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 2025

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 2025 together with the comparative figures for the year ended 31 December 2024.

The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2025:

Total revenue of the Group was approximately RMB273.1 million, representing an increase of approximately 8.0% from approximately RMB253.0 million for 2024.

Revenue from the online sales channel was approximately RMB159.3 million, representing an increase of approximately 17.2% from approximately RMB135.9 million in 2024.

Operating profit of the Group was approximately RMB4.5 million, as compared with an operating profit of approximately RMB7.6 million for 2024, representing a decrease of approximately 41.2%.

Net profit was approximately RMB3.9 million, as compared with a net profit of approximately RMB6.6 million for 2024, representing a decrease of approximately 40.7%.

Profit attributable to owners of the Company was approximately RMB3.9 million, as compared with the profit attributable to owners of the Company of approximately RMB6.6 million for 2024, representing a decrease of approximately 40.7%.

Earnings per share (basic and diluted) was approximately RMB0.1228 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 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
Revenue	*3*	**273,094**	252,952
Cost of sales		**(134,245)**	(124,173)
Gross profit		**138,849**	128,779
Other income	*4*	**3,599**	1,422
Selling and distribution costs		**(105,165)**	(94,874)
Administrative expenses		**(32,114)**	(29,359)
(Impairment losses)/reversal of impairment losses recognised in respect of trade receivables		**(619)**	1,684
Other expenses		**(93)**	(70)
Operating profit		**4,457**	7,582
Finance cost	*5*	**(452)**	(955)
Profit before taxation		**4,005**	6,627
Income tax expense	*6*	**(120)**	(72)
Profit for the year attributable to owners of the Company	*7*	**3,885**	6,555
Other comprehensive income/(expense)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**147**	(589)
Profit and total comprehensive income for the year attributable to owners of the Company		**4,032**	5,966
Earnings per share	*9*		
Basic		**RMB0.1228 cent**	RMB0.2073 cent
Diluted		**RMB0.1228 cent**	RMB0.2073 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Non-current assets			
Property, plant and equipment		**55,057**	40,840
Right-of-use assets		**3,175**	13,845
Deferred tax assets		**187**	307
Deposit paid for acquisition of property, plant and equipment		**43**	5,027
		58,462	60,019
Current assets			
Inventories		**30,140**	33,978
Right to returned goods asset		**245**	319
Trade and other receivables	*10*	**21,328**	20,793
Amount due from a related party		**710**	—
Time deposit		**45,000**	—
Bank balances and cash		**70,553**	120,324
		167,976	175,414
Current liabilities			
Trade and other payables	*11*	**66,318**	65,798
Contract liabilities		**5,772**	7,711
Refund liabilities		**428**	561
Lease liabilities		**4,171**	10,307
		76,689	84,377
Net current assets		**91,287**	91,037
Total assets less current liabilities		**149,749**	151,056
Non-current liability			
Lease liabilities		**249**	5,588
Net assets		**149,500**	145,468

	31 December 2025	31 December 2024
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**277,932**	277,932
Reserves	**(128,432)**	(132,464)
Total equity	**149,500**	145,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 AN IFRS ACCOUNTING STANDARD

Application of amendments to an IFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to an IFRS Accounting Standard issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods nor on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards issued but not yet effective

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

IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after 1 January 2026.

2 Effective for annual periods beginning on or after 1 January 2027.

3 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 IFRS Accounting Standards 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 IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the 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.

	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Manufacturing and sales of the household and personal care products, disaggregated by major products as follows:		
Hair-care products	**256,886**	230,393
Skin-care products	**—**	1
Other household and personal care products	**16,208**	22,558
	273.094	252,952

Disaggregation of revenue from contracts with customers by timing of recognition

	2025	2024
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**273,094**	252,952

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

As at 31 December 2025, all the remaining performance obligations will be recognised as revenue within one year (2024: within one year) from the end of the reporting period. As permitted under IFRS 15, the transaction price allocated to these contracts with unfulfilled obligations 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

Those operating segments engaging in the 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 them 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	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sales to external customers	**256,886**	230,393	**—**	1	**16,208**	22,558	**273,094**	252,952
Segment profit (loss)	**12,011**	14,122	**—**	—	**(7,262)**	(4,739)	**4,749**	9,383
Bank interest income							**1,097**	1,225
Other income							**2,502**	197
Corporate and other unallocated expenses							**(4,343)**	(4,178)
Profit before taxation							**4,005**	6,627

