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**Another 80 outlets carrying Beauty China's
"Colour Zone" brand of products to be opened
in the first half of 2004**

- *In FY2003, the number of retail outlets selling the "Colour Zone" brand of products increased by approximately 100, with 530 outlets in total throughout the PRC*
- *Signs a two-year contract with Hong Kong-based pop duo Twins as Colour Zone's brand ambassadors in the PRC*

SINGAPORE – 15 January 2004 – Mainboard-listed **Beauty China Holdings Limited** ("Beauty China"), a brand management company that owns and manages the *Colour Zone* brand of cosmetics and skincare products catering to the PRC market, today announced that it has signed over 30 agreements with its customers to open another 80 retail outlets in the PRC during the first half of FY2004.

Beauty China also disclosed that during the 12 months of FY2003, which ended 31 December 2003, the total number of retail outlets increased by approximately 100, with approximately 530 outlets in total throughout the PRC. These retail outlets carry the *Colour Zone* brand of cosmetics and skincare products exclusively in every province within the PRC.

“We have been able to achieve this through our continual focus on building a distinctive brand image for *Colour Zone*, as well as developing new quality products that cater to the changing tastes and demands of consumers in the PRC,” said Mr Sam Wong, Beauty China’s Chairman and Managing Director.

“We will continue to step up on advertising and promotion activities to increase our market penetration all over China,” he added.

The Group also announced the signing of a two-year contract with Hong Kong-based pop duo, Twins, to be the ambassadors for the *Colour Zone* brand.

The pop duo takes over from popular Chinese model, Ms Wang Hai Zhen, who was *Colour Zone*’s spokesperson and image girl from October 2001 to September 2003. During this period, Twins will continue to actively promote the *Colour Zone* brand and be featured in magazine and TV advertisements throughout the PRC.



TWINS

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 the PRC, aged between 18 and 28 years. Colour Zone was voted one of the “The Ten Best Brands” in the PRC cosmetics industry¹, 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 500 outlets throughout the PRC, as far reaching as Xinjiang, Tibet and Inner Mongolia. The retail outlets are owned and operated by Beauty China’s approximately 80 customers, who are independent distributors and retailers. The outlets carry only Colour Zone products at retail prices recommended by Beauty 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 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. Its business model enables its operations to be streamlined and cost effective, so as to ensure the fast and extensive penetration of the Colour Zone brand in the vast PRC consumer market.

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 processing factories, as well as at its customers’ outlets.

For the first nine months of FY2003 ended 30 September, Beauty China reported a 32.5% jump in net profit to HK\$45.2 million (S\$10.0 million²). This was achieved on the back of a 31.0% rise in sales of the Group’s colour cosmetics and skincare products to HK\$129.0 million (S\$28.7 million), mainly attributable to the increase in the number of Colour Zone retail outlets, a wider product range, and increased exposure of the brand as a result of intensive marketing campaigns throughout the PRC.

On a quarter-on-quarter basis, the Group’s sales surged 42.1% to HK\$54.3 million (S\$12.1 million), while net profit rose nearly 48.0% to HK\$20.1 million (S\$4.5 million).

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¹ 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.

² Based on exchange rate of HK\$4.50 = S\$1