

For Immediate Release



BaWang International (Group) Holding Limited

## BaWang Wins Libel Lawsuit against Next Magazine

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### Reaffirmed Highest Product Safety and Assured Compliance with Health Requirements

(23 May 2016, Hong Kong) Chinese herbal shampoo and personal care product brand owner **BaWang International (Group) Holding Limited** (“BaWang” or the “Company”, stock code: 1338) and its indirect subsidiary, Bawang (Guangzhou) Company Limited, have won the libel lawsuit against Next Magazine Publishing Ltd (“Next Magazine”) over an inaccurate and defamatory report published by Next Magazine in July 2010 which questioned BaWang’s product safety and accused it as cancerous without proven scientific support.

In the judgment made by the Honourable Lok J of the Court of First Instance, Hong Kong on 23 May 2016, the Court commented that *“In short, the Defendant [being Next Magazine] had adopted a naïve and unprofessional approach in reporting the story”* and that Next Magazine’s report in the article was *“not a product of responsible journalism.”* The Court rejected all the pleaded defences raised by Next Magazine in relation to BaWang’s libel claim and found that the defamatory article published by Next Magazine prevented readers from knowing that in fact, BaWang’s *“stance of BaWang Shampoo Products being safe was supported by a scientific study conducted by a responsible team of scientists; published by a responsible regulatory agency; endorsed by the government of a scientifically advanced country.”*

After five and a half years’ lawsuit, BaWang and Bawang (Guangzhou) Company Limited were awarded general damages for libel in the amount of HK\$2,004,652.50 and HK\$1,000,000, respectively. The High Court of Hong Kong also made a costs *order nisi* that Next Magazine shall pay to Bawang and Bawang (Guangzhou) Company Limited 80% of the legal costs of Bawang and Bawang (Guangzhou) Company Limited in respect of the lawsuit.

**Mr. Chen Qiyuan**, Chairman of BaWang said, “The verdict is an affirmation of BaWang’s brand reputation and our high product safety standards. Safeguarding personal health has always been at the core of BaWang. In our five and a half year legal battle with Next Magazine, we have strengthened quality control in the course of production and made additional investments in product research and development so as to provide further assurance to consumers since the publication of the article. In fact, the Group’s management system for production of hair care and skin care

products have respectively been certified to be in compliance with the guidelines on cosmetics good manufacturing practice (GMP) separately laid down by the Centre for Food Safety & Applied Nutrition of the US Food & Drug Administration and the ISO 22716.2007. ”

Mr. Chen Qiyuan also said, “We respect the press who abides by good practices, but we will not tolerate ungrounded derogatory reports of any kind. We believe that winning this libel lawsuit will be a step towards reclaiming our territory and strengthening consumer confidence in our products. Going forward, we will continue to offer safe and effective personal care products to consumers.”

During the hearing, the expert witnesses from both sides confirmed that using Bawang shampoos is safer than drinking water that meets the safety threshold recommended by WHO (World Health Organization). Indeed, in the Court’s Judgement, the Judge stated that *“One can also test the Defendant’s suggested safety standard with the WHO’s recommended safety level of 1,4-dioxane in drinking water. Assuming that the Plaintiffs’ shampoo (being the BaWang shampoo) is to contain 27 ppm of 1,4-dioxane (which was alleged by Next Magazine), using the Defendant’s model to assess health risk, it is still 3 times safer using the Plaintiffs’ shampoo than drinking the WHO-recommended drinking water.”*

Additionally, the China’s State Food & Drug Administration released a public circular at its official website respectively on 16 July 2010 and 21 July 2010 stating that BaWang’s anti-hair-loss shampoo is safe for consumer use as the amount of dioxane is minimal and complies fully with international standards. Other evidences and testaments presented at the court also point to the conclusion that the accusations made by Next Magazine were untrue and not based on scientific findings.

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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 Euromonitor 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, and Malaysia.

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