

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 2009 Interim Results
Revenue and Net Profit Reached RMB681.1 and RMB100.0 million respectively

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Gross profit margin widened to 66.2%
Launched Royal Wind branded products to enhance brand portfolio

Financial Highlights

	For the six months ended 30 June		Change (%)
	2009 RMB ('000)	2008 RMB ('000)	
Revenue	681,090	693,901	-1.8%
Gross profit	450,726	424,821	+6.1%
Gross profit margin	66.2%	61.2%	+5.0% pts
Profit from Operation	128,538	167,466	-23.2%
Profit attributable to equity holders	100,012	139,222	-28.2%
Net profit margin (%)	14.7%	20.1%	-5.4% pts
Earnings per share (RMB yuan)	0.05	0.07	-28.6%

[16 Sept 2009, 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 2009.

During the period under review, volatile market conditions followed the financial tsunami which occurred in 2008 has resulted in economic slowdown and decline in consumer confidence in the PRC. This has in turn affected consumers' spending preferences and market demand for consumer products in general. The increasingly conservative approach adopted by the Group's distributors and retailers in the first half of 2009 adversely affected Bawang Group's revenue during the period under review.

During the first half of 2009, the Group's revenue reached RMB681.1 million, representing a decrease of 1.8% as compared with RMB693.9 million in the corresponding period of 2008. Gross profit of the Group increased by 6.1% to RMB450.7 million in the period under review with gross profit margin increased by 5.0% points year-on-year to 66.2% in the first half of 2009. The increase in gross profit margin was mainly due to the change in product mix, decrease in cost of sales and enhanced product formula of the Group. Profit attributable to equity holders of the Group was approximately RMB100.0 million during the period under review.

Mr. Chen Qiyuan, Chairman of Bawang Group said” We are pleased to see that the economic stimulus packages rolled out by the Chinese Government proved a success in boosting domestic consumption and consumers’ confidence in the PRC in the second quarter of 2009. As a leading Chinese brand in the overall shampoo market in the PRC, our Bawang brand have built up strong brand recognition in the PRC market which enabled us to maintain our market share.”

The Group adopts a multi-brand portfolio strategy and markets its products to various consumer groups. Bawang branded products generated revenue of RMB626.7 million for the first half of 2009. The introduction of Royal Wind branded Chinese herbal shampoo and hair-care series has allowed Bawang Group to tap into a wider consumer base across the PRC as well as markets outside the PRC. During the period under review, revenue generated from the Royal Wind branded products reached RMB25.8 million since its launch in May 2009, which proved that the new brand has received overwhelming support by its distributors and customers. Litao and Smerry branded products together generated revenue of RMB28.5 million in the first half of 2009.

Bawang Group has established nationwide distribution and retail network. The Group maintained strong and stable relationship with distributors and KA retailers. As of 30 June 2009, Bawang Group has a distribution network comprised 567 and 405 distributors for Bawang and Royal Wind branded products respectively, 43 KA retailers, covering 24 provinces and 4 municipalities in the PRC as well as Hong Kong, Macao and Singapore. The Group has recently launched its products in Malaysia and Myanmar. Sales to these markets outside the PRC accounted for 4.6% of the total revenue in the first half of 2009.

During the period under review, the Group continued to implement innovative and effective branding and multi-faceted marketing strategy to further strengthen Bawang brand and product exposure to the general public. It has implemented marketing strategies through various channels including television commercials and sponsorship of television programs, printed advertisements, as well as various in-store marketing activities and roadshows. Apart from Mr. Jackie Chan, who has been the brand ambassador of Bawang branded products since 2005, the Group also strategically selected another renowned celebrity, Ms. Faye Wong, to be the image and brand ambassador of Royal Wind branded products.

Mr. Chen said, “Looking forward, 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. We believe that such diversification strategy will enable us to offer a more comprehensive product portfolio, differentiate and segment our target market with unique brand names that cater for and appeal to different consumer groups and therefore increase our profitability.”

The Group will continue to invest its resources in Chinese herbal household and personal care products, in order to strengthen the Group’s leading position and further increase its market shares. The Group plans to launch a new series of Chinese herbal skin-care products in the second half of 2009 with Ms. Faye Wong to be also the image and brand ambassador for this new product series. In addition, the Group will further strengthen its marketing efforts through continued marketing and promotional strategies to raise brand recognition.

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Market diversification is another strategy that the Group is adopting whereby the Group will continue to further expand its business to other geographical regions in China on top of the existing market in southern China and will develop its business in other markets outside the PRC. The Group successfully launched its products in Hong Kong, Macao and Singapore in 2008. The Group was awarded the best traditional Chinese medicine shampoo by a well-known retailer in Singapore in July 2009. The Bawang branded products were launched recently in Malaysia and Myanmar and are about to launch in Thailand. The Group will continue to explore its business opportunities in other Asian countries.

Moreover, to reduce the impact of the external economic environment, the Group will continue to optimize the product formula, implement cost control measures and improve its production efficiency in order to achieve a better balance between its cost and sales and to maintain its gross profit margin.

Mr. Chen concluded, "Despite the uncertainty of the future macro-economic conditions, the strong fundamentals of the Group will sustain our continuous growth and profitability in the long run. Our successful Hong Kong listing in July this year is an important milestone in our corporate history. Not only did this further strengthen our leading market position in Chinese herbal shampoo market in the PRC, but also enable us to achieve further business and network expansion with enhanced capital structure. We will explore business opportunities that may involve potential acquisition of HPC related or upstream businesses. By enhancing our leading position and increase our brand awareness in the PRC and worldwide, we strive to become a global leader of branded Chinese herbal HPC products and committed to bringing the best returns to our investors."

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