

To: Business Editor  
 [For immediate release]

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

**Bawang Group Announces 2010 Interim Results**  
**Revenue and Net Profit Surge by 36.7% and 47.1% to**  
**RMB930.8 million and RMB147.1 million respectively**

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**Gross Profit Margin Increased to 66.5%**  
**Launched Bawang Herbal Tea to Diversify Brand Portfolio**

**Financial Highlights**

	For the six months ended 30 June		Change (%)
	2010 RMB ('000)	2009 RMB ('000)	
Revenue	930,810	681,090	+ 36.7
Gross profit	619,152	450,726	+ 37.4
Profit from Operation	186,188	128,538	+ 44.9
Profit attributable to equity holders	147,116	100,012	+ 47.1
Earnings per share (RMB yuan)	0.05	0.05	-
Interim Dividend (HK cents)	1.5	-	-
Special Dividend (HK cents)	2.5	-	-
<b>Gross profit margin (%)</b>			
	66.5%	66.2%	+ 0.3 ppts
<b>Net profit margin (%)</b>			
	15.8%	14.7%	+ 1.1 ppts

[23 August 2010, Hong Kong] BaWang International (Group) Holding Limited ("Bawang Group" or the "Group", HKEx Stock Code: 1338), the leading Chinese brand in the overall shampoo market in the PRC, today announced its interim results for the six months ended 30 June 2010 ("1H2010").

As the economic environment in the PRC continued to improve, the Group was able to capture market opportunities in 1H2010. During the period under review, the Group's revenue amounted to RMB930.8 million, representing an increase of 36.7% as compared with RMB681.1 million during the first half of 2009 ("1H2009"). The Group's gross profit increased by 37.4%, from RMB450.7 million for 1H2009 to RMB 619.2 million for 1H2010. Gross profit margin increased from 66.2% for 1H2009 to 66.5% for 1H2010. Such increase was mainly due to change in product mix and decrease in the cost of raw material as a percentage of revenue. Profit attributable to equity shareholders increased by 47.1% from RMB100.0 million for 1H2009 to RMB147.1 million for 1H2010. Net profit margin increased from 14.7% for 1H2009 to 15.8% for 1H2010. The Board recommends and declares a special dividend of HK2.5 cent per Share in addition to an interim dividend of HK1.5 cents per Share for the six months ended 30 June 2010.

Mr. Chen Qiyuan, Chairman of Bawang Group said "We are pleased to see that Bawang brand further strengthened its leading position in Chinese herbal shampoo and hair-care market in China. According to a research report by Euromonitor in June 2010, our Bawang (霸王) brand continued to be the largest Chinese brands in the overall shampoo market in the PRC with market shares increased from 8.0% in 2008 to approximately 9.6% in 2009. For the Chinese herbal shampoo sub-segment, our market shares further increased from 49.4% in 2008 to 52.9% in 2009. Bawang (霸王) brand ranked number 1 and has been at the top position consecutively for four years since 2006."

The Group adopts a multi-brand portfolio strategy and markets its products to various consumer groups. The Group's core brand, Bawang (霸王), generated RMB 711.8 million in revenue, which accounted for approximately 76.5% of the Group's total revenue in 1H2010, representing an increase of approximately 13.6% as compared to the corresponding period last year. The Chinese herbal anti-dandruff hair-care series, Royal Wind (追風), recorded a revenue of RMB186.6 million, which accounted for approximately 20.0% of the Group's revenue for the first half of 2010. Bawang Herbal Tea (霸王涼茶) generated RMB9.0 million since it was available for sales in June 2010, which accounted for 1.0% of the Group's total revenue in the first half of 2010. Litaο (麗濤), Smerry (雪美人) and Herborn (本草堂) generated an aggregate of RMB23.4 million, representing approximately 2.5% of the Group's total revenue in 1H2010.

The Group established a nationwide distribution and retail network and maintained strong and stable relationship with distributors and KA retailers. As of 30 June 2010, it has a distribution network comprised 587 distributors and 44 KA retailers for Bawang (霸王), covering 27 provinces and four municipalities in China as well as Hong Kong, Macao, Singapore, Thailand, Malaysia, Myanmar and the United Arab Emirates. Sales to overseas markets accounted for 4.5% of the Group's total revenue in 1H2010. The newly launched Bawang Men's Series (霸王男士系列) has started to establish its position in the market. The Group successfully set up dedicated sales counters for this new branded series in large supermarkets. Sales of the new series accounted for 7.4% of the sales of all Bawang branded products.

