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

BaWang International (Group) Holding Limited
霸王國際（集團）控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01338)

CONNECTED TRANSACTION

SECOND AMENDMENT TO THE 2021 LEASE AGREEMENT

Second Amendment to the 2021 Lease Agreement

On 1 August 2025, Bawang Guangzhou entered into the 2025 Supplemental Lease Agreement, amending the terms of the 2022 Supplemental Lease Agreement (which amended the 2021 Lease Agreement), through (1) agreeing upon a rent free period from 1 August 2025 up to 30 September 2025, and (2) reducing the monthly rental from RMB943,699 to RMB715,876.

As a result of the lease modification, which takes effect on 1 August 2025, the value of the right-of-use asset under IFRS16 recognised by the Group under the 2021 Lease Agreement (as amended by the 2022 Supplemental Lease Agreement) is expected to be reduced by approximately RMB3.6 million, and the lease amendment is regarded as a reduction in the value of the right-of-use asset by the Group with a corresponding decrease in its lease liabilities.

Listing Rules Implications

This announcement is published by the Company pursuant to Rule 14.36 and note to Rule 14A.35 of the Listing Rules as the second amendment of the 2021 Lease Agreement constitutes a variation to the terms of a previous discloseable and connected transaction.

As the 2025 Supplemental Lease Agreement is entered into on normal commercial terms or better, and all the applicable percentage ratios for the reduction in the book value of the right-of-use asset are less than 5% but one or more them exceeds 0.1%, the entering into of the 2025 Supplemental Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. INTRODUCTION

On 23 April 2021, the Company announced that it and Guangzhou Bawang entered into the 2021 Lease Agreement for the Group's production facilities, office premises and staff dormitory in the existing premises in Bawang Industrial Complex for a fixed term of five years commencing from 1 July 2021

to 30 June 2026 (both days inclusive). The 2021 Lease Agreement and the transactions contemplated thereunder were approved by the Shareholders in the EGM held on 4 June 2021.

On 1 September 2022, the Company entered into the 2022 Supplemental Agreement, pursuant to which the rental area of leased premises and also the monthly rent payable were reduced. The details of the 2022 Supplemental Lease Agreement were announced on 1 September 2022.

The Group's management has been carefully monitoring the rental value of comparable premises near its production premises and also within the Bawang Industrial Complex. In light of the change in market rent, the Company has been proactively discussing with the landlord with a view to reducing the rent payable by Bawang Guangzhou so as to reduce the Group's overhead costs in its production. After arm's length negotiations, Bawang Guangzhou and Guangzhou Bawang entered into the 2025 Supplemental Lease Agreement to (1) agreeing upon a rent free period from 1 August 2025 up to 30 September 2025, and (2) reducing the monthly rental from RMB943,699 to RMB715,876.

The leased floor area remains unchanged under the 2025 Supplemental Lease Agreement.

2. THE 2025 SUPPLMENTAL LEASE AGREEMENT

The principal terms of the 2025 Supplemental Lease Agreement are set out below:

Date:	1 August 2025
Lessor:	Guangzhou Bawang
Lessee:	Bawang Guangzhou
Leased premises:	Certain premises located within the Bawang Industrial Complex, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC
Effective period:	From 1 August 2025 up to 30 June 2026 (both days inclusive)
Use:	Production facilities, office premises and staff dormitory
Monthly rental:	RMB 715,876, for the period from 1 August 2025 to 30 June 2026 The monthly rental is exclusive of management fees and other outgoings, which are payable to an independent third party management company.
Rent-free period:	From 1 August 2025 to 30 September 2025 (both days inclusive)
Other terms and conditions:	The rent for the effective period shall be paid in the following manner: (1) RMB 2,147,628 shall be paid, covering the rent payable from October 2025 to December 2025, by 15 September, and (2) RMB 4,295,256 shall be paid by 15 January 2026, covering the rent payable for the rental period from January to June 2026.

No fees or penalties will be payable by Bawang Guangzhou in respect of the entering into of the 2025 Supplemental Agreement

The historical amounts paid to Guangzhou Bawang for the leased premises for the year ended 31 December 2023, the year ended 31 December 2024 and the seven months ended 31 July 2025 was RMB9,954,504, RMB10,639,446 and RMB6,605,893, respectively.

The monthly rent payable under the 2025 Supplemental Lease Agreement was determined after arm's length negotiation between Bawang Guangzhou and Guangzhou Bawang by reference to rents paid by other tenants who are renting similar floor areas within the Bawang Industrial Complex.

No fees or penalties will be payable by Bawang Guangzhou to Guangzhou Bawang for the second amendment to the 2021 Lease Agreement. Bawang Guangzhou shall continue to pay the rent with its internal resources.

