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## **Beauty China's Chairman places 20 million vendor shares to global institutional investors**

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**SINGAPORE – 18 November 2004** – Mainboard-listed **Beauty China Holdings Limited** (“Beauty China” or the “Group”), a brand management company that owns and manages the *Colour Zone* brand of colour cosmetics and skincare products catering to the PRC market, today announced that its Chairman and Managing Director, Mr Wong Hon Wai, has placed out a total of 20 million vendor shares (HK\$0.10 par value) to certain global institutional investors.

Representing approximately 5.84% of Beauty China's issued share capital of 342,360,620 shares, the placement was arranged by GK Goh Stockbrokers Pte Ltd.

The placement shares were sold at \$0.620 per share, which represents an approximate discount of 5.47% to the 5-day trade-weighted closing average of S\$0.6559 on Wednesday, 17 November 2004. After the placement, Mr Wong's shareholding (including deemed interests) will be reduced to 165,456,007 shares representing approximately 48.33% of the issued share capital of Beauty China.

“Since the listing of Beauty China in November last year, we’ve been getting repeated requests from various financial institutions for shares. We’re really pleased with the favourable reception that we’ve been getting from both retail and institutional investors, particularly their recognition of the vast potential in China’s beauty industry,” said Mr Wong Hon Wai, Beauty China’s Chairman and Managing Director.

The share placement will increase the number of financial institutions as shareholders, broaden Beauty China’s shareholding base internationally, and further enhance the free-flow of its shares.

“Despite the increasing competitiveness of the cosmetics market in the PRC, we have strengthened our market position by expanding our distribution network, broadening our product range, and reinforcing our brand-building strategies,” Mr Wong added.

In the first nine months of FY2004 ended 30 September, Beauty China reported a 29.8% jump in net profit to HK\$58.7 million (S\$12.7 million). This was achieved on the back of a 37.8% rise in sales of the Group’s colour cosmetics and skincare products to HK\$177.8 million (S\$38.5 million).

In a recent announcement, the Group said that its flagship *Colour Zone* brand will be the first local colour cosmetics brand to be distributed in Wal-Mart’s 40 stores across cities in the PRC – spanning Beijing, Guangdong, Yunnan, Hunan, Fujian, Jiangxi, Liaoning, Jilin, Heilongjiang, Shandong, Jiangsu, Tianjin, Guangxi and Guizhou – by the end of this year.

Similarly, its *Colour Zone* products are also being distributed in two Watsons retail chain stores in Shanghai, with more Watsons stores being planned by year’s end. The total number of *Colour Zone* retail outlets in China, to date, has reached more than 680 outlets, and the Group is confident of meeting its target of 700 outlets by end 2004.

The Group has also rolled out a set of *Colour Zone* cleansing products including shampoos, bath fluids and handwashes in September 2004. In October this year, Beauty China launched a new line - “CharmingLady” - whose range of colour cosmetics is targeted at mature, sophisticated ladies with relatively higher disposable income. “CharmingLady”

products are initially retailed in professional beauty salons in the PRC and marketed as a sub-brand of *Colour Zone*.

### ***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 in the PRC 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 680 outlets which are dedicated counters in department stores and standalone specialty stores 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. 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 aims at ladies above the age of 25 with relatively higher disposable income and is initially retailed at professional beauty salons in the PRC.*

*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 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.*

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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.