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, utilities income, other miscellaneous income, 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	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment results								
Additions to property, plant and equipment	**21,019**	12,695	**—**	—	**1,326**	1,243	**22,345**	13,938
Depreciation of property, plant and equipment	**7,567**	6,942	**—**	—	**477**	680	**8,044**	7,622
Depreciation of right-of-use assets	**6,688**	7,950	**—**	—	**422**	778	**7,110**	8,728
Interest on lease liabilities	**425**	870	**—**	—	**27**	85	**452**	955
Loss on disposal of property, plant and equipment	**27**	30	**—**	—	**2**	3	**29**	33
Impairment losses/(reversal of impairment losses) recognised in respect of trade receivables	**582**	(1,534)	**—**	—	**37**	(150)	**619**	(1,684)
(Reversal of allowance)/ allowance for inventories	**(6)**	336	**—**	—	**—**	33	**(6)**	369
Obsolete inventories written-off	**1,006**	634	**—**	—	**63**	62	**1,069**	696
Amounts regularly provided to the CODM but not included in the measure of segment results								
Government grants	**—**	—	**—**	—	**—**	—	**(672)**	—
Bank interest income	**—**	—	**—**	—	**—**	—	**(1,097)**	(1,225)

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	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (country of domicile)	**269,996**	250,143	**57,470**	58,881
Hong Kong	**2,081**	1,620	**805**	831
Malaysia	**845**	815	**—**	—
Outer Mongolia	**172**	374	**—**	—
Total	**273,094**	252,952	**58,275**	59,712

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

Information about major customers

During the years ended 31 December 2025 and 2024, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

4. OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Bank interest income	**1,097**	1,225
Utilities income *(note (a))*	**1,595**	—
Government grants *(note (b))*	**672**	—
Gain on sales of scrap materials	**150**	138
Others	**85**	59
	3,599	1,422

Notes:

(a) During the year ended 31 December 2025, the Group sold surplus electricity generated from its solar panel system (2024: nil).

(b) 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 the grants received.

5. FINANCE COST

	2025	2024
	RMB'000	*RMB'000*
Interest on lease liabilities	**452**	955

6. INCOME TAX EXPENSE

	2025	2024
	RMB'000	*RMB'000*
Deferred tax	**(120)**	(72)

(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 2025 and 2024.

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 2025 and 2024, Bawang Guangzhou did not have any assessable profits subject to EIT.

(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 2025 and 2024 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

(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 2025 and 2024.

7. PROFIT FOR THE YEAR

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

	2025	2024
	RMB'000	*RMB'000*
Auditor's remuneration		
— Statutory audit	**734**	980
— Other non-audit services	**227**	231
Cost of inventories recognised as an expense	**134,251**	123,084
Depreciation of property, plant and equipment	**8,044**	7,622
Depreciation of right-of-use assets	**7,110**	8,728
Loss on disposal of property, plant and equipment	**29**	33
Net foreign exchange losses	**28**	50
Research and development costs recognised as an expense *(note (a))*	**14,093**	13,015
(Reversal of allowance)/allowance for inventories (included in cost of inventories recognised as an expense)	**(6)**	369
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	**1,069**	696

Note:

(a) Included in research and development expenses were staff costs of approximately RMB4,565,000 (2024: RMB5,661,000).

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025 (2024: nil), nor has any dividend been proposed since the end of the reporting period (2024: 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:

	2025	2024
	RMB'000	*RMB'000*
Profit		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**3,885**	6,555

	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,162,441**	3,162,441

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 2025 and 2024 nor at the end of both reporting periods.

10. TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Receivables within the scope of IFRS 15 at amortised cost comprise:		
Trade receivables	**19,373**	19,367
Less: allowance for impairment of trade receivables	**(2,784)**	(2,165)
	16,589	17,202
Prepayment for purchase of raw materials	**1,341**	1,148
Other prepayments	**2,429**	1,177
Bank interest receivables	**480**	806
Tax receivables other than income tax	**76**	115
Other receivables	**413**	345
	21,328	20,793

As at 31 December 2025, the gross amount of trade receivables arising from contracts with customers amounted to RMB19,373,000 (2024: RMB19,367,000).

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.

	2025	2024
	RMB'000	*RMB'000*
Less than 3 months	**16,589**	17,202

11. TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**20,832**	21,644
Promotion fee payables	**10,554**	9,305
Accrued payroll	**4,530**	3,903
Tax payables other than income tax	**7,132**	6,677
Other payables and accruals	**23,270**	24,269
	66,318	65,798

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

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**8,105**	9,283
After 1 month but within 3 months	**12,727**	12,361
	20,832	21,644

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 2025 was approximately RMB273.1 million, representing an increase of approximately 8.0% from approximately RMB253.0 million for 2024. The operating profit of the Group for the year ended 31 December 2025 was approximately RMB4.5 million as compared with an operating profit of approximately RMB7.6 million for 2024.

