, the IMF projected that the global economy will continue to grow at 3.3 percent both in 2025 and 2026. The forecast of 2025 is broadly unchanged according to the World Economic Outlook of October 2024 published by the IMF, primarily on account of an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2 percent in 2025 and to 3.5 percent in 2026, converging back to target earlier in developed economies than in emerging market and developing economies.

In mid-January 2025, the National Bureau of Statistics indicated the retail sales of consumer goods increased by 3.5 percent year-on-year in 2024. The growth was supported by various factors, including government-led initiatives that stimulated consumer spending, particularly in urban and rural areas, where retail sales rose by 3.4 percent and 4.3 percent respectively. Notably, online retail sales surged by 7.2 percent, indicating a strong shift towards e-commerce during the year. According to a rating report, projections for the retail sales growth in 2025 indicate an increase of 4.0 percent to 5.0 percent because of government subsidies and merchant discounts which stimulate spending levels. Additionally, online retail is anticipated to continue to its upward trajectory, benefiting from the improvements in convenience and user experience on major platforms.

In March 2025, in the National People's Congress of China, an ambitious GDP growth target of around 5.0 percent in 2025 has been made, which is higher than the GDP growth prediction made by the IMF in mid-January this year, but it is consistent with the target and actual growth in 2024. Chinese Premier Li Qiang acknowledged that there are challenges that are being faced, and emphasized “hard work” is required to achieve these goals.

Having said that, the central government is determined to find strength from within amid rising external uncertainties. Special actions are launched to boost domestic consumption, such as trade-in programs for durable goods and subsidies for services consumption, such as for childcare and gradual implementation of free preschool education. Measures are also being implemented to promote sustainable consumption as proposed in a previous plenum resolution.

Some economic analysts are of the view that with the US most recently levying more tariffs on Chinese goods will negatively affect the exports to the US once the tariff becomes effective. Nonetheless, the resolve to stick with around 5 percent GDP growth year-on-year is likely aimed at projecting confidence and signalling strong domestic policy support to boost domestic demand. Despite the increased external uncertainties, recent optimism around AI development spurred by DeepSeek and green shoots in consumption such as from the record high movie box office results in the spring festival holiday suggest that confidence may be returning. The hard data remains mixed, but should confidence remain strong, this can pose potential upside.



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 developments environment after having taken into consideration the measures to increase the economic momentum, and also the worldwide geopolitical situations in 2025, and are conservative in formulating the strategies and operational plans for the Company.

The corporate theme for 2025 is “**Striving Forward in Full Power!**”

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) Strengthening the publicity of patent advantages: We will make use of a number of patented technologies with hi-tech equipment. We will leverage on the prominent effects of our anti-hair loss product as our publicity focus. We will concentrate on promoting our popular anti-hair fall series to increase the sales of this series. At the same time, we will continue to develop new products by reference to the current trends of the market, to rely on the core advantages of the products to expand the consumer segments, and then to turn them into loyal users of the brand for increased sales.
- (2) Upgrading product packaging creative design: In terms of product packaging, we will continue to upgrade and roll out attractive shampoo packages for attracting the attention of young consumers, stimulating their purchasing interest, thereby achieving the effect of increasing the sales of our branded products.
- (3) Developing active cross-sector co-operations: We will constantly identify other brands, IPs and related events which match with our brand concepts for co-operations to launch limited edition co-branded products, and to hold highly interactive promotional activities for arousing the consumers’ interest. Leveraging on the partners’ resources and influence, we will strive to broaden the scope of brand communication so as to attract more potential consumers.
- (4) Deepening the operations of social media: Leveraging on the official Weibo account for Bawang branded shampoo as well as other popular social media platforms such as Douyin, Kuaishou, and Xiaohongshu, we will initiate interesting brand-related topics for discussions on the blogs. Through frequent interactions with consumers, we intend to enhance the brand’s popularity and reputation in the minds of the public so that the target customers will have a strong desire to buy our products, thereby increasing the sales of our branded products.



- (5) Cooperating with key opinion leaders (KOL) for brand promotion: We will actively establish cooperative relationships with influential KOLs and leverage on their large number of followers for promoting Bawang branded products among their fans. Through the brand recommendation made by live-streaming ambassadors, the exposure of products to the public will be greatly increased, brand popularity will be enhanced and resulting in a highly efficient purchase conversion rate.
- (6) Organizing different offline activities: We plan to hold a variety of offline activities regularly or on an ad-hoc basis, such as new product launch conferences so that consumers can have first-hand experience in the charm of new products. We will invite hair-care experts to hold regular talks on anti-hair fall strategies. We will hold promotional activities through vivid counter-shows to attract consumers' active participations so as to enhance the emotional bonding between brand and consumers, and thereby increasing our sales through the stores of traditional channel.

For Royal Wind branded product series, the Group will distribute the hair care products through both conventional and online channels to satisfy consumers' demands through precise usage scenarios, which aim to attract more young consumers to buy the products and increase sales revenue.

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

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

- (1) We will leverage new product launch conferences to expand the distribution of hot-selling products for increase sales through this channel, such as the Bawang nourishing series, oral care series, fragrance laundry detergent series, and shower gel series;
- (2) We will utilize new store openings, special events during holidays and other promotional activities in shopping malls to boost sales volume;
- (3) We will increase the frequency of weekend promotion and counter shows, and make use of creative performances to catch shoppers' attention so as to achieve positive effects on our brand influence;
- (4) We will strengthen the sales support services offered to key distributors, key channels and key points-of-sales for enhancing the revenue generated from distribution channels;

- (5) We will continue to enhance the product displays of the key points-of-sales so as to stabilise the sales revenue; and
- (6) We will make use of customers' consumption information from customs data software in various countries and participate in offline international exhibitions to develop overseas untapped markets, with an aim to increase overseas sales.

