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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)**

**PROFIT WARNING ANNOUNCEMENT**

This announcement is made by BaWang International (Group) Holding Limited (“**BaWang**” or the “**Company**”, together with its subsidiaries the “**Group**”) in accordance with Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Based on the unaudited management accounts of the Group for the year ended 31 December 2011 and other relevant information that were made available to the board of directors of the Company (the “**Board**”) as at the date hereof, the Board preliminarily estimates that the results of the Group for the year ended 31 December 2011 would record a loss.

The Board considers that such loss is mainly attributable to the “dioxane incident” (the “**Incident**”), as disclosed in the announcement of the Company dated 14 July 2010. Although the Group has adopted measures to counteract the negative impact arising from the Incident and has seen gradual recovery of the sales of its Bawang branded hair care and shampoo products since July 2011, the total sales of its hair care and shampoo products for the year ended 31 December 2011 has continued to be adversely affected by the Incident and were lower than that of the corresponding period in the previous year.

Furthermore, as a result of the Incident, the Group had to incur additional marketing and promotional costs to promote the brand recognition of its new product lines, maintain the brand image of and restore the consumers’ confidence in its hair care and shampoo products.

The audit of the annual accounts of the Group for the year ended 31 December 2011 has not yet been finalised as of the date of this announcement and the information contained in this announcement can only be treated as a preliminary assessment by the Board based on the information currently available to the Group. The Company expects to announce the Group’s annual results for the year ended 31 December 2011 in late March 2011.

The Board considers that the Group has sufficient financial resources for its current requirements for its on-going business developments.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Made by the order of the Board, the directors of the Company individually and jointly accept responsibility for the accuracy of this announcement.

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

Hong Kong, 20 January 2012

*As at the date of this announcement, the board of directors of the Company 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*