For the year ended 31 December 2025, the net profit of the Group was approximately RMB3.9 million, as compared with a net profit of approximately RMB6.6 million for 2024.

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 its sales revenue during the year under review:

(1) We continuously offered high quality Bawang branded products and leverage on Chinese consumers' desire for and confidence in domestically manufactured products to promote our Bawang branded products series, and further reinforce our brand concept of "Daunted by hair-fall, Use Bawang Shampoo" in their minds when making purchasing decisions;

(2) We comprehensively upgraded the brand and product visual designs, reconstructing visual expression with youthful elements. We integrated minimalist aesthetics with Guochao (modern oriental) elements, optimised colour schemes, logo presentation, and packaging visual designs to precisely appeal to target customers, stimulate buying interest, and ultimately achieve sales conversion;

(3) We established a content distribution matrix covering mainstream platforms like Weibo, Douyin, Kuaishou, and Xiaohongshu. By leveraging scenario-based product seeding, organic word-of-mouth promotion, cross-sector co-operations, and festival and holiday promotion activities, we consistently enhanced brand awareness and promoted a sustained growth momentum in the sales of our branded products;

(4) We strengthened our technological edge to build differentiated competitive advantages. By leveraging advanced production equipment, proprietary patented technologies, and new special certifications for anti-hair loss, we have clearly conveyed the brand's core value of "professional anti-hair loss" with differentiated features. This has effectively captured the attention of young consumers and enhanced their buying interest;

(5) We launched diverse online and offline marketing campaigns, combining offline interactive experiences with online sharing giveaways to boost brand loyalty and visibility. Capitalizing on holiday shopping seasons, we rolled out promotional events alongside scenario-based educational content on hair loss prevention. This approach consistently delivered professional hair care concepts to consumers, solidifying our authority in the anti-hair loss sector and deepening brand recognition and consumer purchase preference;

(6) During the year under review, we actively participated in major industry trade fairs, including the Shanghai Beauty Expo. By hosting new product launches, on-site live broadcasts, and product experiences events, we invited key opinion leaders for in-depth product seeding, thereby comprehensively enhancing our brand exposure and industry visibility. These initiatives successfully drove business negotiations with distributors, retailers, and cross-sector partners, further strengthening Bawang brand's market influence and innovative image in the professional anti-hair loss segment; and

(7) We actively participated in various social welfare initiatives, integrating our "professional anti-hair loss" brand philosophy into these campaigns while educating the public on scientific hair care. While fulfilling our corporate social responsibilities and giving back to the community, we effectively deepened consumers' brand affinity and awareness, thereby cultivating a caring and socially responsible public corporate image.

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

(1) In March 2025, we organized a national marketing conference in Sanya, Hainan, bringing together our nationwide sales teams and pioneer promotion teams to review 2024's work, assign tasks, and specify performance targets for 2025. The conference also recognized outstanding sales teams, greatly boosting team morale;

(2) To cater to diverse market demands, we launched new products including the Bawang toothpaste series, Litao fragrance body wash series, and multi-functionality nourishing product series, which are being vigorously promoted in both traditional and exclusive channels. Concurrently, we comprehensively upgraded the Bawang herbal product line;

(3) We have been establishing high-quality physical stores nationwide and establishing premium visual displays at thousands of locations to attract consumer attention, increase brand exposure in stores and boosting retail sales. Furthermore, we increased the frequency of weekend promotions, holiday-themed marketing campaigns, and counter shows. By engaging consumers through creative and interactive performances, we successfully stimulated their buying interest;

(4) We achieved a significant breakthrough in channel expansion by successfully entering Yonghui Superstores, through which we successfully expanded our retail terminals across the country. Concurrently, we actively developed national pharmacy chains and spa and bath channels, successfully cultivating new drivers for ongoing sales growth; and

(5) We intensified our resource allocation towards key distributors, major retail networks, and core storefronts. By developing customized, channel-exclusive products, we effectively enhanced product competitiveness within these channels, drove growth in distribution revenue, and increased channel stickiness, thereby solidifying a mutually beneficial, win-win partnership.

