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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)

CONTINUING CONNECTED TRANSACTION **RENEWAL OF TENANCY AGREEMENT**

The Board announces that on 4 December 2010, Bawang Guangzhou renewed the Tenancy Agreement with Guangzhou Bawang in relation to the leasing of the Premises for a term of three years commencing from 4 December 2010.

Guangzhou Bawang is beneficially owned as to 100% by Mr. Chen and Ms. Wan, who in turn are the controlling Shareholders holding approximately 65.37% and 65.34% of the issued share capital of the Company respectively as at the date of this announcement. Therefore, Guangzhou Bawang is a connected person by reason of it being an associate of a connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

The renewal of the lease term pursuant to the Agreement shall comply with the rules applicable to connected transactions under the Listing Rules. The transaction contemplated under the Agreement constitutes a continuing connected transaction under the Listing Rules. Given that each of the applicable percentage ratios (other than the profits ratio) of the rent payable under the Agreement is more than 0.1% and less than 5.0%, it is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

The Board announces that on 4 December 2010, Bawang Guangzhou have renewed the Tenancy Agreement with Guangzhou Bawang in relation to the leasing of the Premises for a term of three years commencing from 4 December 2010.

AGREEMENT DATED 4 DECEMBER 2010

Lessor Guangzhou Bawang

Lessee Bawang Guangzhou

Premise Bawang Industrial Center, 8 Huanan Beilu, Baiyun District, Guangzhou, China

Lease term	Three years, commencing from 4 December 2010 and expiring on 3 December 2013 (both days inclusive)
Monthly rental	RMB184,083.00 per month

ANNUAL CAPS

Bawang Guangzhou and Guangzhou Bawang entered into the Tenancy Agreement, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang the Premises. The term of the lease granted under the Tenancy Agreement is three years commencing from 4 December 2007 and the monthly rent payable is approximately RMB184,083.00. The monthly rental is fixed throughout the term of the tenancy. The maximum yearly rental payable to Guangzhou Bawang for each of the three years ending 3 December 2010 will not exceed the annual cap of RMB2.21 million.

REASONS FOR CONTINUING CONNECTED TRANSACTION

The terms (including monthly rental) of the Agreement were arrived at arm's length negotiations and by making reference to market rents of similar premises in proximity. The Directors, including the independent non-executive Directors, consider that the Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole and no less favourable to the Group than those available from the independent third parties. The Directors confirm that they do not have any material interest in the transaction and none of them has abstained from voting on the Board resolution to approve the transaction.

CONTINUING CONNECTED TRANSACTION

Guangzhou Bawang is beneficially owned as to 100% by Mr. Chen and Ms. Wan, who in turn are the controlling Shareholders holding approximately 65.37% and 65.34% of the issued share capital of the Company respectively as at the date of this announcement. Therefore, Guangzhou Bawang is a connected person by reason of it being an associate of a connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

Bawang Guangzhou and Guangzhou Bawang entered into the Tenancy Agreement dated 22 January 2008, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang the Premises. The term of the lease granted under the Tenancy Agreement is three years commencing from 4 December 2007 and the monthly rent payable is approximately RMB184,083.00. The monthly rental is fixed throughout the term of the tenancy. The maximum yearly rental payable to Guangzhou Bawang for each of the three years ending 3 December 2010 will not exceed the annual cap of RMB2.21 million. We also have a right to terminate the tenancy agreement by giving a three months' notice to Guangzhou Bawang. Accordingly, we enjoy the flexibility to relocate to another site or premises at any time should we consider any property leased under the production facility and office tenancy no longer suitable for our use or no longer cost-competitive. We have also been granted a first right of refusal to purchase the Premises.

The Tenancy Agreement is renewable at the option of our Company by giving one month notice prior to the expiry of the lease. The renewal of the lease term shall comply with the rules applicable to connected transactions under the Listing Rules. The transaction contemplated under the Agreement constitutes a continuing connected transaction under the Listing Rules. Given that each of the applicable percentage ratios (other than the profits ratio) of the rent payable under the Agreement is more than 0.1% and less than 5.0%, it is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the production facility and office tenancy agreement dated 4 December 2010 entered into between Guangzhou Bawang and Bawang Guangzhou in relation to the renewal of lease of the Premises for a term of three years commencing from 4 December 2010 to 3 December 2013 (both days inclusive) at a monthly rental of RMB184,083.00
“Annual Caps”	the maximum amount of rental to be paid by the Group under the Agreement for each of the three financial years ending 31 December 2008, 2009 and 2010
“Bawang Guangzhou”	Bawang (Guangzhou) Co., Ltd., a wholly-owned subsidiary of the Group
“Board”	the board of Directors
“Company”	BaWang International (Group) Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2007
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Group
“Group”	the Company and its subsidiaries
“Guangzhou Bawang”	Guangzhou Bawang Cosmetics Co., Ltd., a company beneficially owned as to 100% by Mr. Chen and Ms. Wan
“Hong Kong”	Hong Kong Special Administrative Regions of the People's Republic of China

“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Qiyuan, co-founder of our Group, our chairman, executive Director, one of our controlling Shareholders and the spouse of Ms. Wan
“Ms. Wan”	Ms. Wan Yuhua, co-founder of our Group, our chief executive officer, executive Director, one of our controlling Shareholders and the spouse of Mr. Chen
“Premises”	Bawang Industrial Center, 8 Huanan Beilu, Baiyun District, Guangzhou, China
“Shareholder(s)”	shareholder(s) of the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the production facility and office tenancy agreement dated 22 January 2008 entered into between Guangzhou Bawang and Bawang Guangzhou in relation to the lease of the Premises for a term of three years commencing from 4 December 2007 to 3 December 2010 (both days inclusive) at a monthly rental of approximately RMB184,083.00
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 January 2011

As at the date of this announcement, the Board comprises of four executive directors, namely, Mr. CHEN Qiyuan, Ms. WAN Yuhua, Mr. SHEN Xiaodi and Mr. WONG Sin Yung, one non-executive director, namely, Ms. GUO Jing, and three independent non-executive directors, namely, Mr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEN Kaizhi.

* For identification purpose only