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

1. For T-Mall flagship stores and T-Mall supermarkets, the Group will increase investment, improve operational efficiency and reorganise the structure of product offerings, and stabilize the market scale of the original anti-hair fall products that are popular on the platform; and develop and promote relevant new products based on the consumer segment, usage scenarios, and needs as well as the brand positioning. At the same time, the Group will horizontally expand our hair care products range, such as anti-dandruff essence, hair mask, and essence oil for increasing sales revenues;
2. For the JD platform, the Group will adhere to the characteristics and direction of the platform for increasing expenditures, optimizing on-site operational efficiency, efficiently attracting more visits from high-quality customers, and increasing sales on this platform by rolling out new key products and hot-selling products for 2025 be reference to the entry requirements of various platforms. At the same time, the Group will reorganise and optimize product prices to attract the orders from the online vendors so as to increase the sales through this platform;
3. For the Pinduoduo platform, the Group will continue to roll out high performance/cost ratio new products and hot-selling items which suit the customers. The official 10-billion-yuan subsidy program of Pinduoduo will serve to stimulate the sales growth on this platform;
4. For distributor channels, the Group will plan and reorganise products, support dealers, and expand the sales volume of some newly-developed channels such as Meituan and PuPu; encourage existing distributors to focus on customized development of hair-care, oral-care and body-care products to increase sales volume of Bawang branded products. The Group plans to develop new customers on platform 1688 through increasing investment in this platform;
5. For the live-streaming platform channel, the Group will continue to increase its investment in Douyin store live broadcast promotion, strengthen short video material content, optimize the product strategy of No. 2 live broadcast room, and increase sales volume; at the same time, through the expansion and cooperation of Douyin, video account and Kuaishou live broadcasters, the Group aims to achieve growth in brand awareness and brand sales volume; and

6. For the WeChat Channels (微信視頻號), the Group will closely monitor the development of video accounts and live streaming and look for the right time to formulate strategies and make investment for generating sales revenue through this channel.

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

We will continuously catch up with the trend, improve production processes, optimize internal processes, management systems, production efficiency, and reducing operating costs and improving corporate operating efficiency and competitiveness. We will arrange overhauling of production workshops to enhance the factory image for keeping abreast with the latest cosmetic regulatory requirements so as to make our production environment even safer. We will arrange to automate our production lines by continued replacement of existing old production lines and equipment so as to enhance the production efficiency and to conserve energy.

We will implement a complete performance-based assessment system with the “people-oriented” production management concept. We will provide training and education programs to upskill the workers for operating the new equipment and to educate the workers on the occupational safety through different mock-up emergency scenarios. We will also arouse the workers’ awareness on the concept of green production which serves to reduce the production costs and at the same time increase their wages and fringe benefits.

We will adopt a more flexible and advanced supply chain approach to reasonably utilize the production facilities and factory space, and to optimise the production processes. Subsequent to the balance sheet date of 2023, our solar energy has been in operation, helping to reduce traditional electricity consumption, thereby saving production costs and reducing carbon emissions. Whilst exercising stringent control over the production flow and process and at the same time ensuring the quality of products, we will minimize the materials spoilage and implement energy-saving initiatives so as to achieve the various environmental emission targets that have been predetermined by the Company.

For our original equipment manufacturers (“**OEM**”) business, we will continue to 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 improvement measures to maximise production effectiveness, we can reduce costs and enhance the efficiency. We will be able to sustain high quality development for achieving the Company’s predetermined emission targets as stated in the Company’s ESG report, thereby creating more returns for our shareholders.

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

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

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts conservative financial management policies and maintains a good and solid financial position. As at 31 December 2024, the time deposit, bank balances and cash of the Group were approximately RMB120.3 million (2023: approximately RMB88.3 million). No time deposit with a maturity of over one year was placed at the year end date (2023: approximately RMB30.0 million). A summary of liquidity and financial resources is set out below:

	<b>31 December 2024</b> <i>RMB in million</i>	31 December 2023 <i>RMB in million</i>
Bank balances and cash	<b>120.3</b>	88.3
Time deposit	<b>0</b>	30.0
Total loans	<b>0</b>	0
Total assets	<b>235.4</b>	230.3
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 2024, 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 2024.

## **CAPITAL COMMITMENT**

As at 31 December 2024, the Group had no material capital commitment.

## **CHARGE OF ASSETS**

The Group had no charge of assets as at 31 December 2024.

## **TRADE AND OTHER PAYABLES**

As at 31 December 2024, the trade and other payables of the Group was approximately RMB65.8 million (2023: RMB59.4 million). The increase was primarily due to the increase in trade payables, promotion fee payables and tax payables other than income tax, but such increase was partially offset by the waiver of trade payables and the decrease in other payables and accruals. As at 31 December 2024 and 31 December 2023, 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 (including sale of treasury shares, if any) during the year under review. The Company did not have any treasury shares as defined under the Listing Rules as at 31 December 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

## **THE CORPORATE GOVERNANCE CODE**

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

The Board is of the view that the Company has complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the year ended 31 December 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The audit and risk management committee has reviewed the annual results of the Group for the year ended 31 December 2024 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 2024 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, 30 May 2025. The register of members of the Company will be closed from Saturday, 24 May 2025 to Friday, 30 May 2025 (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, 23 May 2025.

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 2024 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

## **APPRECIATION**

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

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

Hong Kong, 28 March 2025

*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. LIU Jing and Mr. CHU Tat Hoi.*