For the 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) In terms of brand, we deepened our content marketing strategy and continuously strengthened our footprint on social media platforms such as Weibo and Xiaohongshu. These efforts drove a year-on-year increase in product sales volume and significantly boosted brand awareness. Concurrently, we strategically expanded into live-streaming sales and product seeding. By partnering with top KOLs, we leveraged their extensive audience reach and content distribution capabilities to heighten our brand visibility and achieve highly efficient sales conversion;

(2) Benefiting from an integrated marketing approach utilizing live-streaming and short videos, and driven by our market-leading anti-hair loss and hair-growth products, sales across our live-streaming sales recorded significant growth. Furthermore, we increased our resource allocation for new anti-hair loss, hair-growth, and Chinese herbal products on dominant e-commerce platforms such as JD.com, Tmall Supermarket, and Pinduoduo. Coupled with enhanced operational efficiency, this drove steady sales growth across these platforms. Additionally, our horizontal category expansion into hair care and body wash products facilitated solid growth in distributor channel sales;

(3) We optimized our product matrix and steadfastly implemented the strategy of focusing on best-selling products and product lines. Notably, our flagship product in the scalp care category, anti-hair fall essence, achieved substantial growth. Leveraging its strong market influence, the Group effectively drove the rapid sales growth of related hair wash and care products. Furthermore, we successfully launched our new Chinese herbal product line-the Arborvitae Leaf Shampoo, which received a highly favorable market reception; and

(4) In terms of target groups, we leveraged our flagship anti-hair loss products alongside core items to effectively consolidate and expand the target demographic with essential anti-hair loss needs. Concurrently, supported by our new Chinese herbal product line and flagship products, we penetrated the consumer segment focused on daily hair care, successfully expanding the coverage of our target customer segment.

During the year under review, we continued to participate in community welfare events to enhance our public image as a responsible corporation. In mid-June 2025, we participated in the "Welcome the 15th Games • Joy Run on Biological Island" in the Guangzhou Chamber of Commerce's 15th National Games Inauguration Ceremony. At the venue, we set up a brand display and interaction area, and also presented our gift packs with new Royal Wind sports care products, inclusive of shampoo, body wash, and body lotion to the marathon participants. In August 2025, we joined with the Social Work Service Station of Dadong Street, Guangzhou City, Guangdong Province to launch the "Bawang Hair Care • Caring for Dadong" public welfare activity, and delivered hair care packages to over a hundred extremely poor families in the district and were awarded the plaque of "Charitable Enterprise". We believe that social activities of this nature help to publicise our corporate mission and to enhance our corporate image, whilst at the same time providing opportunities for us to implant some advertisements for promoting our Bawang branded products and enhance the Bawang brand image.

As at 31 December 2025, the Bawang brand distribution network comprised approximately 890 distributors and four KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the Bawang-branded products were also sold in Hong Kong, Singapore, Thailand, Malaysia 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 2025, the Royal Wind brand distribution network comprised approximately 839 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 2025, the Litao products distribution network comprised approximately 839 distributors, covering 27 provinces.

The Group has established 11 online retailing platforms for our Bawang and Royal Wind branded products.

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

— our Chinese herbal hair care and shampoo product series for anti-hair fall shampoo and hair care, anti-dandruff shampoo, and ginger nourishing shampoo and conditioner have been adjudged as "The 2024 Elite High-Tech Products in Guangdong Province (2024年度廣東省名優高新技術產品)" by the Guangdong Hi-tech Enterprise Association (廣東省高新技術企業協會) in January 2025 with a validity period of three years until January 2028;

— Bawang (Guangzhou) Co., Ltd was recognized by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳), Guangdong Provincial Ministry of Finance (廣東省財政廳) and Guangdong Provincial Tax Service of the State Taxation Administration (國家稅務總局廣東省稅務局) as a "New Hi-Tech Enterprise (高新技術企業)" on 28 November 2024 with a validity period up to November 2027;

— 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;

— we were awarded a Torch Taxpayer Trophy for financial year 2024 by Guangzhou Municipal Tax Service of the State Taxation Administration in May 2025;

— the permit for production of cosmetic products, which was issued by Guangdong Provincial Food and Drug Administration, is valid until May 2027;

— our production process for haircare and skincare products has been certified by SGS with a validity period until July 2028 as to meet the requirements of US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008;

— our production process for haircare and skincare products has been certified by SGS with a validity period until July 2028 as to meet the requirements of ISO22716:2007 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines;

— our development and production process for cosmetic products has been certified by SGS with a validity period until April 2028 as to meet the requirements of ISO9001:2015; and

— our development and production process for hair care and skin cares as well as tooth paste units has been certified by SGS with a validity period until March 2028 as to meet the requirements of the following standards: ISO 14001:2015 and ISO 45001:2018.

FINANCIAL REVIEW

Revenue

During the year under review, the Group's revenue was approximately RMB273.1 million, representing an increase of approximately 8.0% from approximately RMB253.0 million for 2024. The revenue through the online sales channel was approximately RMB159.3 million, representing an increase of approximately 17.2% from approximately RMB135.9 million in 2024 and the revenue through the conventional sales channel decreased by approximately 18.5% as compared with 2024.