3. LISTING RULES IMPLICATIONS

This announcement is published by the Company pursuant to Rule 14.36 and note to Rule 14A.35 of the Listing Rules as the second amendment to the 2021 Lease Agreement constitutes a variation to the terms of a previous discloseable and connected transaction. As the 2025 Supplemental Agreement is entered into on normal commercial terms or better, and all the applicable percentage ratios for the reduction in the book value of the right-of-use asset are less than 5% but one or more of them exceeds 0.1%, the entering into of the 2025 Supplemental Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to IFRS 16 (Leases), the second amendment to the 2021 Lease Agreement will entail a decrease in the Group's lease liability and the Group's right-of-use asset. The table below shows the expected financial implications upon the 2025 Supplemental Agreement becoming effective on 1 August 2025, which are subject to confirmation by the Company's auditors:

	Lease liability ***(RMB)***	**RoU asset** ***(RMB)***
Pre-modification	9,667,000	7,983,000
Difference	(3,602,000)	(3,602,000)
Post-modification	6,065,000	4,381,000

The Interested Directors are deemed to have material interests in the 2025 Supplemental Lease Agreement and had abstained from voting on the relevant Board resolution approving it.

4. REASONS FOR AND BENEFITS OF THE 2025 SUPPLEMENTAL LEASE AGREEMENT

The Group's production has been operating within the Bawang Industrial Complex since August 2013.

The Group's management has been carefully monitoring the rental value of comparable premises near its production premises and also within the Bawang Industrial Complex. In light of the change in market rent, the Company has been proactively discussing with the landlord on the possibility of reducing the rent payable, with an aim to reduce the Group's overhead costs in its production activities. Save as disclosed in this announcement, no other fees or penalty shall be payable by the Group in respect of the 2025 Supplemental Lease Agreement.

Taking into account the above considerations, the rent-free period and the reduction in rent for the remaining duration of the lease, the Board (including the independent non-executive Directors) is of the view that (1) the terms of the 2025 Supplemental Lease Agreement are on normal commercial terms or better and are fair and reasonable, and (2) the entering into the 2025 Supplemental Lease Agreement is in the interests of the Company and its shareholders as a whole.

5. OTHER INFORMATION

About the Company and the Group

The Company is an investment holding company. The Group is principally engaged in the design, manufacture and sale of Chinese herbal shampoo and hair-care products as well as other products such as skincare products, toothpaste, and shower gels.

About Guangzhou Bawang

The principal business activities of Guangzhou Bawang are property investment, property development, property management, real estate agency services and property leasing. Guangzhou Bawang is controlled by the Interest Directors, and is therefore a connected person of the Company under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"2021 Lease Agreement"	the lease agreement entered into between Bawang Guangzhou and Guangzhou Bawang on 23 April 2021 in respect of the rental of the Bawang Industrial Complex for the Group's production facilities, office premises and staff dormitory for a fixed term of five years commencing from 1 July 2021 to 30 June 2026 (both days inclusive).
"2022 Supplemental Lease Agreement"	the supplemental lease agreement entered into between Bawang Guangzhou and Guangzhou Bawang on 1 September 2022, amending certain terms of the 2021 Lease Agreement

"2025 Supplemental Lease Agreement"	the second supplemental lease agreement entered into between Bawang Guangzhou and Guangzhou Bawang on 1 August 2025 to amend certain terms of the 2021 Lease Agreement (as amended)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bawang Guangzhou"	霸王(廣州)有限公司(Bawang (Guangzhou) Co., Ltd.*), a wholly-owned subsidiary of the Company
"Bawang Industrial Complex"	the premises located at 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC
"Board"	the board of Directors of the Company
"Company"	BaWang International (Group) Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2007, the issued shares of which on listed on the Stock Exchange
"connected person"	has the meaning as ascribed to this term under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company held on 4 June 2021 approving the 2021 Lease Agreement
"Group"	the Company and its subsidiaries
"Guangzhou Bawang"	廣州霸王化妝品有限公司(Guangzhou Bawang Cosmetics Co., Ltd.*), a company established in the PRC as a wholly foreign owned enterprise on 23 November 2001, which is controlled by the Interested Directors and beneficially owned by them together with their family members
"Hong Kong"	Hong Kong Special Administrative Regions of the PRC
"IFRS"	International Financial Reporting Standard(s) issued by the International Accounting Standards Board from time to time
"Interested Directors"	Mr. Chen Qiyuan and Mr. Chen Zheng He
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Mr. Chen Qiyuan"	Mr. Chen Qiyuan, co-founder, chairman and an executive Director of the Company, one of the Company's controlling shareholders and the father of Mr. Chen Zheng He
"Mr. Chen Zheng He"	Mr. Chen Zheng He, the chief executive officer of the Company, an executive Director and the son of Mr. Chen Qiyuan
"PRC" or "China"	the People's Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By order of the Board
BaWang International (Group) Holding Limited
Chen Qiyuan
Chairman

Hong Kong, 1 August 2025

As at the date of this announcement, the Board 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.

**For identification purpose only.*