



ASX / BWX

Press release

13 April 2016

CHINA UPDATE

Melbourne, Australia – BWX Limited (ASX: BWX)

In light of media reports over the past number of days regarding changes to China's e-commerce taxes and regulations and a general confusion in the marketplace as to the effects of those changes, BWX would like to take this opportunity to re-iterate its position and strategy on the development of its business in China as previously published in the recent March 21st announcement.

The relevant paragraphs of the March 21st release read as follows.

Further to the success in Holland and Barrett UK, the Company's China strategy continues to progress as planned towards a ramp up in Q4 16 and throughout FY17.

After an extensive due diligence process, the Company now has several agreements in place with export partners to supply a number of the key Chinese based e-commerce platforms. The Company is currently in the process of establishing Flagship stores on both JD.com and Tmall, two of the world's largest online retailers.

Mr Humble said "We expect having these two Flagship stores will provide the opportunity to dramatically increase our brand awareness in mainland China and whilst the Company's domestic business is growing strongly, we believe it is important for BWX to continue this multipronged approach to exports as evidenced by the UK and China developments."

Understanding the proposed regulatory and taxation changes that were in the pipeline, BWX engaged in an extensive due diligence process prior to appointing key export partners and have only engaged those organisations which are established, sophisticated and capable of maintaining fully compliant operations across the many e-commerce platforms which they supply. Following these changes, all of our key export partners have re-confirmed their orders for the current ramp up phase and are fully engaged with the development of the business in FY17 and beyond.

BWX Chief Executive Officer Mr John Humble said "Having had an opportunity to digest the official announcements regarding the changes to China's e-commerce regulations, I'm really pleased that the changes fall in line with our expectations and provide us with the certainty we had hoped for around our e-commerce strategy. Particularly pleasing is the Chinese Governments publication of the "positive list" of products which covers our Flagship Brand *Sukin*. In regards to tax changes our advice is that our products will attract a lower overall rate resulting in a net benefit for virtually all purchases through China's vast e-commerce network, which we believe will in turn increase the demographic of purchasers and has the real potential to deliver even greater demand for our products".

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About BWX

ASX listed, BWX Limited is a vertically integrated developer, manufacturer, distributor and marketer of branded skin and hair care products with an emphasis on the natural segment of the beauty and personal care market.

The company owns, produces, and distributes under the Sukin, DermaSukin, Usps, Edward Beale, and Renew Skincare brands.

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