The Group's core brand, Bawang, generated approximately RMB257.8 million in revenue, which accounted for approximately 94.4% of the Group's total revenue by product category in 2025, and represented an increase of approximately 7.0% as compared with 2024.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB1.9 million in revenue, which accounted for approximately 0.7% of the Group's total revenue by product category in 2025, and represented a decrease of approximately 21.7% as compared with 2024.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB13.4 million in revenue, which accounted for approximately 4.9% of the Group's total revenue by product category in 2025, and represented an increase of approximately 40.3% as compared with 2024.

We sold our products through extensive distribution and retail networks, and via conventional and online sales channels. During the year ended 31 December 2025, a summary of our sales revenue in percentage through different networks and/or channels is as follows:

Network/Channel	**Conventional** *(%)*	**Online** *(%)*	**Total** *(%)*
Distributor	39.5	24.6	64.1
Retailer	2.2	33.7	35.9
Total	41.7	58.3	100.0

In 2025, the sales to Hong Kong and other overseas markets accounted for approximately 0.8% of our total revenue.

Cost of Sales

Cost of sales in 2025 amounted to approximately RMB134.2 million, representing an increase of approximately 8.1% compared with approximately RMB124.2 million in 2024. 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 increased from approximately 49.1% in 2024 to approximately 49.2% in 2025.

Gross Profit

During the year under review, the Group's gross profit increased to approximately RMB138.8 million, representing an increase of approximately 7.8% as compared with approximately RMB128.8 million for 2024. The gross profit margin slightly decreased from approximately 50.9% for 2024 to approximately 50.8% for 2025. Such decrease was mainly attributable to a significant increase in the price of one of the main raw materials, which drove up costs; however, this was partially offset by reductions in manufacturing and packaging material costs.

Other Income

During the year under review, other income increased to RMB3.6 million, representing an increase of 153.1% as compared with 2024. Such increase was mainly attributable to an increase in utilities income and government grants.

Selling and Distribution Costs

Selling and distribution costs increased to approximately RMB105.2 million for 2025, representing an increase of approximately 10.8% as compared with approximately RMB94.9 million in 2024. 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 37.5% in 2024 to 38.5% in 2025.

Administrative Expenses

Administrative expenses for 2025 amounted to approximately RMB32.1 million, representing an increase of approximately 9.4% as compared with approximately RMB29.4 million in 2024. Such increase was mainly due to the increase in salaries and bonus, social security expenses, and research and development expenses. As a percentage of revenue, our administration expenses increased from approximately 11.6% in 2024 to 11.8% in 2025.

Impairment Losses recognized in respect of Trade Receivables

For the year under review, the Group has recognized impairment losses of approximately RMB0.6 million (2024: reversed approximately RMB1.7 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 RMB4.5 million for 2025, as compared with an operating profit of approximately RMB7.6 million for 2024, representing a decrease of approximately 41.2% year-on-year. Such decrease was mainly because of the increase in selling and distribution costs and administrative expenses.

Finance Cost

For the year ended 31 December 2025, no interest on bank borrowings was incurred (2024: Nil). Interest on lease liabilities amounted to approximately RMB0.5 million (2024: RMB1.0 million).

Income Tax Expense

During the year ended 31 December 2025, the Group had deferred tax expense of RMB0.12 million (2024: deferred tax expense of approximately RMB0.07 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 RMB3.9 million for 2025, as compared with a net profit of approximately RMB6.6 million for 2024, representing a decrease of approximately 40.7% year-on-year.

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 RMB3.9 million for 2025, as compared with a profit attributable to owners of the Company of approximately RMB6.6 million for 2024, representing a decrease of approximately 40.7% year-on-year.

OUTLOOK

In late-January 2026, the International Monetary Fund (IMF) slightly raised China's gross domestic product (GDP) growth forecast for 2026 from a previous estimate of 4.2% to 4.5%, an increase of 0.3 percentage points, primarily due to easing trade tensions and sustained momentum from domestic policy measures. The economy's growth rate is expected to decelerate to 4.0% in 2027 as structural headwinds assert themselves.

In 2025, China's actual year-on-year GDP growth reached 5.0%, demonstrating strong resilience compared to the IMF's forecast of 4.8%. Analysts attributed this performance primarily to a series of macro policy measures implemented by the Chinese government.

In late January 2026, the IMF projected that the global economy will grow by 3.3% in 2026 and 3.2% in 2027. The 2026 forecast represents a slight upward revision from its October 2025 World Economic Outlook, reflecting profound structural transformation within the global economy. The "headwinds" generated by shifts in trade policy are being partially offset by the "tailwinds" arising from an AI-driven investment boom, supportive fiscal and monetary policies across nations, and the resilience of the private sector.

