

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 Proposed Listing on the Main Board of the HKEx

Offer Price between HK\$1.95 and HK\$2.38 per share
Raising Up to HK\$1.67 billion

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Adopt Multi-brand Strategies to Diversify Product Offerings and Brand Portfolio
To Become the Global Leader of Branded Chinese Herbal HPC products

[21 June 2009, Hong Kong] BaWang International (Group) Holding Limited (“Bawang Group” or the “Company”, HKEx Stock Code: 1338), the leading Chinese brand in the overall shampoo market in the PRC, today announced its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”).

Bawang Group plans to offer an aggregate of 700,000,000 Shares, 90% of which being International Placing Shares and 10% of which being Hong Kong Offer Shares, at an Offer Price within the range between HK\$1.95 per Share and HK\$2.38 per Share. The Public Offer will begin on 22 June 2009 (Monday) and close on 25 June 2009 (Thursday) at noon. Dealings in the Shares of the Company are expected to commence on 3 July 2009 (Friday). The Shares, with the stock code of 1338, will be traded in board lots of 2,000 Shares. The Over-allotment Option will be up to 105,000,000 additional new Shares, in aggregate representing 15% of the Initial Offer Shares.

The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley Asia Limited are the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors

Bawang brand is the leading Chinese brand in the overall shampoo market in the PRC. According to Euromonitor, Bawang brand had the largest market share among all Chinese brands in the overall shampoo market in the PRC in terms of retail sales in 2007 and the first half of 2008 of approximately 6.2% and 7.6%, respectively. It is also known as the leading brand in the Chinese herbal shampoo market in the PRC with market shares in terms of retail sales in 2006, 2007 and the first half of 2008 of approximately 24.3%, 43.5% and 46.3%, respectively.

Bawang Group primarily researches, develops, manufactures and markets Chinese herbal shampoo and hair-care products under its Bawang brand, skin-care products and other products such as toothpaste and shower gels. Through its continued and focused brand-building efforts, the Company strategically positioned itself in the Chinese herbal shampoo market and has successfully built up strong brand recognition in the PRC market. Bawang brand was awarded Well-known Trademark of China in 2007 and is widely recognized by Chinese consumers.

The Company adopts a multi-brand portfolio strategy and market its products to various consumer groups. The introductions of its Smerry branded skin-care products, Litao branded non-Chinese herbal HPC products and Royal Wind branded Chinese herbal shampoo, hair-care products and shower products have allowed Bawang Group to tap into a wider consumer base across the PRC as well as markets outside the PRC.

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Bawang Group has established nationwide distribution and retail network. The Company maintained strong and stable relationship with distributors and KA retailers. As of 31 December 2008, Bawang Group has a distribution network comprised 567 distributors and 46 KA retailers, covering 24 provinces and 4 municipalities in the PRC as well as Hong Kong, Macao and Singapore. The Company launched its products in Hong Kong, Macao and Singapore in 2008. It expects to launch its products in Malaysia, Myanmar and Thailand in 2009. Building on the leading position in the Chinese herbal shampoo market in the PRC, Bawang Group intends to expand its business by exploring other markets outside the PRC such as Taiwan.

Bawang Group adapts to the ever-changing market trends by offering Chinese herbal HPC products that match consumer preferences. It has a market-oriented research and development (R&D) team which focuses primarily on upgrading its existing products and developing new products by applying proprietary formulae, technology, accumulated experience and knowledge in Chinese herbal shampoo and hair-care products. Its research and development capabilities are further strengthened by its co-operations with universities and an association in the PRC. For the years ended 31 December 2006, 2007 and 2008, the Company has already developed and launched 18, 11 and 7 new products, respectively, under the Bawang brand.

The Company also places great emphasis on the quality of its products and adopts stringent quality controls in the selection of raw materials, packaging materials and throughout its production process. It has obtained ISO9001:2000 certification for the quality control of the design, development and production of its hair-care and skin-care products in 2007. As of 31 December 2008, the Company's quality control team comprised 18 members which closely monitors the production process, equipment and machinery. It has also implemented a centralized system for procurement and inspection of raw materials and packaging materials to help ensure a stable high quality supply.

The Company has implemented innovative and effective branding and multi-faceted marketing strategy to further strengthen Bawang brand and product exposure to the general public. The Company implemented marketing strategies through various channels including (i) television commercials and sponsorship of television programs (ii) advertising in newspapers, magazines, the Internet, public transportation, billboards, banners and kiosks; (iii) selecting suitable celebrity as its brand ambassador; (iv) organizing in-store marketing activities and roadshows; and (v) attending Chinese herbal-related conferences. Bawang Group also strategically selected internationally renowned celebrities, Mr. Jackie Chan and Ms. Faye Wong to be the image and brand ambassador of Bawang branded products and Royal Wind branded products respectively. Ms. Faye Wong will also become the image and brand ambassador of a new series of Chinese herbal skin-care products which is expected to be launched in the PRC in the second half of 2009.

Commenting on the Company's upcoming listing, Mr. Chen Qiyuan, Chairman and Executive Director of the Company said, "We are pleased to witness this milestone in the Company's history. We have successfully positioned ourselves at the forefront of the Chinese herbal shampoo market in the PRC. Our renowned Bawang brand has become a leading Chinese brand in the overall shampoo market in the PRC, The continual expansion of our established nationwide distribution and retail network has accelerated penetration of our brands and strengthened our product sales. Under the leadership of our experience and seasoned management team which has extensive knowledge in the Chinese herbal HPC products industry, we are well positioned to benefit from the rapid growth of the Chinese herbal HPC products market in the PRC and become a global leader of branded Chinese herbal HPC products."