In late April 2010, the Group announced the launch of new branded herbal drink product series known as "Bawang Herbal Tea" (霸王涼茶). The products have been available for sales since June 2010. Mr. Donnie Yan (甄子丹先生) has been appointed as the brand ambassador of Bawang Herbal Drink. Southern China has first been selected for launching the herbal drink products, which covers Guangdong, Fujian, Guangxi, and Hainan. Leveraging on the successful establishment of sales network in four provinces in southern China so far, the Group plans to further expand the sales network into the other 18 provinces in five regions throughout the PRC by the end of this year. The Group believes that this product category will be in full scale from the beginning of 2011 and is expected to become another key revenue contributor to the Group as early as next year.

For the new branded Chinese herbal anti-dandruff shampoo series, Royal Wind (追風), the Group continued to expand its sales and distribution network in the first half of 2010. As of 30 June 2010, the network comprised 481 distributors and 44 KA retailers, covering 26 provinces and four municipalities. The product successfully launched in Hong Kong in 2009 and is expected to be launched in Singapore later this year. The Group will deepen the penetration of existing established channels so as to increase the market shares in Chinese herbal anti-dandruff shampoo market.

As of 30 June 2010, the Group has successfully established sales channels for Herborn Chinese herbal skincare products series (本草堂系列) in department stores, hypermarkets and dedicated counters in four provinces and one municipality. The Group will continue to expand the sales network and plan to set up approximately 2,000 counters in cosmetics specialty shops on nationwide basis in the PRC.

For new product rollout, Bawang may further launch a new branded Chinese herbal household cleaning product series later this year, which depends on the sales performance of the new product lines that we have launched early on.

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In line with its market diversification strategy, the Group will continue to pursue overseas market development. The Group will enter Brunei market later this year and will continue to explore potential markets in other overseas countries. For domestic market development, Bawang (霸王) brand has recently expanded geographical coverage into Tibet.

In terms of capacity expansion, it will continue with its plan to lease a new production premises located in Baiyun District, Guangzhou, with an estimated site area of 75,000 square meters. The annual production capacity of shampoo products, hair-care products, and skincare products will increase by 100,000 metric tons to approximately 200,000 metric tons upon completion of phase I construction early next year.

Furthermore, the Group leased a piece of land of approximately 500 Chinese acres early this year for Chinese herbal plantation in Guangdong province. The plantation work has been started. Under the current plan, the Group may get the first yield of Chinese herbs from its own plantations for production as early as second half of 2010. Meanwhile, the Group is looking for additional sites in other places in China for Chinese herbal plantation.

An inaccurate and unfounded media article published recently have caused serious damages to the reputation and consumer loyalty of Bawang (霸王) branded products. Although the negative effect of such events on customers will inevitably certainly affect the sales of products, the management believes that is temporary. If appropriate measures are taken, the Group believes that it will turn this crisis into opportunity. Through the widespread and intensive media coverage of this event, the brand awareness of Bawang will further increase. As long as the Group succeed in helping the consumers to scientifically understand the nature of this event and high quality and safety of Bawang's products, customers will be attracted to purchase Bawang products to satisfy their need to pursue natural and healthy life style. It will also re-build consumers' confidence and brand image. Staff trainings will be provided to sales representatives and promotion staff to deal with customer enquiries. It will also provide education to retailers, distributors and consumers. More stringent quality controls will also be implemented on raw material selection and production process to minimise the contents of unwanted by-products. The Group believes that it will be able to further enhance the sales and the market share of Bawang shampoo products.

Mr. Chen concluded, "The global economies and industries continued to recover which triggered an increase in household income in China, resulted in increasing consumer spending in high-end quality HPC products. Although the year of 2010 has been highly challenging so far, we are still confident that, with our strengthened leading position in the Chinese herbal shampoo market in China and its unique positioning in Chinese herbal HPC products in the PRC, we will be able to take advantages of any rising opportunities ahead. We will continue to pursue our multi-product and multi-brand strategy, aiming to become a global leader of branded Chinese herbal HPC products operator and to bring the best returns to our investors."

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