In mid-January 2026, data released by the National Bureau of Statistics showed that total retail sales of consumer goods rose by 3.7% year-on-year in 2025. The growth was underpinned by a variety of factors, including government-led initiatives to stimulate consumption, with retail sales in urban and rural areas increasing by 3.6% and 4.1% respectively. Notably, online retail sales surged by 8.6%, confirming that e-commerce has become the core growth engine of China's retail market. Industry reports projected that continued expansion of domestic demand policies, sustained momentum in online retail, accelerated services consumption, and the implementation of the "trade-in" policy will support approximately 4.5% growth in retail sales for 2026.

At the National People's Congress held in March 2026, China reiterated its grand vision for high-quality development and set the 2026 GDP growth target at 4.5%–5%. This target maintains continuity with 2025's actual performance, reflecting the government's firm confidence in economic resilience amid a complex and volatile international environment.

Confronting external uncertainties, particularly export pressures from potential US tariff hikes, the Chinese government is determined to tap into domestic potential, positioning the expansion of domestic demand as a strategic cornerstone. The government continues to deepen the "trade-in" program, extending subsidies to smart home appliances, green equipment, and elderly-friendly home modifications. Simultaneously, it is vigorously boosting service consumption, with a focus on supporting elderly care, childcare, healthcare, and cultural tourism industries, while advancing inclusive reforms in education and healthcare to alleviate the burdens on residents.

Furthermore, the government is accelerating the cultivation of "new quality productive forces", designating artificial intelligence, bio-manufacturing, and the low-altitude economy as strategic emerging industries. Following the momentum generated by DeepSeek in 2025, the deep integration of AI with the real economy has emerged as a new growth engine.

Although macroeconomic hard data remains mixed and global geopolitical tensions pose challenges, the momentum driven by new quality productive forces provides robust support for the economy. Given the complexity of the economic recovery, the lagged effects of policy transmission, and geopolitical uncertainties, the Board maintains a prudent stance regarding China's 2026 economic environment and related measures. In formulating corporate strategies and operational plans, the Board will exercise strategic focus, actively seize policy opportunities, and strictly manage risks to ensure sustainable development.

The corporate theme for 2026 is "**Innovation Shapes the Future**"

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 continuously deepen our R&D and innovation in anti-hair loss technologies. Supported by advanced production facilities, core patented technologies, and authoritative anti-hair loss special certifications, we remain committed to clearly conveying the brand's core value of "professional anti-hair loss" and the differentiated advantages of our products, aiming to further enhance our market competitiveness and appeal;

(2) We plan to comprehensively upgrade our marketing collateral, including brochures, promotional displays, and display racks, to establish a unified brand visual identity. We will also introduce new point-of-sale materials (POSM) featuring quantifiable product efficacy data. By presenting core efficacies — such as anti-hair loss, hair strengthening, hair root nourishment, as well as scalp oil control and volumizing in an intuitive manner, we aim to continually enhance consumers' perception of product value and stimulate their purchase intent;

(3) To further expand our brand influence, We will actively promote cross-sector collaborations. By launching co-branded products and themed marketing campaigns, we will integrate diverse resources to achieve synergistic brand amplification. This will enable us to precisely target new consumer segments, continuously inject vitality into the brand, and effectively expand our potential customer base;

(4) We will continue our systematic and in-depth operations across official Weibo and mainstream social platforms, including Douyin, Kuaishou, and Xiaohongshu. By curating brand-related topics and strengthening user engagement, we will consistently elevate our public brand awareness and reputation. Concurrently, we plan to introduce AI-driven short video creation to enrich our content formats, thereby enhancing user stickiness and conversion efficiency to ultimately drive sales growth;

(5) We will establish cooperative relationships with top KOLs. Leveraging their extensive influence, we aim to facilitate in-depth product experiences and authentic word-of-mouth promotion. By generating sustained traction on trending social topics, we are committed to forging an highly efficient conversion funnel from social engagement to sales conversion; and

(6) We will launch diversified offline marketing campaigns. By integrating cross-sector scenario-based marketing, holiday gifting, new product trial events, and expert salons on hair health, we aim to build a closed loop of "experience-awareness-conversion". Through product experience events to enhance consumer perception, expert seminars to reinforce professional trust, and coordinated point-of-sale (POS) promotions, we will comprehensively strengthen brand interaction and market penetration.

For Royal Wind branded product series, the Group will continue to strengthen its professional hair care brand positioning and actively expand its online and offline omni-channel presence. By launching segmented functional products such as sports series, we aim to actively attract young consumer groups, driving brand vitality and steady sales growth through product innovation.

For Litao branded product series, the Group will continue to deepen its household care brand positioning. While consolidating its strengths in conventional channels, we will actively expand the household cleaning and care product line. Concurrently, we will launch new personal care products such as fragrance body wash series to meet the demands of consumption upgrading, thereby continuously enriching the brand proposition and broadening household consumption scenarios.

