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## **Beauty China’s Chairman places 28 million vendor shares to global institutional investors**

- *Share placement will raise institutional shareholding in the Group and further enhance liquidity of the stock*

**SINGAPORE – 14 July 2005** – Mainboard-listed **Beauty China Holdings Limited** (“Beauty China” or “The Group”), a brand management company that owns and manages the *Colour Zone* and *CharmingLady* brands of colour cosmetics and skincare products catering to the mass market in Mainland China, today announced that its Chairman and Managing Director, Mr Wong Hon Wai, has placed out a total of 28 million vendor shares (HK\$0.10 par value) to certain global institutional investors.

Representing approximately 8.18% of Beauty China’s issued share capital of 342,360,620 shares, the placement was arranged by HL Bank.

The placement shares were sold at \$0.965 per share, which represents an approximate discount of 1.79% to the 5-day trade-weighted closing average of S\$0.9826 on Wednesday, 13 July 2005. After the placement, Mr Wong’s shareholding (including deemed interests) will be reduced to 137,456,007 shares representing approximately 40.15% of the issued share capital of Beauty China.

Commenting on the placement exercise, Mr Wong said, “The aim of the placement was to further enhance the liquidity of Beauty China’s shares to the benefit of shareholders, as well as to attract greater participation from institutional funds.”

“We are happy that Beauty China has been getting increased attention from both retail and institutional investors. Recently, Fidelity International and Lloyd George Investment Management had raised their stakes in our Company to 9% and 9.06% respectively. We believe this interest is an endorsement of Beauty China’s business model, growth strategies and market potential in the Greater China region,” added Mr Wong.

For the first quarter of FY2005 ended 31 March 2005, Beauty China recorded a 30.5% surge in net profit to HK\$22.4 million (S\$4.7 million), on the back of a 32.6% growth in revenue to HK\$66.1 million (S\$14.0 million). The Group continued to roll out exclusive *Colour Zone* and *CharmingLady* retail outlets to more than 790 in Mainland China, and is on track to have at least 900 outlets by end of the year.

To date, the Group’s distribution channels have expanded to include tie-ups with Watsons’ 22 stores in Shanghai, Wal-Mart China’s 40 stores, as well as Sa Sa’s 42 stores in Hong Kong and Macau.

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

*Beauty China owns and manages the Colour Zone brand of colour cosmetics and skincare products targeted at young and trendy women in Mainland China, aged between 18 and 28 years in the mass market. Colour Zone was voted one of “The Ten Best Brands” in the PRC cosmetics industry<sup>1</sup>, in two consumer goods market surveys conducted in March 2003 and March 2004.*

*With more than 500 varieties of individual end-products, Colour Zone products are retailed in over 790 outlets which are mainly dedicated counters in department stores and standalone specialty stores throughout China, 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. To broaden the target consumer group of its products, Beauty China has also launched a new “CharmingLady” range of colour cosmetics marketed as a sub-brand of Colour Zone which targets ladies above the age of 25 with relatively higher disposable income and is initially retailed at professional beauty salons in Mainland China.*

*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 logistics, product processing and product distribution, are outsourced to third parties. Beauty China designs and conceptualises the way its 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 and CharmingLady products, Beauty China sources the imported materials used in the manufacture of finished products on behalf of its customers, and selects suitable factories in China to process such materials based on a set of selection criteria. Beauty China also conducts quality checks on its products at the approved processing factories, as well as at its customers’ outlets.*

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<sup>1</sup> In two market surveys 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 and March 2004.

*Reflecting the rapid growth of its business, Beauty China's revenue grew at a compounded annual growth rate (CAGR) of 40.8% from HK\$66.7 million in FY2000 to HK\$262.3 million in FY2004. Net profit rose at a CAGR of 38.5% from HK\$24.0 million in FY2000 to HK\$88.2 million in FY2004.*

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