



**Beauty China Holdings Limited**  
Unit 02, 36th Floor, Citicorp Centre  
18 Whitfield Road, Causeway Bay, Hong Kong  
Tel: (852) 2891 2227 Fax: (852) 2891 7710  
www.beautychinaholdings.com

**FOR IMMEDIATE RELEASE**

**Contact Information:**

**August Consulting**

Tel: 6733 8873 Fax: 6733 9913

HO See Kim – seekim@august.com.sg

CHIN May Nah – maynah@august.com.sg

## **Beauty China's full-year net profit up 35.5% to HK\$66.1M on sales of HK\$188.1M**

- *Sales grew 36.2% as retail outlets rose to 530*
- *Target to have a total of 700 Colour Zone outlets by end of 2004*
- *Propose a final dividend of 0.6 Singapore cent per share*

**SINGAPORE – 26 February 2004** – Mainboard-listed **Beauty China Holdings Limited** (“Beauty China”), a brand management company that owns and manages the *Colour Zone* brand of cosmetics and skin care products catering to the PRC market, today announced a 35.5% surge in net profit to HK\$66.1 million (S\$14.7 million<sup>1</sup>) for the year ended 31 December 2003.

This was achieved on the back of a 36.2% leap in sales of its *Colour Zone* brand of colour cosmetics and skin care products to HK\$188.1 million (S\$41.8 million), as the number of retail outlets had increased by approximately 100 from the year-ago period. The Group had also expanded its range of *Colour Zone* individual end products to over 400.

In an earlier announcement, the Group reported that during the 12 months of FY2003, the total number of retail outlets had increased to approximately 530 in every province throughout the PRC.

---

<sup>1</sup> Based on exchange rate of HK\$4.50 = S\$1

In January 2004, the Group announced that it had signed more than 30 agreements with its customers to open another 80 retail outlets in the PRC during the first half of FY2004.

Commenting on the results, Mr Sam Wong, Beauty China's Chairman and Managing Director said, "I am pleased that we are on the right track with regard to our brand-building efforts. We hope to add 170 retail outlets in this year, making it a total of 700 retail outlets by the end of FY2004."

"Since November 2003, we have been featuring our new brand ambassadors – the well-known Hong Kong pop duo, **Twins** – in *Colour Zone*'s print advertisements, and have received favourable feedback from the public. We are currently working on a television commercial which will be aired throughout China," Mr Wong added.

For the 4<sup>th</sup> quarter alone, Beauty China's revenue rose 49.1% to HK\$59.0 million (S\$13.1 million), while net profit increased by 42.5% to HK\$20.9 million (S\$4.6 million).

On a segmental basis, cosmetics products -- which accounted for 65% of total turnover -- raked in a 39.5% increase in sales to HK\$122.2 million (S\$27.2 million), whilst skin care products -- which accounted for 35% of total turnover -- contributed a 30.5% rise in sales to HK\$65.8 million (S\$14.6 million).

Based on the latest results, earnings per ordinary share (based on the weighted average issued share capital of 284,135,962 shares) increased from 17.7 HK cents (3.9 Singapore cents) to 23.2 HK cents (5.2 Singapore cents). The Group's net asset value per ordinary share was 51.3 HK cents (11.4 Singapore cents).

The directors have proposed a final dividend of 0.6 Singapore cent per ordinary share.

“With Beauty China’s sound business strategies, competitive edge, increasing market recognition and penetration of the *Colour Zone* brand in the PRC, coupled with the promising economic growth of the PRC, the directors continue to be optimistic, barring any unforeseen circumstances, that there will be a growing demand for *Colour Zone*’s cosmetics and skin care products which will have a positive impact on the Group’s performance in the current financial year,” Mr Wong said.

Going forward, Beauty China will continue to focus on its core brand management expertise by stepping up its advertising and promotion activities to enhance the image of the *Colour Zone* brand.

“While we step up on advertising and brand building activities to accelerate our market penetration across all provinces of China, we will also focus on developing new quality products that our consumers want and demand. In May 2004, we expect to launch a new range of whitening skin care products at the China International Beauty Expo in Shanghai,” Mr Wong said.

“We are also working at developing hair care, body care, as well as skin care products for men and babies,” he added.

#### ***About Beauty China***

*Beauty China owns and manages the Colour Zone brand of colour cosmetics and skin care products targeted at young and trendy women in the PRC, aged between 18 and 28 years. Colour Zone was voted one of “The Ten Best Brands” in the PRC cosmetics industry<sup>2</sup>, in a consumer goods market survey conducted in March 2003.*

*With more than 400 varieties of individual end-products, Colour Zone products are retailed in over 530 outlets throughout the PRC, as far reaching as Xinjiang, Tibet and Inner Mongolia. The retail outlets are owned and operated by more than 80 customers of Beauty China, who are independent distributors and retailers. The outlets carry only Colour Zone products at retail prices recommended by Beauty China.*

---

<sup>2</sup> In a market survey conducted jointly by the China Product Safety Monitoring and Testing Centre (中国产品安全评价监测中心), the China Association of Industry Investigation and Statistics(中国调查统计行业协会) and the China Association of Famous Brands(中国名牌商品协会) in March 2003.

*As Beauty China focuses on brand management, it concentrates on design and development of products, demand creation and production management. Other non-core activities, such as administrative functions relating to purchasing, sales, logistics and product processing, are outsourced to third parties. Beauty China designs and conceptualises the way Colour Zone products are packaged, marketed and sold, and ensures that these are adopted consistently by all its distributors and retailers.*

*To maintain quality of Colour Zone products, Beauty China sources the materials used in the manufacture of Colour Zone products on behalf of its customers, and selects suitable factories to process such materials based on a set of selection criteria. Beauty China also conducts quality checks on Colour Zone products at the approved processing factories, as well as at its customers' outlets.*

###