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

(1) Continuously optimizing the product mix within our channels. We will gradually phase out legacy and mature body wash product lines, such as the fruit series and Amino Acid series under the Bawang brand. Concurrently, we will focus on promoting high-growth-potential new products under the Bawang brand, including the Multi-efficacy Nourishing series, and the Glitter series. This strategic shift aims to bolster our competitiveness across new retail and key distribution channels;

(2) Intensifying resource allocation to channel partners and distributors in key provinces, including Hebei, Shandong, Henan, Hunan, Jiangxi, and Fujian, thereby driving regional market penetration and expanding our market share;

(3) Actively participating in national beauty and hair care expos. By showcasing our latest innovations at these industry events, we intend to accelerate the development and strategic layout of new retail channels and core chain networks; and

(4) Intensifying the allocation of marketing resources to ensure the regular and continuous execution of nationwide promotional campaigns, thereby effectively accelerating distributors' inventory turnover. Concurrently, we will continue to strengthen the fundamental brand image at retail terminals and strictly safeguard the stability of our market pricing system.

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

(1) In terms of brand building, we are committed to enhancing the market credibility and recognition of our brand and products. We will continuously increase our investment in professional endorsements. By leveraging data reports from professional testing institutions and efficacy reviews from authoritative KOLs, we aim to further solidify the foundation of consumer trust. Simultaneously, we will intensify brand promotion campaigns across new media platforms to comprehensively empower and drive sales conversion;

(2) In terms of products, we will increase innovation and investment in new anti-hair fall hair care products, consolidate and improve the quality and sales volume and brand presence of shampoo and scalp care product categories. We will continue to expand product development and testing in other categories (such as hair-care products, shower gel, etc.), to create sales growth. We will also streamline the product planning and collaboration across channels and customers so as to enhance the scale and efficiency;

(3) In terms of arena, we will increase investment in KOLs endorsements for our products, the key opinion customers' ("**KOC**") recommendations and enhancement of content creativity so as to boost brand presence and sales volume. We will deepen the operation of existing retail channels, optimize promotion efficiency, and improve the return on investment so as to increase the scale of sales to customer-end. At the same time, we will leverage platforms such as 1688 to expand business-end online wholesale and group buying business for both large and small clients to enhance sales volume; and

(4) In terms of target groups, we will manage to gain deeper insights into consumer segments, to provide innovative products and solutions which are specific to the groups and usage scenarios (e.g., late-night users), to be precise in operations, and to optimize membership management and services. We will continue to maintain

the relationships with existing distributors, to upgrade the quality of service and policy support to customers. At the same time, we will continue to develop high quality distributors for jointly exploring markets.

During the year under review, we continuously increased its R&D investments. Supported by our professional R&D team, we deeply engaged in industry-academia collaborations to maintain the competitive advantages of our products, consolidate the Bawang brand image, and sustain our leading position in the Chinese herbal sector.

We have established industry-academia-research collaboration projects with several renowned domestic universities and scientific research institutes, including Southern Medical University and Guangzhou University of Chinese Medicine, and forged long-term strategic partnerships with authoritative daily chemical research institutions. By integrating academic research resources with industry expertise, we continuously enhance our technological innovation capabilities. In the hair wash and care sector, our joint research project with Southern Medical University, titled "*Research on the Material Basis and Mechanism of Action of Chinese Herbal Compound Extraction Based on AI Technology*", has achieved tangible results, leading to the publication of one academic paper in a scientific journal and the granting of one invention patent. These R&D achievements have laid a solid technological foundation for the Group to drive continuous sales growth.

We remain dedicated to the research and development of anti-hair loss products. We have successively received multiple authoritative certifications, including National High-Tech Enterprise, Guangdong Provincial Engineering Technology Research Center, and Guangzhou Key Engineering Technology Research and Development Center. Furthermore, the Group has actively participated in the drafting of various recommended national standards and group standards within the industry, fully demonstrating our leadership position in the sector.

We firmly believe that innovation is the core element in maintaining product differentiation and enhancing market competitiveness. Our R&D center features a professional laboratory spanning a floor area of 500 square meters, equipped with precision instruments such as High-Performance Liquid Chromatography (HPLC) and Atomic Absorption Spectrometers (AAS), enabling precise detection of active substances and safety evaluations of our products. Furthermore, the laboratory is outfitted with supporting apparatus and efficacy testing equipment, including rotary evaporators, hair diameter analyzers, and single-column tensile testers. This provides robust hardware support for R&D innovation and strict quality control. Concurrently, the Group possesses multiple research achievements in Chinese herbs that are nearing maturity. The upcoming commercialization of these technological breakthroughs is expected to significantly elevate our core competitiveness and innovative capabilities within the anti-hair loss wash and care sector.