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Although the PRC's hair-care market has expanded rapidly in recent years, it remains relatively under-developed when compared to developed countries. The average hair-care products consumption per capita in China in 2007 was only 0.30 liters per year, which is still much lower than developed Western and Asian countries. Consumers' increasing emphasis on health consciousness and pursuit of natural and healthy products has driven the growth of sales for Chinese herbal hair-care products, especially for Chinese herbal shampoo products. According to Euromonitor, annual retail sales of Chinese herbal shampoo products in China increased from RMB418 million in 2002 to RMB1,982 million in 2007, representing a CAGR of 36.5% which outpaced the CAGR of the overall Chinese herbal hair-care products retail sales over the past five years. Retail sales of Chinese herbal shampoo are expected to continue to grow at a CAGR of 14.7% from 2007 to 2012, which demonstrates enormous market potential in the next decade.

Mr. Chen said, "We will continue to invest our resources in Chinese herbal shampoo products, in order to strengthen our leading position and further increase our market share. We intend to launch a new series of Chinese herbal skin-care products in the second half of 2009. We will continue to adopt a multi-brand strategy and further diversify our Chinese herbal HPC product offerings through introduction of new brands and products or through selected acquisition. In addition, we will also increase our marketing efforts in the PRC as well as other overseas markets through continued marketing and promotional strategies that we currently adopt to enhance existing and new brand promotion to raise brand awareness."

"Furthermore, we target to increase our market penetration through expansion of distribution and retail network in the PRC and abroad. We will expand into other overseas markets that we do not currently cover such as Taiwan. Besides, we will establish a new R&D centre with advanced equipment to strengthen the R&D capabilities of the Company."

Mr. Chen concluded, "We plan to expand our production capacity by leasing a new production premises in Guangzhou Province with an estimated areas of approximately 75,000 m². The first phase of construction is expected to be completed by end of 2009 and all remaining phases of construction are expected to be completed by 2012. The annual production capacity of for shampoo and hair-care products will reach approximately 100,000 metric tons by the end of 2009, while the aggregated planned capacity for all HPC products is expected to reach approximately 280,000 metric tons by 2012. We also plan to expand into the upstream business of raw material plantation in order to secure stable supply and assure the quality of raw materials. All of these strategies will enhance our leading position and increase our brand awareness in the PRC and worldwide. We are striving to become a global leader of branded Chinese herbal HPC products and committed to bringing the best returns to our investors."



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

Factsheet

Offering Summary:

| | | |
|--|---|--|
| Number of Offer Shares under the Global Offering | : | 700,000,000 Shares (subject to the Over-allotment Option) |
| Number of International Placing Shares | : | 630,000,000 Shares (subject to adjustment and the Over-allotment Option) |
| Number of Hong Kong Offer Shares | : | 70,000,000 Shares (subject to adjustment) |
| Offer Price | : | HK\$1.95 - HK\$2.38 per Offer Share |
| Board Lot | : | 2,000 Shares |
| Public Offer Begins | : | 22 June 2009 (Monday) |
| Public Offer Ends | : | 25 June 2009 (Thursday) |
| Pricing | : | 26 June 2009 (Friday) |
| Announcement of Allotment Results | : | 2 July 2009 (Thursday) |
| Listing | : | 3 July 2009 (Friday) |
| Stock Code | : | 1338 |



Use of Proceeds:

It is estimated that the aggregate net proceeds to the Company from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$2.165 per share, being the mid-point of the indicative Offer Price range) will be approximately HK\$1,404 million, assuming that Over-allotment Option is not exercised. The Company currently intends to apply such net proceeds in the following manner:

| | Amount (HK\$ million) | As a Percentage of Net Proceeds (%) |
|--|--------------------------|---|
| Marketing and promotion <ul style="list-style-type: none"> • Increase marketing and promotional activities • Engage brand ambassador(s) • Potential acquisition of brands | 421.2 | 30.0 |
| Research and development <ul style="list-style-type: none"> • Design, research and develop new products • Enhance functionality of existing products and formulae • Explore use of new raw materials | 280.8 | 20.0 |
| Expansion of distribution network <ul style="list-style-type: none"> • Enhance distribution network in the PRC • Develop markets outside the PRC such as Taiwan | 252.7 | 18.0 |
| Capital expenditure <ul style="list-style-type: none"> • Establish new production facilities and purchase new equipment • Enhance research and development capabilities and facilities • Develop an upstream plantation business • Upgrade the existing IT system | 168.5 | 12.0 |
| Future strategic acquisition <ul style="list-style-type: none"> • Potential acquisition of HPC related businesses | 140.4 | 10.0 |
| Working capital and other general corporate purpose | 140.4 | 10.0 |

Track Record:

Set out below is the summary of the consolidated audited results of the Company for the financial years ended 31 December of 2006 to 2008:

| | For the year ended 31 December | | |
|--|--------------------------------|------------------|------------------|
| | 2006 RMB '000 | 2007 RMB '000 | 2008 RMB '000 |
| Turnover | 393,369 | 921,680 | 1,411,248 |
| Gross Profit | 225,826 | 498,972 | 901,924 |
| Gross Profit Margin | 57.4% | 54.1% | 63.9% |
| Profit for the year attributable to the equity holders of the Company | 115,959 | 181,345 | 281,774 |
| Net Profit Margin | 29.5% | 19.6% | 20.0% |

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Issued by Porda International (Finance) PR Company Limited for and on behalf of **BaWang International (Group) Holding Limited**. For further information, please contact:

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