

For Immediate Release



BaWang International (Group) Holding Limited

BaWang Announces a Turnaround in 1H2016

Revenue Surges by 34.1% to RMB135.4 million

Net Profit Rises to RMB21 million

(30 Aug 2016, Hong Kong) Chinese herbal shampoo and personal care product brand owner **BaWang International (Group) Holding Limited** (“BaWang” or the “Company”, stock code: 1338) announced its unaudited condensed consolidated results for the six months ended 30 June 2016 (“the period under review”).

In the first half of 2016, the Group’s total revenue of continuing operations increased by 34.1% to RMB135.4 million; gross profit increased to RMB72.6 million, representing an increase of 120.7% as compared to RMB32.9 million for the same period last year. The Group’s gross profit margin rose from 32.6% last year to 53.6%, mainly due to revenue growth and the introduction of high-end products with high margin during the period under review. Moreover, the Group has successfully implemented the cost-control oriented value chain business model, resulting in a decline of approximately RMB14.2 million in SG&A costs, thereby improving the performance of its continuing operations. The Group’s continuing operations successfully turnaround with net profit of approximately RMB21.2 million, as compared to a net loss of approximately RMB88.1 million recorded in the same period last year.

With respect to the libel lawsuit against Next Magazine, the Group received the judgment handed down by the High Court of Hong Kong in May 2016. According to the judgment, the Court rejected all the pleaded defences raised by Next Magazine in relation to BaWang’s libel claim and ordered that Next Magazine shall pay to BaWang and BaWang (Guangzhou) approximately HK\$3 million as general damages for libel and 80% of the legal costs of BaWang and BaWang (Guangzhou) in respect of the lawsuit. The Group finally won the lawsuit. The Group’s Board of Directors did not intend to appeal and shall make full of its financial resources for its business development.

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In order to revitalize its brand reputation, as well as to enhance sales performance, the Group's sales team has started to revamp BaWang and other brands in order to restore the confidence of its distributors. Seizing the opportunity arising from the universal two-child policy implemented in China, the Group plans to launch a brand new series of personal and skin care products - "Little BaWang" in September 2016 targeting children's healthcare segment. In addition, to optimize production costs and improve efficiency and productivity, the Group will transform its production plant and production lines. In order to ensure high standards of quality and quantity in production, the Group will cooperate with independent certification bodies to enhance its production management system.

Mr. Chen Qiyuan, Chairman of BaWang said, "Looking ahead, we will make every effort to consolidate our brand position, and implement a balanced strategy of product diversification to become the leader of herbal home and personal care products. We are also actively exploring new online and offline sales channels. In terms of product sales, we will continue to establish more sales and management teams aiming to breakeven our business soonest possible. Our brand new children's healthcare products will be launched in near term to diversify our product portfolio, attracting more consumers and enhancing investors' confidence with broadened product lines. Meanwhile, we will also continue to exercise stringent quality control, strengthen our foothold in China market and intensify our pace of overseas development, to deliver safe and effective personal care products to our customers."

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About BaWang

BaWang International (Group) Holding Limited is engaged in the research and development, manufacture and marketing of Chinese herbal shampoo and a range of personal care products. The BaWang brand has been awarded the Well-known Trademark of China in 2007. According to the research results of Euro monitor International, the BaWang brand has been the leading Chinese brand in terms of sales value in the Chinese herbal shampoo and anti-hair-loss shampoo market in the PRC between 2007 and 2013.

BaWang adopts a multi-brand strategy and operates diversified branded products including BaWang Shampoo, Royal Wind, Herborn and Litao. BaWang's distribution network covers 27 provinces and four municipalities in the PRC. Additionally, BaWang branded products are sold in Hong Kong, Singapore, Thailand, Malaysia and Australia.

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