For production management and quality of products, we consistently adhere to an innovation-driven development philosophy with quality of products as priority. By proactively introducing automated and intelligent production equipment, and continuously optimizing our internal management systems and production processes, we effectively reduce costs and increase efficiency, thereby further enhancing our overall operational efficiency and core competitiveness.

During the year under review, we will arrange overhauling of production workshops to enhance the factory image. Strictly complying with the latest cosmetic regulatory requirements, we successfully completed the annual audits for ISO 22716 Cosmetics Good Manufacturing Practices (GMP), the Quality Management System (QMS), the Environmental Management System (EMS), and the Occupational Health and Safety Management System. This ensures that every production process adheres to the highest safety standards. We actively implement green production concepts by providing training and publicity to raise workers' environmental awareness, adopting more eco-friendly processes and materials in production to ensure the reliability and safety of our products. Simultaneously, leveraging multiple modernized production lines and advanced systems such as emulsification and automated filling equipment, the Group achieved the highly efficient transformation of R&D achievements into large-scale commercial production. Our highly flexible manufacturing capabilities can perfectly accommodate the production demands of multiple product categories, including hair wash and care, skin care, oral care, and hair styling. This has enabled us to forge a virtuous cycle where R&D leads production, and production feeds back into R&D.

We continue to execute a thorough performance-based appraisal system with the "people-oriented" production management concept. Multiple safety production education and training sessions have been held to enhance workers' safety awareness and emergency response abilities, thereby achieving a record of "zero-rate" industrial accident during the year under review. The company aligns its reward and compensation policies with employee performance, while offering various benefits such as health check-ups, school enrollment quotas for employees' children, and holiday perks, which greatly motivate employees' attitude towards work and enhance their sense of belonging. The stable payments of salaries and compensations also help us maintain a stable workforce.

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. Following the successful grid connection and power generation of our Phase I roof-top solar power panels in early 2024, our Phase II roof-top solar power panels were also successfully connected to the grid and commenced power generation during the year under review. This further reduces production costs and lowers carbon emissions. We also exercised stringent controls over the production flow and process and at the same time ensuring the quality of products. While ensuring product quality, we will minimize the materials spoilage and implement energy-saving initiatives so as to achieve the various environmental emission targets that have been pre-set by the Company.

For our original equipment manufacturers ("**OEM**") business, we will continue to make use of our competitive advantages in professional design, and research and development for expanding our OEM business with a view to strengthening our cooperation with quality customers so as to increase our market share and influence in this business sector.

Going forward, we will continue to deepen various enhancement and innovative initiatives to maximise production effectiveness and at the same time reduce costs and enhance the efficiency, 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 2025, the time deposit, bank balances and cash of the Group were approximately RMB115.6 million (2024: approximately

RMB120.3 million). The time deposit with original maturity of one year is approximately RMB45.0 million (2024: Nil). A summary of liquidity and financial resources is set out below:

	31 December 2025 *RMB in million*	31 December 2024 *RMB in million*
Bank balances and cash	**70.6**	120.3
Time deposit	**45.0**	0
Total loans	**0**	0
Total assets	**226.4**	235.4
The gearing ratio[1]	**0%**	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 2025, 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 2025.

CAPITAL COMMITMENT

As at 31 December 2025, the Group had no material capital commitment.

CHARGE OF ASSETS

The Group had no charge of assets as at 31 December 2025.

TRADE AND OTHER PAYABLES

As at 31 December 2025, the trade and other payables of the Group was approximately RMB66.3 million (2024: RMB65.8 million). The increase was primarily due to the increase in promotion fee payables, accrued payroll and tax payables other than income tax, but such increase was partially offset by the decrease in trade payables and other payables and accruals. As at 31 December 2025 and 31 December 2024, 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 2025.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 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 2025.

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 2025 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 2025 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 Thursday, 28 May 2026. The register of members of the Company will be closed from Thursday, 21 May 2026 to Thursday, 28 May 2026 (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 3:00 p.m. on Tuesday, 26 May 2026. The record date for determining the eligibility of the Shareholders for attending and voting at the Annual General Meeting is Thursday, 28 May 2026.

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), IRasia (www.irasia.com/listco/hk/bawang/) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report for the year ended 31 December 2025 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, 26 March 2026

As at the date of this announcement, the board of directors of the Company comprises two executive directors, namely, Mr. CHEN Qiyuan and Mr. CHEN Zheng He, and three independent non-executive directors, namely, Mr. CHEUNG Kin Wing, Dr. LIU Jing and Mr. CHU Tat Hoi.